

# Mawer Emerging Markets Equity Fund

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## 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](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 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.

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 advisor 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 Emerging Markets Equity Fund (the "Fund") is to achieve above-average, long-term, risk-adjusted returns by investing primarily in equity and equity related securities of companies located or active in emerging market countries. Treasury bills or short-term investments, not exceeding three years to maturity, may also be used from time to time.

### Risk

This Fund is suitable for investors seeking long-term growth and who have a moderate to high 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.

The Manager attempts to reduce the exposure to these risks by not concentrating more than 20% of the net assets of the Fund in a particular Industry as defined by the Global Industry Classification Standards (GICS). It is also the Manager's policy to have no more than 10% of the net assets in any one common share of a corporation, at the time of purchase. It is the Manager's intention to be generally fully invested (less than 10% in cash).

### Results of Operations

The Fund's net assets decreased 36.1% to \$295.1 million from \$462.0 million at December 31, 2022. Of this change, \$-\$136.7 million is attributable to negative investment performance and -\$30.2 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.

Over the year, the Fund's A series return was -29.0% versus -14.3% for the MSCI Emerging Markets Index (Net). Unlike the benchmark, the Fund's return is net of the deduction of fees and expenses paid by the Fund. All performance values provided are in Canadian dollar terms.

It has been a volatile period for emerging markets investors with high dispersion among industries and regions. Emerging markets equities have been under pressure for some time—mainly due to China where slowing growth and regulatory uncertainty had led Chinese equity markets lower in 2021. In 2022, sharply rising global bond yields and many of the world's central banks turning increasingly hawkish toward inflation put pressure on equity valuations, which was further compounded by the uncertainties caused by Russia's war in Ukraine.

Equity markets attempted to add a bit of polish in the fourth quarter to an otherwise brutal year, the worst calendar year return for the MSCI Emerging Markets Index since 2008. In Q4, markets were bolstered by signs that inflation may finally be peaking and the hope that central banks may not need to be as aggressive as feared in tightening monetary policy, potentially softening the negative impact on the global economy looking forward. Chinese equities, which had been among the hardest hit through the first nine months of the year, helped lead the advance in Q4 with the relaxation of the COVID zero policy; conversely, with oil prices moderating, Middle Eastern markets lagged.

## Mawer Emerging Markets Equity Fund

The Fund underperformed its benchmark during the year, part of the underperformance was driven by holdings that were impacted by the rise in discount rates. Investments with higher growth rates and above-average price-to-earnings multiples such as Taiwan's e-commerce leader momo.com and payments processor Green World Fintech suffered returns that were more negative than those of the benchmark. Coming into the year, the portfolio held five Russian companies representing approximately 10% of the portfolio. As tensions rose in January, we exited Russia's largest bank Sberbank given the risk of potential sanctions. We further trimmed positions in jobs classifieds platform HeadHunter, value-added IT reseller Softline, and digital bank TCS Group mid-February as risks continued to evolve. Shortly after the Russian invasion, we decided to exit our remaining Russian holdings, however due to economic sanctions and our inability to trade these securities they were subsequently marked down to zero.

Looking ahead to 2023, a key debate has to do with policy lags given the delay between the implementation of monetary policy and the ultimate impact on the broader economy. As such, the path forward for inflation, central bank resolve in continuing to tighten policy, and the associated earnings and economic impacts remain hotly debated topics. All signs point to a global recession, with higher real rates, inverted yield curves, and contracting PMIs in many of the world's major economies. However, the consensus view—reinforced late in the year by moderating inflation data—currently anticipates a softer landing and a milder recession.

Of course, the world could evolve in different ways. Inflation may prove to be more stubborn, or central banks misjudge those policy lags prompting a deeper recession. Geopolitical flare-ups are always a risk, especially with emerging markets. On the other hand, inflation might temper more quickly than anticipated: incredibly, natural gas prices in Europe are currently lower than prior to Russia's invasion of Ukraine.

Activity in the portfolio in 2022 broadly focused on three key themes that we believe will continue to be important as we look forward to 2023:

- Ensuring diversification: The portfolio's underperformance in 2022 can almost all be attributed to the first quarter with the market's initial adjustment to higher interest rate expectations and the negative impact of our Russian holdings. In retrospect, we acknowledge that the portfolio could have been better balanced from a duration perspective coming into the year, and the lower duration offsets we held were too concentrated in a single jurisdiction. Much of the year's activity has sought to re-establish that balance.
- Improving resilience, including the additions of steady, well-run businesses while reducing the portfolio's exposures to areas with higher risks (e.g., companies with more discretionary demand, China/Taiwan).
- Continuing to ensure a robust inventory list of investment options focused on all three tenets of our investment philosophy.

### 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 1.30% 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 financial statements which are prepared in accordance with IFRS.

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

SERIES A	2022	2021	2020	2019	2018
Net Assets, beginning of year	14.37	14.28	11.90	10.97	11.80
<b>Increase (decrease) from operations:</b>					
Total revenue	0.36	0.28	0.30	0.36	0.33
Total expenses	(0.20)	(0.27)	(0.23)	(0.24)	(0.23)
Realized gains (losses) for the year	(2.36)	0.04	(0.02)	(0.11)	(0.17)
Unrealized gains (losses) for the year	(2.25)	(0.13)	2.31	0.98	(0.78)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(4.45)</b>	<b>(0.08)</b>	<b>2.36</b>	<b>0.99</b>	<b>(0.85)</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	(0.17)	(0.01)	(0.04)	(0.13)	(0.10)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total Annual Distributions <sup>3</sup>	(0.17)	(0.01)	(0.04)	(0.13)	(0.10)
<b>Net Assets, end of year</b>	<b>10.05</b>	<b>14.37</b>	<b>14.28</b>	<b>11.90</b>	<b>10.97</b>

## Mawer Emerging Markets Equity Fund

SERIES O	2022	2021	2020	2019	2018
Net Assets, beginning of year	14.71	14.59	12.02	11.00	11.86
<b>Increase (decrease) from operations:</b>					
Total revenue	0.37	0.29	0.29	0.34	0.34
Total expenses	(0.04)	(0.05)	(0.05)	(0.05)	(0.05)
Realized gains (losses) for the year	(2.41)	0.04	0.21	(0.11)	(0.16)
Unrealized gains (losses) for the year	(2.50)	(0.31)	2.66	1.10	(0.88)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(4.58)</b>	<b>(0.03)</b>	<b>3.11</b>	<b>1.28</b>	<b>(0.75)</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	(0.35)	(0.21)	(0.09)	(0.22)	(0.30)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total Annual Distributions <sup>3</sup>	(0.35)	(0.21)	(0.09)	(0.22)	(0.30)
<b>Net Assets, end of year</b>	<b>10.26</b>	<b>14.71</b>	<b>14.59</b>	<b>12.02</b>	<b>11.00</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 year.

<sup>(3)</sup> 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) <sup>1</sup>	38,130	65,187	47,519	35,046	32,763
Number of units outstanding (000's) <sup>1</sup>	3,796	4,535	3,328	2,946	2,987
Management expense ratio <sup>2</sup>	1.60%	1.59%	1.60%	1.60%	1.60%
Management expense ratio before waivers or absorptions	1.65%	1.59%	1.70%	1.66%	1.73%
Trading expense ratio <sup>3</sup>	0.15%	0.13%	0.21%	0.07%	0.18%
Portfolio turnover rate <sup>4</sup>	45.18%	37.33%	24.63%	12.97%	35.06%
<b>Net asset value per unit<sup>1</sup></b>	<b>10.05</b>	<b>14.37</b>	<b>14.28</b>	<b>11.90</b>	<b>10.97</b>

SERIES O	2022	2021	2020	2019	2018
Total net asset value (000's) <sup>1</sup>	256,924	396,804	203,555	53,004	27,974
Number of units outstanding (000's) <sup>1</sup>	25,040	26,966	13,952	4,410	2,544
Management expense ratio <sup>2</sup>	0.10%	0.10%	0.10%	0.10%	0.10%
Management expense ratio before waivers or absorptions	0.14%	0.12%	0.20%	0.17%	0.21%
Trading expense ratio <sup>3</sup>	0.15%	0.13%	0.21%	0.07%	0.18%
Portfolio turnover rate <sup>4</sup>	45.18%	37.33%	24.63%	12.97%	35.06%
<b>Net asset value per unit<sup>1</sup></b>	<b>10.26</b>	<b>14.71</b>	<b>14.59</b>	<b>12.02</b>	<b>11.00</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 for the stated year and is expressed as an annualized percentage of daily average net assets during the year. The Manager, at its discretion, absorbed certain expenses otherwise payable by each Series. The Manager may change the amount absorbed or discontinue absorbing these expenses at any time without notice.

<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 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.

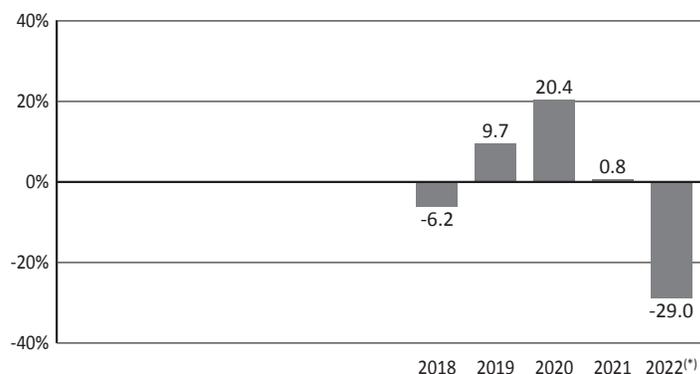
The Fund's performance numbers assume that all distributions are reinvested in additional units of the Fund. If you hold this Fund outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes whether paid to you in cash or reinvested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

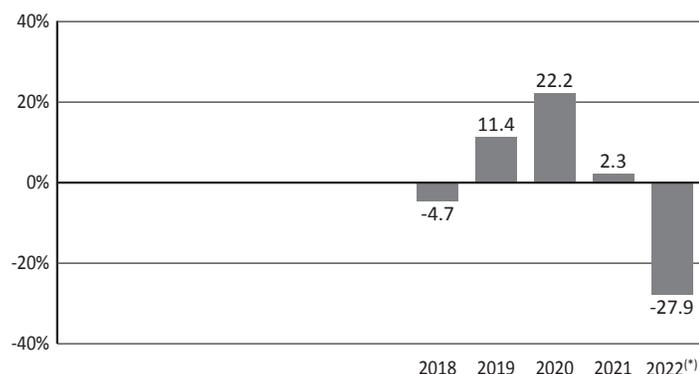
The bar charts below show the Fund's annual performance in each of the past 10 years, if applicable, to December 31. The charts show in percentage terms how an investment made on January 1 would have increased or decreased by December 31 of the fiscal year.

Series A



## Mawer Emerging Markets Equity Fund

### Series O



<sup>(\*)</sup> Series A start date was January 31, 2017; Series O start date was January 31, 2017.

### 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 benchmarked to the MSCI Emerging Markets Index (net) and calculated on the same compound basis. The MSCI Emerging Markets Index (net) captures large and mid cap representation across 26 Emerging Markets (EM) countries. 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	Since Inception
Mawer Emerging Markets Equity Fund – Series A	(29.0)%	(4.8)%	(2.4)%	0.8%
MSCI Emerging Markets Index (Net)	(14.3)%	(1.3)%	0.2%	4.0%
Mawer Emerging Markets Equity Fund – Series O	(27.9)%	(3.4)%	(0.9)%	2.4%
MSCI Emerging Markets Index (Net)	(14.3)%	(1.3)%	0.2%	4.0%

<sup>(\*)</sup> Series A start date was January 31, 2017; Series O start date was January 31, 2017.

### Summary of Investment Portfolio

A summary of the Fund as at December 31, 2022 is as follows:

	% of Portfolio
Cash	0.2
<b>Total Cash</b>	<b>0.2</b>
Treasury Bills	3.9
<b>Total Short-Term Investments</b>	<b>3.9</b>
<b>Equities</b>	
Asia	69.5
Europe	8.6
Latin America	8.9
Middle East	7.5
North America	1.4
<b>Total Equities</b>	<b>95.9</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, 2022.

Issuer	Percentage of Net Asset Value
Taiwan Semiconductor Manufacturing Company Limited	5.5%
Tencent Holdings Limited	4.7%
HDFC Bank Limited	4.5%
Salik Company PJSC	4.1%
Samsung Electronics Co., Ltd.	3.9%
Kaspi.kz Joint Stock Company GDR Reg S	3.8%
AIA Group Limited	3.8%
China Yangtze Power Co., Ltd. Cl. A	3.7%
International Games System Co., Ltd.	2.9%
Baltic Classifieds Group PLC	2.7%
LiveChat Software SA	2.7%
Dino Polska SA	2.7%
momo.com Inc.	2.6%
Bolsa Mexicana de Valores, SAB de CV	2.5%
NAC Kazatomprom JSC GDR	2.5%
Wuliangye Yibin Co., Ltd. Cl. A	2.5%
Infosys Limited ADR	2.5%
Milkyway Chemical Supply Chain Service Co., Ltd. Cl. A	2.4%
Alibaba Group Holding Limited	2.3%
Grupo Mexico, SAB de CV Cl. B	2.3%
NetEase, Inc.	2.3%
First Abu Dhabi Bank PJSC	2.2%
MegaStudyEdu Co., Ltd.	2.2%
Guangdong Great River Smarter Logistics Co., Ltd. Cl. A	2.1%
S1 Corporation	2.0%
<b>Total</b>	<b>75.4%</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). The Prospectus and other information about the underlying mutual fund(s) are available online at [www.sedar.com](http://www.sedar.com) and [www.mawer.com](http://www.mawer.com).