

Mawer Global Credit Opportunities Fund

Series A

Q3 2025 | Performance Commentary

Market Overview

Strong corporate earnings, resilient economic growth, and falling interest rates were some of the factors propelling markets ahead in the quarter. After a sharp market reaction to the initial round of U.S.-led tariffs in April of this year, the risks of a tariff-induced recession and spike in inflation have not, at least yet, come to pass. Meanwhile the job market has cooled in the U.S. but remained stable overall.

The Fed cut interest rates in September, which marked the first cut in 2025. The market expects further cuts this year and into 2026. The administration's call for dramatic reductions in interest rates and attempts to remove Fed officials increased concerns over the Fed's independence. The U.S. debt and deficit situation also remain concerns. Gold, typically seen as an inflation and risk off hedge, set an all-time high price in the quarter.

U.S. yields fell across curve with short end yields falling more than the long end, causing the curve to steepen. In credit markets, spreads tightened across both investment grade and high yield.

Performance Summary

The portfolio generated a positive return this quarter.

The portfolio benefitted from slightly lower government bond yields, spread compression on the portfolio's select high yield positions, and carry from coupon income.

Looking Ahead

Credit markets today reflect a level of calm that feels increasingly out of sync with the chaos created in a world whipsawed by a barrage of U.S. policy announcements. Investment grade and high yield spreads are at or near multi-decade tights, and investors continue to reach for yield down the credit quality spectrum and further out the yield curve.

On the surface, credit markets appear healthy. Beneath the surface, the bankruptcies of First Brands and TriColor raise concerns of consumer frailty, corporate overleverage, and potentially fraudulent activities. Against this backdrop, complacency among credit investors is evidenced in near record new issue volumes across all credit markets, a willingness to participate in single-rated deals, and narrowing risk premiums between public and private credit markets.

The compensation that investors are being offered appears to be dwindling while at the same time they are being asked to take on increasing credit risk. As fundamentals weaken, markets are pricing credit as if there were no broader warning signs or red flags. This disconnect becomes especially dangerous when credit is being extended based on collateral that may not hold its value, or worse, may not be properly verified or tracked.

The rise of private credit adds another layer of concern. In the absence of mark-to-market pricing, valuations remain static even as risk increases. This lag creates a false sense of stability. When these structures break, they do so suddenly. We have already seen the pattern of small cracks, trickles of

negative news, and then abrupt bankruptcies or restructurings that catch markets off guard. At the same time, private market advocates are championing the rights of retail investors to participate.

Credit is being mispriced, risks are being papered over, and transparency is declining, as more and more money flows into unregulated private markets. Credit stress rarely starts in the headlines. It begins at the margins, in the loosening of financing terms, the erosion of recoveries, and the silence around valuations.

In this evolving landscape, active management, grounded in fundamental credit research, is essential. It demands a laser focus on valuation and downside risk assessment to build portfolio resilience, one security, and one issuer at a time. Investors must identify idiosyncratic opportunities, avoid names vulnerable to shocks, and prepare for increased volatility and the repricing of market risk.

Performance Summary¹ (%)
As of September 30, 2025

	YTD	3 Mo.	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	Since Inception ²
FUND	2.7	0.8	3.2	-	-	-	4.5
BENCHMARK	4.9	1.8	3.2	-	-	-	5.1

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 Credit Opportunities Fund Series A Inception: Jan 31, 2024.

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Benchmarks:

FUND	BENCHMARK
Mawer Global Credit Opportunities Fund	ICE BofA Global Corporate & High Yield Index

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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