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# Mawer Canadian Equity Fund

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## 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](http://www.mawer.com) or SEDAR at [www.sedar.com](http://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 investment objective of the Mawer Canadian Equity Fund (the "Fund") is to invest for above average long-term returns in equity securities of larger capitalization Canadian companies. This objective is to be achieved by focusing on companies that can translate a competitive advantage into a return on capital; and by purchasing these companies at a discount to intrinsic value, as measured by a discounted cash flow model.

### Risk

The Fund is suitable for investors seeking long-term growth and who have a medium tolerance for risk. General risks of investing in the Fund are outlined in the Prospectus and include the possibility of reduction in value of any given stock, liquidity risk, interest rate risk and currency risk, among others.

The Manager reduces the exposure to these risks by not concentrating more than 20% of the net assets of the Fund in a particular industry (i.e., sub-sector) as defined by the Global Industry Classification Standards (GICS).

The Fund was invested in ten of the eleven Global Industry Classification (GICS) sectors as of December 31, 2021. The Fund's largest sector weightings were in Financials (30%), Industrials (19%), and Information Technology (15%). Combined, the weight in the three largest sectors represented 64% of the portfolio which is an increase from the 61% weight at the beginning of the year. In aggregate, the ten largest individual holdings accounted for 41% of the portfolio which is an increase from 38% as at December 31, 2020.

### Results of Operations

The Fund's net assets increased 28.9% to \$4,330.0 million from \$3,358.3 million at December 31, 2021. Of this change, \$854.0 million is attributable to positive investment performance and \$117.7 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.

Over the past twelve months, the Fund's Series A units posted a 23.7% return versus 25.1% for the S&P/TSX Composite Index. The Fund's return is after management fees.

The Fund's relative performance was primarily due to negative sector allocation, with the main drivers being the underweight to Energy and the overweight to Industrials. Security selection added value, driven by the outperformance in the Fund's Energy and Communication Services holdings over their benchmark peers.

The top contributors to the Fund's performance were Canadian Natural Resources, Toronto-Dominion Bank, and Royal Bank of Canada. Conversely, Ritchie Bros Auctioneers Inc, Agnico-Eagle Mines, and Lundin Mining Corp were the largest detractors from performance.

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## Mawer Canadian Equity Fund

The Fund initiated the following positions during the year:

1. Colliers International Group Inc
2. Dollarama Inc
3. Converge Technology Solutions Corp
4. TELUS International
5. BRP Inc
6. Softchoice Corp
7. Lundin Mining Corp

The Fund eliminated the following positions during the year:

1. Shaw Communications Inc
2. Kinaxis Inc
3. Nutrien Ltd
4. ATS Automation Tooling Systems Inc

### Recent Developments

Canadian equities capped off a strong year with solid fourth quarter returns.

Very crudely, stock prices are driven by earnings and interest rates. While the market exhibited some nervousness with regards to interest rates, particularly within some of the more speculative areas of the market, this was more than offset by company earnings released during the fourth quarter which were generally very strong.

Larger-cap and developed markets fared better than their smaller-cap and emerging markets peers, in part due to continued weakness in China. And as opposed to the first wave of the pandemic, the market has so far effectively looked through the impact of the Omicron variant.

The Fund's investment philosophy remains and demands that we invest in companies that are wealth-creating, i.e., that earn a return on capital above their cost of capital over an economic cycle. To do so, companies within the Fund need to have durable competitive advantages and able management teams.

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 1.0% 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.

#### The Fund's Net Asset Value (NAV) per Unit<sup>1</sup>

SERIES A	2021	2020	2019	2018	2017
Net Assets, beginning of year	72.02	71.28	60.10	67.63	62.94
<b>Increase (decrease) from operations:</b>					
Total revenue	1.95	1.91	1.99	1.83	1.66
Total expenses	(0.94)	(0.79)	(0.80)	(0.78)	(0.76)
Realized gains (losses) for the year	3.34	2.90	0.87	1.47	1.39
Unrealized gains (losses) for the year	12.79	(2.92)	10.62	(9.13)	3.21
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>17.14</b>	<b>1.10</b>	<b>12.68</b>	<b>(6.61)</b>	<b>5.50</b>
<b>Distributions:</b>					
From dividends	(0.96)	(1.17)	(1.27)	(0.89)	(0.82)
Total Annual Distributions <sup>3</sup>	(0.96)	(1.17)	(1.27)	(0.89)	(0.82)
<b>Net Assets, end of year</b>	<b>88.12</b>	<b>72.02</b>	<b>71.28</b>	<b>60.10</b>	<b>67.63</b>

## Mawer Canadian Equity Fund

SERIES O	2021	2020	2019	2018	2017
Net Assets, beginning of year	71.30	72.36	60.91	68.72	63.89
<b>Increase (decrease) from operations:</b>					
Total revenue	1.94	1.95	2.03	1.88	1.70
Total expenses	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Realized gains (losses) for the year	3.27	3.02	0.87	1.50	1.42
Unrealized gains (losses) for the year	12.67	(2.05)	10.53	(9.46)	3.31
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>17.87</b>	<b>2.91</b>	<b>13.42</b>	<b>(6.09)</b>	<b>6.42</b>
<b>Distributions:</b>					
From dividends	(1.84)	(1.89)	(2.01)	(1.67)	(1.57)
From capital gains	(1.26)	(2.00)	-	(0.11)	-
Total Annual Distributions <sup>3</sup>	(3.10)	(3.89)	(2.01)	(1.78)	(1.57)
<b>Net Assets, end of year</b>	<b>86.02</b>	<b>71.30</b>	<b>72.36</b>	<b>60.91</b>	<b>68.72</b>

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

<sup>(2)</sup> 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.

<sup>(3)</sup> 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) <sup>1</sup>	922,281	773,261	853,148	778,437	872,854
Number of units outstanding (000's) <sup>1</sup>	10,466	10,737	11,970	12,952	12,905
Management expense ratio <sup>2</sup>	1.14%	1.17%	1.16%	1.17%	1.17%
Management expense ratio before waivers or absorptions	1.14%	1.17%	1.16%	1.17%	1.17%
Trading expense ratio <sup>3</sup>	0.01%	0.02%	0.02%	0.01%	0.01%
Portfolio turnover rate <sup>4</sup>	19.32%	23.47%	13.78%	14.14%	8.70%
<b>Net asset value per unit<sup>1</sup></b>	<b>88.12</b>	<b>72.02</b>	<b>71.28</b>	<b>60.10</b>	<b>67.63</b>

SERIES O	2021	2020	2019	2018	2017
Total net asset value (000's) <sup>1</sup>	3,407,718	2,585,026	2,390,483	1,909,785	2,036,802
Number of units outstanding (000's) <sup>1</sup>	39,615	36,258	33,036	31,355	29,639
Management expense ratio <sup>2</sup>	0.01%	0.01%	0.01%	0.01%	0.01%
Management expense ratio before waivers or absorptions	0.01%	0.01%	0.01%	0.01%	0.01%
Trading expense ratio <sup>3</sup>	0.01%	0.02%	0.02%	0.01%	0.01%
Portfolio turnover rate <sup>4</sup>	19.32%	23.47%	13.78%	14.14%	8.70%
<b>Net asset value per unit<sup>1</sup></b>	<b>86.02</b>	<b>71.30</b>	<b>72.36</b>	<b>60.91</b>	<b>68.72</b>

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

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.

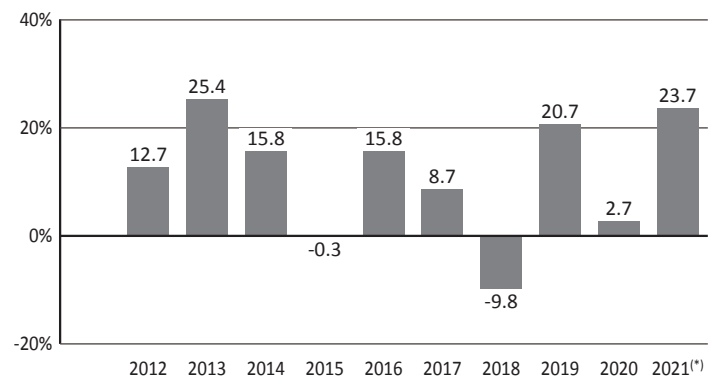
The Fund's performance numbers assume that all distributions are reinvested in additional units of the Fund. If you hold this Fund outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes whether paid to you in cash or reinvested 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.

### Year-by-Year Returns

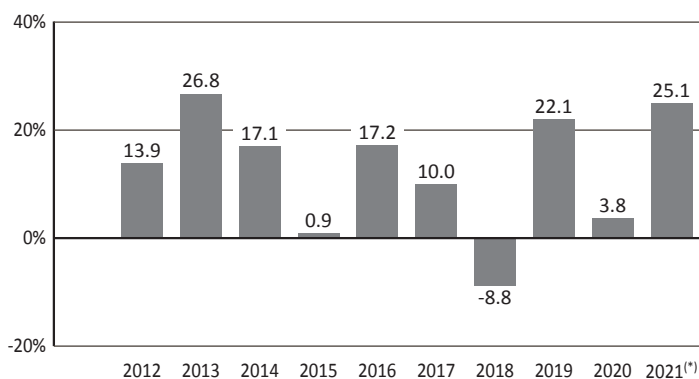
The bar charts below show the Fund's annual performance in each of the past 10 years, if applicable, to December 31. The charts show in percentage terms how an investment made on January 1 would have increased or decreased by December 31 of the fiscal year.

Series A



## Mawer Canadian Equity Fund

### Series O



<sup>(\*)</sup> Series A start date was June 21, 1991; Series O start date was December 1, 2004.

### 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 S&P/TSX Composite Index calculated on the same compound basis. This index is a capitalization-weighted index designed to measure the broad Canadian equity market. 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 <sup>(*)</sup>
Mawer Canadian Equity Fund – Series A	23.7%	15.3%	8.5%	11.0%	9.6%
S&P/TSX Composite Index	25.1%	17.5%	10.0%	9.1%	8.8%
Mawer Canadian Equity Fund – Series O	25.1%	16.6%	9.7%	12.3%	10.6%
S&P/TSX Composite Index	25.1%	17.5%	10.0%	9.1%	8.0%

<sup>(\*)</sup> Series A start date was June 21, 1991; Series O start date was December 1, 2004.

### Summary of Investment Portfolio

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

	% of Portfolio
Cash	0.0
<b>Total Cash</b>	<b>0.0</b>
Treasury Bills	0.4
<b>Total Short-Term Reserves</b>	<b>0.4</b>
<b>Equities</b>	
Communication Services	5.3
Consumer Discretionary	2.8
Consumer Staples	6.3
Energy	7.6
Financials	30.0
Industrials	19.0
Information Technology	15.3
Materials	4.4
Real Estate	6.2
Utilities	2.7
<b>Total Equities</b>	<b>99.6</b>
<b>Total Portfolio</b>	<b>100.0</b>

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
The Toronto-Dominion Bank	5.8%
Royal Bank of Canada	5.7%
Bank of Montreal	4.5%
Canadian Pacific Railway Limited	4.2%
Canadian Natural Resources, Ltd.	4.2%
Brookfield Asset Management Inc. Cl. A	4.0%
Shopify Inc. Cl. A	3.5%
The Bank of Nova Scotia	3.3%
TELUS Corporation	3.2%
Loblaw Companies Limited	2.9%
Canadian National Railway Company	2.7%
Alimentation Couche-Tard Inc.	2.7%
Toromont Industries Ltd.	2.5%
Colliers International Group Inc.	2.4%
CGI Inc.	2.4%
Finning International Inc.	2.3%
Thomson Reuters Corporation	2.3%
Suncor Energy Inc.	2.3%
Constellation Software Inc.	2.1%
BCE Inc.	2.0%
Manulife Financial Corporation	1.9%
iA Financial Corporation Inc.	1.9%
Richelieu Hardware, Ltd.	1.8%
Ritchie Bros. Auctioneers Incorporated	1.7%
Dollarama Inc.	1.7%
<b>Total</b>	<b>74.0%</b>

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](mailto:info@mawer.com).