
Mawer Balanced Fund

Annual Management Report of Fund Performance

For the Year Ended December 31, 2021

This Annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You may obtain a copy of the annual financial statements at no cost by calling 1-844-395-0747, by writing us at Suite 600, 517 – 10th Avenue SW, Calgary, Alberta T2R 0A8, or by visiting our website at www.mawer.com or SEDAR at www.sedar.com.

Unitholders may also contact us using one of the above noted methods to request a copy of the investment fund's proxy voting policies and procedures, interim financial reports, proxy voting disclosure record, or quarterly portfolio disclosure.

This Annual Management Report of Fund Performance includes certain statements that are "forward looking statements". All statements, other than statements of historical fact, included in this report that address activities, events or developments that the portfolio manager, Mawer Investment Management Ltd. (the "Manager"), expects or anticipates will or may occur in the future, including such things as anticipated financial performance, are forward looking statements. The words "may", "could", "would", "should", "believe", "plan", "anticipate", "expect", "intend", "forecast", "objective" and similar expressions are intended to identify forward looking statements. These forward looking statements are subject to various risks and uncertainties, including the risks described in the Simplified Prospectus of the Fund, uncertainties and assumptions about the Fund, capital markets and economic factors, which could cause actual financial performance and expectations to differ materially from the anticipated performance or other expectations expressed. Economic 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.

All opinions contained in forward looking statements are subject to change without notice and are provided in good faith but without legal responsibility. The portfolio manager has no specific intention of updating any forward looking statements whether as a result of new information, future events or otherwise, except as required by securities legislation. Certain research and information about specific holdings in the Fund, including any opinion, is based upon various sources believed to be reliable, but it cannot be guaranteed to be current, accurate or complete. It is for information only, and is subject to change without notice.

Management Discussion of Fund Performance

Investment Objectives and Strategies

The Mawer Balanced Fund (the "Fund") aims to protect and grow investors' capital through capital appreciation and the receipt of dividend and interest income. The Fund invests in other funds as well as equity and equity-related securities, and fixed-income securities such as treasury bills, short-term notes, debentures and bonds.

The Manager examines current market statistics and makes an assessment of future outcomes based upon a probability-based scenario analysis. Using these techniques the Manager constructs the asset mix. Bonds are chosen with a view to the appropriate term, credit quality, and issuer depending upon the expected direction of interest rates, the interest rate spreads between different sectors of bonds, and the expected state of financial conditions for the issuer. In equities we search for wealth-creating companies whose equities can be purchased at a discount to their intrinsic value.

Risk

This Fund is suitable for investors seeking long-term growth and who have a moderate tolerance for risk. General risks of investing in this Fund are outlined in the Prospectus and include the possibility of reduction in value of any given investment, liquidity risk, interest rate risk, and currency risk amongst others. Since this Fund invests primarily in Series O units of other Mawer Mutual Funds there are two additional risks: multi-class risk and fund on fund risk.

The Manager limits the risk of investing in a single asset class by limiting the amount invested in equities in any one particular industry, and by limiting the percentage of the Fund that can be shifted in a single move from one asset class to another.

Given the difficulty in predicting interest rate moves, we limit exposure to this risk factor. In setting policy, the Canadian bond portfolio's duration is set within 1 year on either side of the index. As of December 31, 2021, the Mawer Canadian Bond Fund's duration was matching the duration of the FTSE Canada Universe Bond Index at 8.43 years. From an exposure perspective, the weight of the Canadian fixed income allocation within the Mawer Balanced Fund, decreased from 30.3%, at the start of the year, to 29.8%, at the end of December.

The Fund's equity holdings are in all 11 GICS sectors and are most heavily weighted to Financials (21.2% of the equity weight), Industrials (20.3%), and Information Technology (20.0%). The combined exposure of the equity weight to the top three sectors is 61.5%.

Results of Operations

The Fund's net assets increased 16.9% to \$6,340.2 million from \$5,425.0 million at December 31, 2021. Of this change, \$545.6 million is attributable to positive investment performance and \$369.6 million was due to net contributions to the Fund. The portfolio manager does not believe that cash flows associated with subscriptions and/or redemptions during the period had a material impact on the management of the Fund.

The Fund's Series A units returned 9.3% in 2021 versus a 10.0% return for the blended benchmark* (effective May 31, 2021) that consists of: 5% FTSE 91-day Treasury Bill Index; 35% FTSE Canada Universe Bond Index, 15% S&P/TSX Composite Index, 7.5% S&P/TSX SmallCap Index, 15% S&P 500 Index, 15% MSCI ACWI (ex. U.S., Net) and 7.5% MSCI ACWI Small Cap Index (Net). All performance values are in Canadian dollar terms.

Mawer Balanced Fund

The Fund's 12-month performance was driven largely by strong performance from its U.S. and Canadian large cap equities, while investments in International, Canadian small cap, and global small cap equities also contributed to positive performance.

Asset mix drove the Fund's relative performance over the period, while the effect from selection on relative performance was negative. Strong asset mix performance was driven by an overweight to U.S. equity and underweights to fixed income and cash. Negative security selection was due to the underperformance of global small cap and U.S. equities. Meanwhile, international equities in the fund performed better than the benchmark.

*Global fixed income was eliminated from the Fund in May due to the closure of the Mawer Global Bond Fund.

Recent Developments

Equity markets performed well in 2021, as generally strong company earnings releases outweighed any market nervousness over the potential accelerated tightening of monetary policy.

There was no shortage of volatility as market participants navigated risks from inflation pressures, supply chain disruptions, and central bank tapering. The emergence of the COVID-19 Omicron variant initially led to some caution, as investors sought to understand the severity and potential government response, though by the end of 2021, the impact on global markets was ultimately subdued. Overall, it was an excellent year for developed market equities as the recovery of the economy drove investor enthusiasm.

Looking forward to 2022, there would appear to be many reasons to worry: persistent inflation, slowing growth in China, potential downside from further COVID-19 variants, geopolitical tensions, high valuations, and, perhaps most significant, the withdrawal of monetary stimulus and rising rates.

However, even though equities are generally considered to be more expensive today than they were in the past, in an environment of low to negative real rates, equities, when prudently selected, continue to offer attractive long-term value for patient investors.

Effective December 31, 2021, Mr. Robert Algar retired from the Independent Review Committee (the "IRC"). Mr. Derek Mendham replaced Mr. Robert Algar on January 1, 2022.

On February 24, 2022, Russia launched a military invasion of Ukraine. Following economic sanctions imposed on Russian corporate and banking entities, closures to Russian securities markets, and Russian government-imposed capital controls, the liquidity of Russian securities and its currency has experienced significant declines. In the immediate term, the major risks centre around the repercussions of Russia's invasion: the significant human toll, sanctions on Russian entities, and the associated economic upheaval in Russia and Ukraine. The third and fourth-order effects of the conflict are difficult to predict but may be more meaningful to investors from a risk perspective. For example, the broader effect on commodity markets, inflation, the potential for greater geopolitical conflict with the West, and so on. At the time of the invasion, the Fund did not have any direct exposure to Russian securities. The Manager is actively monitoring the situation.

Related Party Transactions – Management Fees

The Portfolio Manager receives management fees, which are calculated for Series A Units as 0.78% per annum of the net asset value of the Fund calculated on a daily basis. Management fees for Series O Units are payable directly to the Manager by Series O investors and not by the Fund.

The terms of the Management Agreement were amended January 4, 1994, to grant the Manager of the Fund the ability, at their discretion, to reduce the management fees for large investors. This reduction is effected by means of a management fee distribution and will be automatically reinvested in additional units of the Fund at the net asset value of the Fund on the date of distribution. Mawer also receives fees for performing administrative services. As at December 31, 2021 the Fund owes Mawer \$0 related to these administrative services.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements which are prepared in accordance with IFRS.

Mawer Balanced Fund

The Fund's Net Asset Value (NAV) per Unit¹

SERIES A	2021	2020	2019	2018	2017
Net Assets, beginning of year	34.42	31.40	27.66	28.17	25.89
Increase (decrease) from operations:					
Total revenue	0.63	0.62	0.71	0.62	0.57
Total expenses	(0.32)	(0.29)	(0.27)	(0.26)	(0.25)
Realized gains (losses) for the year	1.10	0.91	0.27	0.72	0.39
Unrealized gains (losses) for the year	1.81	2.04	3.36	(1.25)	1.85
Total increase (decrease) from operations²	3.22	3.28	4.07	(0.17)	2.56
Distributions:					
From net investment income (excluding dividends)	(0.20)	(0.20)	(0.29)	(0.24)	(0.22)
From dividends	(0.12)	(0.12)	(0.12)	(0.10)	(0.10)
From capital gains	-	-	-	(0.08)	-
Total Annual Distributions ³	(0.32)	(0.32)	(0.41)	(0.42)	(0.32)
Net Assets, end of year	37.30	34.42	31.40	27.66	28.17

SERIES O	2021	2020	2019	2018	2017
Net Assets, beginning of year	33.74	30.79	27.15	27.89	25.63
Increase (decrease) from operations:					
Total revenue	0.62	0.59	0.67	0.60	0.56
Realized gains (losses) for the year	1.09	0.85	0.24	0.70	0.38
Unrealized gains (losses) for the year	1.76	2.09	3.49	(1.17)	1.84
Total increase (decrease) from operations²	3.47	3.53	4.40	0.13	2.78
Distributions:					
From net investment income (excluding dividends)	(0.38)	(0.39)	(0.49)	(0.42)	(0.38)
From dividends	(0.23)	(0.21)	(0.20)	(0.18)	(0.17)
From capital gains	-	-	-	(0.30)	-
Total Annual Distributions ³	(0.61)	(0.60)	(0.69)	(0.90)	(0.55)
Net Assets, end of year	36.57	33.74	30.79	27.15	27.89

⁽¹⁾ This information is derived from the Fund's audited financial statements.

⁽²⁾ Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. Due to the different methods of calculating individual components of the table, the sum of the individual components will not necessarily equal the ending net asset value.

⁽³⁾ Distributions were reinvested in additional units of the Fund and paid in cash.

Ratios and Supplemental Data

SERIES A	2021	2020	2019	2018	2017
Total net asset value (000's) ¹	5,251,768	4,481,091	3,682,104	2,756,610	2,389,309
Number of units outstanding (000's) ¹	140,795	130,190	117,247	99,651	84,821
Management expense ratio ²	0.90%	0.92%	0.91%	0.91%	0.92%
Management expense ratio before waivers or absorptions	0.90%	0.92%	0.91%	0.91%	0.92%
Trading expense ratio ³	0.02%	0.02%	0.02%	0.03%	0.03%
Portfolio turnover rate ⁴	2.92%	0.11%	0.79%	1.18%	2.03%
Net asset value per unit¹	37.30	34.42	31.40	27.66	28.17

SERIES O	2021	2020	2019	2018	2017
Total net asset value (000's) ¹	1,088,401	943,933	838,875	753,315	720,141
Number of units outstanding (000's) ¹	29,761	27,976	27,242	27,744	25,819
Management expense ratio ²	0.03%	0.03%	0.03%	0.03%	0.03%
Management expense ratio before waivers or absorptions	0.03%	0.03%	0.03%	0.03%	0.03%
Trading expense ratio ³	0.02%	0.02%	0.02%	0.03%	0.03%
Portfolio turnover rate ⁴	2.92%	0.11%	0.79%	1.18%	2.03%
Net asset value per unit¹	36.57	33.74	30.79	27.15	27.89

⁽¹⁾ This information is provided as at December 31 of the year shown, as applicable.

⁽²⁾ Management expense ratio is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net assets during the year.

⁽³⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the year.

⁽⁴⁾ The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Past Performance

Sales commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read 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 investor that would have reduced returns. Mutual funds are not guaranteed. Their value changes frequently and past performance may not be repeated.

The Fund's performance numbers assume that all distributions are reinvested in additional units of the Fund. If you hold this Fund outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes whether paid to you in cash or reinvested in additional units. The amount of the reinvested taxable distributions is added to the adjusted cost base of the units that you own. This would decrease your capital gains or increase your capital loss when you later redeem from the Fund, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation.

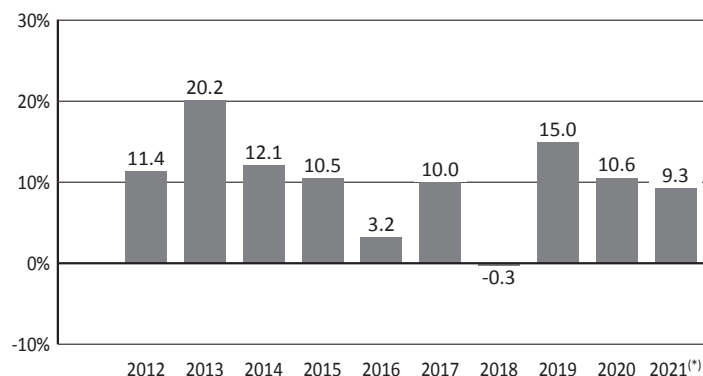
The past performance of the Fund is set out in the following charts.

Mawer Balanced Fund

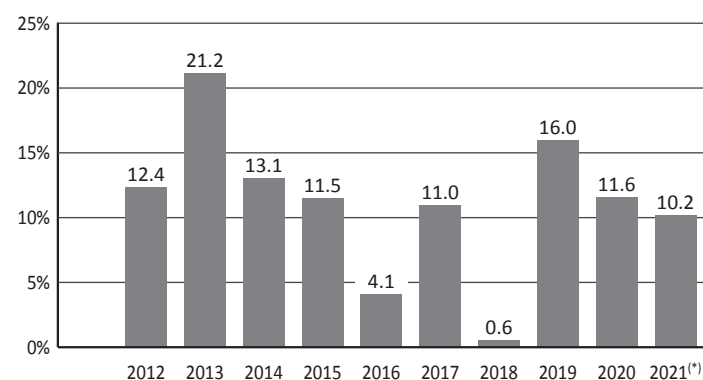
Year-by-Year Returns

The bar charts below show the Fund's annual performance in each of the past 10 years, if applicable, to December 31. The charts show in percentage terms how an investment made on January 1 would have increased or decreased by December 31 of the fiscal year.

Series A



Series O



^(*) Series A start date was March 31, 1988; Series O start date was July 4, 2006.

Annual Compound Returns

The following table shows the historical annual compound total return of the Fund for the periods shown ending on December 31, 2021. The annual compound total return is also compared to the Internal Balanced Benchmark ("IB Benchmark") calculated on the same compound basis. All index returns are calculated in Canadian dollars on a total return basis, meaning that all distributions are reinvested.

	1 Year	3 Year	5 Year	10 Year	Since Inception ^(*)
Mawer Balanced Fund – Series A	9.3%	11.6%	8.8%	10.1%	8.5%
Internal Balanced Benchmark	10.0%	11.6%	8.0%	8.5%	8.0%
Mawer Balanced Fund – Series O	10.2%	12.6%	9.8%	11.0%	8.9%
Internal Balanced Benchmark	10.0%	11.6%	8.0%	8.5%	6.7%

^(*) Series A start date was March 31, 1988; Series O start date was July 4, 2006.

The IB Benchmark is a benchmark prepared by the Manager and is designed to reflect the average asset mix of a universe of balanced fund managers which consists of the FTSE Canada 91 day T-Bill Index (5%); FTSE Canada Universe Bond Index (35%), designed to reflect the Canadian bond market; S&P/TSX Composite Index (15%), designed to represent the Canadian mid-large cap equity market; S&P/TSX Small Cap Index (7.5%), designed to represent the Canadian small cap equity market; S&P 500 Index (15%), designed to represent the US equity market; MSCI ACWI ex-USA Index (net) (15%), designed to reflect international stock markets; and MSCI ACWI Small Cap Index (net) (7.5%), designed to represent the global small cap equity market.

Prior to May 31, 2021 the IB Benchmark consisted of FTSE Canada 91 day T-Bill Index (5%); FTSE Canada Universe Bond Index (30%); FTSE World Government Bond Index (5%); S&P/TSX Composite Index (15%); S&P/TSX Small Cap Index (7.5%); S&P 500 Index (15%); MSCI ACWI ex-USA Index (net) (15%); and MSCI ACWI Small Cap Index (net) (7.5%).

Summary of Investment Portfolio

A summary of the Fund as at December 31, 2021 is as follows:

	% of Portfolio
Cash	0.0
Total Cash	0.0
Treasury Bills	1.6
Mutual Funds	0.0
Total Short-Term Reserves	1.6
Fixed Income	29.8
Equities	
Canadian Equities (large cap)	15.7
Canadian Equities (small cap)	4.6
U.S. Equities	20.3
Emerging Markets Equities	1.9
International Equities	18.3
Global Equities (small cap)	7.8
Total Equities	68.6
Total Portfolio	100.0

Totals may not add to 100% due to rounding.

The following table lists the 25 largest holdings of the Fund as at December 31, 2021.

Holding	% of Net Asset Value
Mawer Canadian Bond Fund 'O'	29.8%
Mawer U.S. Equity Fund 'O'	20.3%
Mawer International Equity Fund 'O'	18.3%
Mawer Canadian Equity Fund 'O'	15.7%
Mawer Global Small Cap Fund 'O'	7.8%
Mawer New Canada Fund 'O'	4.6%
Mawer Emerging Markets Equity Fund 'O'	1.9%
Mawer Canadian Money Market Fund 'O'	0.0%
Total	98.4%

Mawer Balanced Fund

The investments and percentages may have changed by the time you purchase units of this fund. The top 25 holdings are made available quarterly, 60 days after quarter-end and may be obtained by contacting your registered representative or by contacting the Manager toll-free at 1-844-395-0747 or by e-mail at info@mawer.com. The Prospectus and other information about the underlying mutual fund(s) are available on the internet at sedar.com.
