

Mawer Balanced Fund

Annual Management Report of Fund Performance

For the Year Ended December 31, 2022

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 advisor, 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.

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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 Mawer Funds, in equity and equity-related securities, and in 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 used primarily to control risk and the Manager focuses on security, sector, credit and curve analysis in making investment decisions. Investment considerations may include interest rates, yield spreads, exchange rates, structures, credit spread and fundamental analysis of sovereign, government, corporate and structured finance issuers. 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 low-to-medium tolerance for risk. The Fund's risk rating changed to low-to-medium from medium during the period. 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 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, the Manager also limits 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, 2022, the Mawer Canadian Bond Fund's duration was 7.26 years compared to the FTSE Canada Universe Bond Index duration of 7.31 years. From an exposure perspective, the weight of the Canadian fixed income allocation within the Mawer Balanced Fund, increased from 29.8%, at the start of the year, to 32.4%, at the end of December.

Results of Operations

The Fund's net assets decreased 21.0% to \$5,010.5 million from \$6,340.2 million at December 31, 2022. Of this change, -\$784.7 million is attributable to negative investment performance and -\$545.0 million was due to net redemptions to the Fund.

The Manager assesses the Fund's underlying securities for liquidity on a quarterly basis. During the period the Fund has remained in compliance with National Instrument 81-102 and has maintained an illiquid concentration of less than 10% of the Fund's Net Asset Value. During the period there were no notable redemptions to the Fund that affected its liquidity.

The Fund's Series A units return was -12.5% in 2022 versus a -9.6% return for the blended benchmark 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.

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Equity markets had a positive return in the fourth quarter offering a brief reprieve from the turmoil that roiled markets in 2022. And, after one of the worst years on record, Canadian bonds finished near flat for the quarter. In the end, 2022 goes down as a difficult year for financial markets dominated by widespread inflation, higher interest rates, geopolitical tensions, and global growth concerns. The Bank of Canada and the U.S. Federal Reserve continued to raise policy interest rates, and while the path forward remains uncertain, the Bank of Canada left the door open to slowing its hiking cycle. For Canadian investors, the return of many foreign asset classes, with the exception of the U.S., also benefitted from a currency translation effect over the last quarter.

From an asset mix perspective, we are holding higher than normal levels of cash within our portfolios. After a series of equity trims during 2022, we've now transitioned to an equity weight that is more in line with our neutral level. Bond allocations also remain below our long-term neutral targets. Tilting the portfolio towards this defensive positioning offers some additional resilience to rising interest rates, but as long-term investors we remain comfortable with our current allocation to both bonds and equities.

Looking back over the full calendar year, a portion of the Fund's underperformance in 2022 can be attributed to the first quarter and the market's initial adjustment to higher interest rate expectations which disproportionately hurt many of our equity portfolios given our focus on higher quality businesses. In retrospect, we acknowledge that many of our equity portfolios could have been better balanced with respect to interest rate sensitivity, and much of the activity in the early part of the year sought to re-establish this balance.

There is little doubt that it has been a tough year for markets, and the path central banks take in 2023 is still up for debate as inflation remains high, global growth appears to be slowing, and the employment market remains resilient. Further complicating matters, yield curves are inverted which historically has been a fairly reliable indicator of recessions. Whether we end up with a soft or hard landing may rest on how persistent inflation will be.

Compared to historical standards, we are experiencing a very rapid pace of interest rate hikes by central banks, notably after a prolonged period of loose monetary policy. With corporate debt levels higher than the recent past and with elevated interest rates, there is the potential for interest expenses to rise materially for companies with higher leverage. Depending on the path forward, the environment for companies with more corporate debt could prove more challenging.

This year we have seen gravity restored to the system as discount rates have increased. While this adjustment process, along with its impact on valuations, can be volatile and difficult, we believe we are ultimately heading to a place where returns will be driven more directly by company fundamentals. We also recognize that in times when emotions run high, we must guard most fiercely against temptations to stray from our philosophy and process. We continue to play the plan focusing on buying wealth-creating companies, with excellent management teams, trading at a discount to our estimate of intrinsic value.

Recent Developments

There are no recent developments to report related to the strategic positioning of the Fund, the Manager, or the policies of the Independent Review Committee.

Related Party Transactions – Management Fees

The Portfolio Advisor 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, 2022 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 Unit¹

SERIES A	2022	2021	2020	2019	2018
Net Assets, beginning of year	37.30	34.42	31.40	27.66	28.17
Increase (decrease) from operations:					
Total revenue	0.73	0.63	0.62	0.71	0.62
Total expenses	(0.29)	(0.32)	(0.29)	(0.27)	(0.26)
Realized gains (losses) for the year	1.36	1.10	0.91	0.27	0.72
Unrealized gains (losses) for the year	(6.70)	1.81	2.04	3.36	(1.25)
Total increase (decrease) from operations²	(4.90)	3.22	3.28	4.07	(0.17)
Distributions:					
From net investment income (excluding dividends)	(0.31)	(0.20)	(0.20)	(0.29)	(0.24)
From dividends	(0.15)	(0.12)	(0.12)	(0.12)	(0.10)
From capital gains	(0.56)	-	-	-	(0.08)
Return of capital	-	-	-	-	-
Total Annual Distributions ³	(1.02)	(0.32)	(0.32)	(0.41)	(0.42)
Net Assets, end of year	31.63	37.30	34.42	31.40	27.66

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SERIES O	2022	2021	2020	2019	2018
Net Assets, beginning of year	36.57	33.74	30.79	27.15	27.89
Increase (decrease) from operations:					
Total revenue	0.74	0.62	0.59	0.67	0.60
Total expenses	-	-	-	-	-
Realized gains (losses) for the year	1.34	1.09	0.85	0.24	0.70
Unrealized gains (losses) for the year	(6.35)	1.76	2.09	3.49	(1.17)
Total increase (decrease) from operations²	(4.27)	3.47	3.53	4.40	0.13
Distributions:					
From net investment income (excluding dividends)	(0.49)	(0.38)	(0.39)	(0.49)	(0.42)
From dividends	(0.24)	(0.23)	(0.21)	(0.20)	(0.18)
From capital gains	(0.80)	-	-	-	(0.30)
Return of capital	-	-	-	-	-
Total Annual Distributions ³	(1.53)	(0.61)	(0.60)	(0.69)	(0.90)
Net Assets, end of year	30.77	36.57	33.74	30.79	27.15

⁽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 year.

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

Ratios and Supplemental Data

SERIES A	2022	2021	2020	2019	2018
Total net asset value (000's) ¹	4,082,649	5,251,768	4,481,091	3,682,104	2,756,610
Number of units outstanding (000's) ¹	129,075	140,795	130,190	117,247	99,651
Management expense ratio ²	0.91%	0.90%	0.92%	0.91%	0.91%
Management expense ratio before waivers or absorptions	0.91%	0.90%	0.92%	0.91%	0.91%
Trading expense ratio ³	0.02%	0.02%	0.02%	0.02%	0.03%
Portfolio turnover rate ⁴	3.17%	2.92%	0.11%	0.79%	1.18%
Net asset value per unit¹	31.63	37.30	34.42	31.40	27.66

SERIES O	2022	2021	2020	2019	2018
Total net asset value (000's) ¹	927,851	1,088,401	943,933	838,875	753,315
Number of units outstanding (000's) ¹	30,152	29,761	27,976	27,242	27,744
Management expense ratio ²	0.02%	0.03%	0.03%	0.03%	0.03%
Management expense ratio before waivers or absorptions	0.02%	0.03%	0.03%	0.03%	0.03%
Trading expense ratio ³	0.02%	0.02%	0.02%	0.02%	0.03%
Portfolio turnover rate ⁴	3.17%	2.92%	0.11%	0.79%	1.18%
Net asset value per unit¹	30.77	36.57	33.74	30.79	27.15

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

⁽²⁾ Management expense ratio is based on total expenses 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 Advisors manage 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.

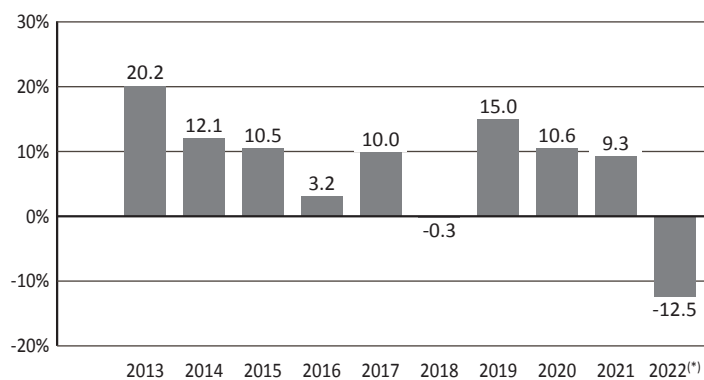
The Fund's performance numbers assume that all distributions are reinvested in additional units of the Fund. If you hold this Fund outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes whether paid to you in cash or reinvested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

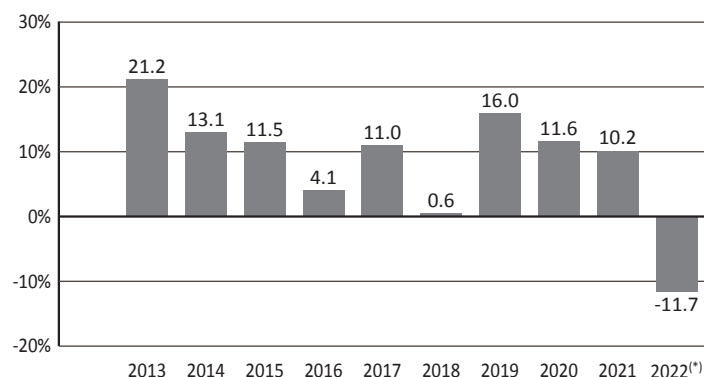
The bar charts below show the Fund's annual performance in each of the past 10 years, if applicable, to December 31. The charts show in percentage terms how an investment made on January 1 would have increased or decreased by December 31 of the fiscal year.

Series A



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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, 2022. 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	(12.5)%	1.9%	3.9%	7.4%	7.9%
Internal Balanced Benchmark	(9.6)%	3.3%	4.1%	6.6%	7.4%
Mawer Balanced Fund – Series O	(11.7)%	2.8%	4.9%	8.4%	7.6%
Internal Balanced Benchmark	(9.6)%	3.3%	4.1%	6.6%	5.6%

^(*) 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, 2022 is as follows:

	% of Portfolio
Treasury Bills	5.6
Total Short-Term Investments	5.6
Mutual Funds	
Short Term Investments	0.1
Fixed Income	32.4
Equities	61.9
Total Mutual Funds	94.4
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, 2022.

Issuer	Percentage of Net Asset Value
Mawer Canadian Bond Fund Series O	32.4%
Mawer U.S. Equity Fund Series O	18.1%
Mawer International Equity Fund Series O	16.4%
Mawer Canadian Equity Fund Series O	16.1%
Mawer Global Small Cap Fund Series O	6.7%
Mawer New Canada Fund Series O	3.6%
Mawer Emerging Markets Equity Fund Series O	1.1%
Total	94.4%

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 online at www.sedar.com and www.mawer.com.