Mawer New Canada Fund, Series A

Q3 2025 | Performance Commentary

Market Overview

Equity markets continued their upward trajectory in the third quarter, advancing despite a backdrop of geopolitical uncertainty. North American equities reached new highs, though the drivers varied across markets. Canadian equities were primarily supported by easing interest rate expectations and strength in metals and mining companies. U.S. equities set new records, driven largely by gains in technology companies related to artificial intelligence. International equities performed well during the quarter, with emerging market stocks posting particularly strong gains.

Job markets in both Canada and the U.S. encountered a few speed bumps this past quarter, heightening concerns about hiring momentum and the resilience of consumer spending. The Bank of Canada lowered its policy rate to 2.5%, while the U.S. Federal Reserve reduced its policy rate to a range of 4.00% to 4.25%. These moves offered a tailwind for risk assets.

The S&P/TSX Small Cap Index had a standout quarter as gold prices advanced, supported by geopolitical uncertainty, continued central bank buying, expectations of further rate cuts, and global growth concerns.

Performance Commentary

The portfolio significantly underperformed the S&P/TSX Small Cap Index during the quarter. Limited exposure to the metals and mining industry was a notable relative detractor, with the industry up 45%. While the portfolio holds a modest position in **Sprott**, an asset management company focused on precious metals and critical materials, it was overshadowed by the approximately 33% weight of the metals and mining industry in the benchmark.

Several portfolio holdings also experienced notable weakness during the quarter**. TerraVest Industries**, the portfolio's largest position, declined as short-term results were impacted by dealers who moved up orders ahead of tariffs. We believe this may normalize soon, although we trimmed our position slightly given the increased risks. **North American Construction Group**, an earthmoving contractor, has seen rising costs in its Australian operations, which are affecting margins. The business also faces ongoing uncertainty from oil sands operators considering insourcing earthmoving operations. Specialty insurer **Trisura Group** declined as the insurance market remained soft, and the company faces headwinds in its U.S. business. With global growth concerns, **EQB**—an alternative bank to Canada's largest financial institutions—has encountered headwinds due to an uncertain outlook on consumer strength.

Additionally, several of our information technology holdings experienced a challenging quarter. **Topicus.com**, an acquirer of industry-specific software businesses in Europe, declined due to concerns around disruption risk from artificial intelligence**. Sangoma Technologies**, a software company focused on business communication systems, is encountering a more challenging sales environment, which is impacting growth. **Dye & Durham's** struggles continued this quarter following the announcement of a delay in the company's reported financials—we are closely monitoring developments with the holding.

The portfolio had several bright spots this quarter, including **Parex Resources**, a conventional oil producer with operations in Colombia. We believe the stock performed well after being undervalued by the market for some time. **Kraken Robotics** continued to deliver strong performance; we believe the company is positioned to benefit from the increased appetite for defense spending by governments. The company provides sensors, robotic systems, and best-in-class battery technology for autonomous underwater vehicles. **Colliers International Group** also performed strongly, as market expectations around the potential lowering of high interest rates may lead to increased industry activity. The asset management business is performing well, and the management team has referenced the potential for a spin-out of this segment.

This quarter's magnitude of relative underperformance is not what we aim for with the strategy. While perhaps not to this degree, we have encountered similar situations in the past—most recently in Q1 2022. Given the substantial weighting of energy and materials companies in the benchmark (approximately 55%), the mismatch with the portfolio can lead to divergence when significant disruption occurs. In this case, we are seeing a strong rally in gold prices, which have reached all-time highs due to various factors including geopolitical uncertainty and declining interest rates. While we are disappointed with this quarter's results, we remain committed to our long-term investment approach, just as we have in previous periods of significant deviation between the portfolio and the benchmark. Over the long term this approach has fared well for the strategy.

Looking Ahead

Markets are booming; what pockets of weakness exist are seemingly judged to be immaterial or benign. The juxtaposition of the rise in a commodity like gold, which is typically associated with periods of apprehension, while credit spreads grind ever tighter and equity markets set new record highs is admittedly curious.

The potential for significant disruption persists, and there is still a risk that unexpected policy shifts could amplify economic strain. While markets have shown little sign of slowing, we are closely monitoring changes in spending, borrowing, and risk appetite, as these factors could rapidly reshape the market landscape.

Against this backdrop, we remain focused on the fundamentals. We prefer companies with meaningful competitive advantages, prudent balance sheets, and the ability to generate sustainable cash flows across a full cycle—not just on the upswing. While we are attentive to new opportunities, we are equally mindful of the risks that can emerge when optimism runs high. The approach is balanced, steady, disciplined, and rooted in the belief that despite inevitable periods of underperformance, boring can be sensible … especially when markets are anything but.

Performance Summary[1] (%)

As of September 30, 2025

	YTD	3 Mo.	1 Yr.	3 Yrs.	5 Yrs.	10 Yrs.	Since Inception[2]
FUND	10.5	2.2	12.7	14.5	8.7	9.0	12.8
BENCHMARK	36.3	20.9	37.2	22.5	18.0	10.7	8.2

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

[1]Performance figures are net of management fees and operating expenses. Periods greater than one year are annualized. Performance figures are in Canadian dollar terms.

[2]Mawer New Canada Fund Series A Inception: January 8, 1988

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 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.

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.