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# Mawer Global Small Cap 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 objective of the Mawer Global Small Cap Fund (the "Fund") is to invest for above average long-term returns in securities of smaller companies around the world. This is done by choosing companies that we believe will be wealth-creating in the long-term and are trading at a discount to their intrinsic value. We prefer companies with enduring competitive advantages that will allow them to earn a return greater than their cost of capital over the long-term. The Fund has a long-term buy-and-hold strategy and seeks to keep turnover low.

### Risk

This Fund is suitable for investors seeking long-term growth and who have a medium-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 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). 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. The Fund typically owns positions in global corporations with a market capitalization of \$3 billion (USD) or less at the time of purchase. It is the Manager's intention to be generally fully invested (less than 5% in cash).

### Results of Operations

The Fund's net assets decreased 25.9% to \$3,129.4 million from \$4,221.3 million at December 31, 2022. Of this change, -\$702.0 million is attributable to negative investment performance and -\$389.9 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 Series A units return was -17.7% versus -12.8% for the MSCI ACWI Small Cap (Net) Total Return Index. 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.

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## Mawer Global Small Cap Fund

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Equity markets attempted to add a bit of polish in the fourth quarter to an otherwise difficult year, the worst calendar year return for the MSCI ACWI Small Cap 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. European stocks, which had been hardest hit through the first nine months of the year, led the advance globally in Q4, outpacing both emerging markets and U.S. equities. The MSCI ACWI Small Cap Index (in local currency) was led by economically sensitive sectors such as industrials, materials, financials, and energy. Strong gains in the euro, British pound, and Japanese yen also helped to strengthen returns for North American investors.

Reflecting the broad nature of the market's advance during the fourth quarter, the vast majority of portfolio holdings delivered positive returns. Companies that stood out include two Italian companies: manufacturer of premium coffee and home appliances De'Longhi, and braking systems manufacturer Brembo. De'Longhi was among the portfolio's bottom contributors over the past year in part due to margin pressure from delay in passing on increasing input costs. However, management was now finally able to offset most of their production cost increases through price increases, thereby highlighting their pricing power. Tied to the automobile industry, Brembo's cyclical exposure faced headwinds throughout the year from macroeconomic factors including the energy crisis, but the performance turned around this quarter as the company delivered strong results. Finally, after languishing for much of the past few years, Japanese drug store operator Tsuruha performed well on the back of a strong yen and given evidence that it is finally passing along pricing increases to its customers.

On the other hand, the portfolio's cash weight was a drag on relative performance in a strongly rising market. Other detractors include Aramex, a parcel delivery company focused on Africa and the Middle East, which experienced declining volumes in its courier business, pressuring margins but also spoke of increasing M&A in its logistics segment, which we view as non-core, prompting us to trim our position. Synsam, a leading eyewear retailer in the Nordics, saw inflationary pressure compress margins. This was compounded by a slowness in passing on these higher costs to customers in an effort to gain market share. Finally, business-to-business distributor of industrial products Global Industrial Company saw its stock sell off on weaker earnings as the company is seeing sales growth decelerate more sharply than expected as customers appear to be tightening their budgets. More short-term in nature, we deem this a temporary rather than fundamental issue, leaving our long-term thesis on the company intact.

Looking ahead, 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 1.50% 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.

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## Mawer Global Small Cap Fund

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

SERIES A	2022	2021	2020	2019	2018
Net Assets, beginning of year	17.47	18.62	17.06	14.43	15.83
<b>Increase (decrease) from operations:</b>					
Total revenue	0.36	0.39	0.27	0.38	0.41
Total expenses	(0.29)	(0.39)	(0.32)	(0.32)	(0.33)
Realized gains (losses) for the year	(0.55)	2.16	2.15	1.58	1.30
Unrealized gains (losses) for the year	(3.02)	(1.31)	0.17	1.88	(1.85)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(3.50)</b>	<b>0.85</b>	<b>2.27</b>	<b>3.52</b>	<b>(0.47)</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	(0.08)	-	-	(0.05)	(0.10)
From dividends	-	-	-	-	-
From capital gains	-	(2.01)	(0.94)	(0.83)	(0.88)
Return of capital	-	-	-	-	-
Total Annual Distributions <sup>3</sup>	(0.08)	(2.01)	(0.94)	(0.88)	(0.98)
<b>Net Assets, end of year</b>	<b>14.29</b>	<b>17.47</b>	<b>18.62</b>	<b>17.06</b>	<b>14.43</b>

SERIES O	2022	2021	2020	2019	2018
Net Assets, beginning of year	15.60	16.86	15.93	13.83	15.46
<b>Increase (decrease) from operations:</b>					
Total revenue	0.32	0.35	0.25	0.36	0.40
Total expenses	(0.04)	(0.05)	(0.03)	(0.04)	(0.06)
Realized gains (losses) for the year	(0.54)	1.98	2.02	1.52	1.29
Unrealized gains (losses) for the year	(2.36)	(1.17)	0.44	1.80	(1.77)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(2.62)</b>	<b>1.11</b>	<b>2.68</b>	<b>3.64</b>	<b>(0.14)</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	(0.31)	(0.28)	(0.16)	(0.31)	(0.37)
From dividends	-	-	-	(0.01)	(0.01)
From capital gains	-	(2.04)	(1.56)	(1.24)	(1.10)
Return of capital	-	-	-	-	-
Total Annual Distributions <sup>3</sup>	(0.31)	(2.32)	(1.72)	(1.56)	(1.48)
<b>Net Assets, end of year</b>	<b>12.75</b>	<b>15.60</b>	<b>16.86</b>	<b>15.93</b>	<b>13.83</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>	747,371	1,184,729	1,051,807	926,376	747,620
Number of units outstanding (000's) <sup>1</sup>	52,296	67,811	56,479	54,308	51,812
Management expense ratio <sup>2</sup>	1.77%	1.74%	1.76%	1.74%	1.74%
Management expense ratio before waivers or absorptions	1.77%	1.74%	1.76%	1.74%	1.74%
Trading expense ratio <sup>3</sup>	0.05%	0.05%	0.08%	0.05%	0.06%
Portfolio turnover rate <sup>4</sup>	24.32%	32.06%	40.23%	34.91%	33.16%
<b>Net asset value per unit<sup>1</sup></b>	<b>14.29</b>	<b>17.47</b>	<b>18.62</b>	<b>17.06</b>	<b>14.43</b>

SERIES O	2022	2021	2020	2019	2018
Total net asset value (000's) <sup>1</sup>	2,382,050	3,036,525	2,781,621	2,300,469	1,799,145
Number of units outstanding (000's) <sup>1</sup>	186,852	194,641	164,979	144,444	130,121
Management expense ratio <sup>2</sup>	0.04%	0.04%	0.04%	0.03%	0.04%
Management expense ratio before waivers or absorptions	0.04%	0.04%	0.04%	0.03%	0.04%
Trading expense ratio <sup>3</sup>	0.05%	0.05%	0.08%	0.05%	0.06%
Portfolio turnover rate <sup>4</sup>	24.32%	32.06%	40.23%	34.91%	33.16%
<b>Net asset value per unit<sup>1</sup></b>	<b>12.75</b>	<b>15.60</b>	<b>16.86</b>	<b>15.93</b>	<b>13.83</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.

<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.

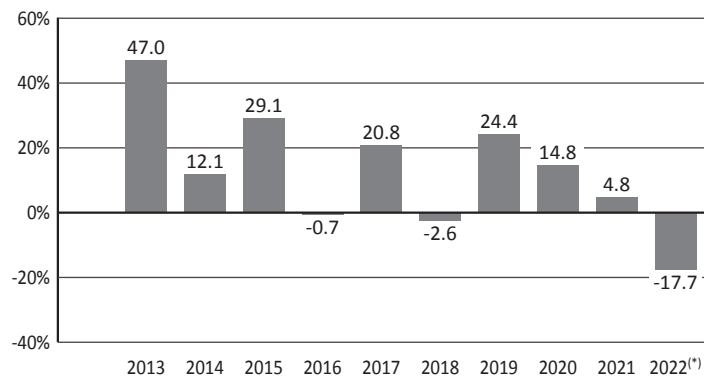
The past performance of the Fund is set out in the following charts.

# Mawer Global Small Cap Fund

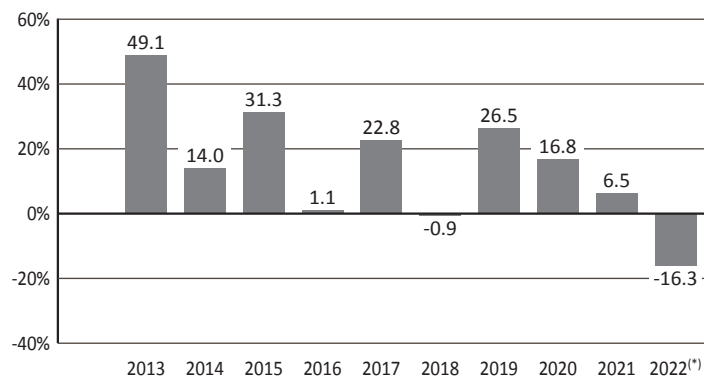
## Year-by-Year Returns

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



<sup>(\*)</sup> Series A start date was October 2, 2007; Series O start date was October 2, 2007.

## 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 Mawer Global Small Cap Benchmark (GSC Benchmark) and calculated on the same compound basis. The GSC Benchmark is a composite return stream consisting of Russell Global Small Cap Index from inception to September 30, 2016 and the MSCI ACWI Small Cap Index (net), as of September 30, 2016. The MSCI ACWI Small Cap Index (net) captures small cap representation across 23 Developed Markets (DM) and 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	10 Year	Since Inception
Mawer Global Small Cap Fund – Series A	(17.7)%	(0.4)%	3.7%	11.8%	10.2%
Mawer Global Small Cap Fund Benchmark	(12.8)%	4.7%	4.9%	10.6%	6.8%
Mawer Global Small Cap Fund – Series O	(16.3)%	1.3%	5.5%	13.7%	12.1%
Mawer Global Small Cap Fund Benchmark	(12.8)%	4.7%	4.9%	10.6%	6.8%

<sup>(\*)</sup> Series A start date was October 2, 2007; Series O start date was October 2, 2007.

## Summary of Investment Portfolio

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

	% of Portfolio
Treasury Bills	7.8
<b>Total Short-Term Investments</b>	<b>7.8</b>
<b>Equities</b>	
Asia	11.1
Europe	53.3
Latin America	1.6
Middle East	2.6
North America	23.6
<b>Total Equities</b>	<b>92.2</b>
<b>Total Portfolio</b>	<b>100.0</b>

Totals may not add to 100% due to rounding.

## Mawer Global Small Cap Fund

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The following table lists the 25 largest holdings of the Fund as at December 31, 2022.

Issuer	Percentage of Net Asset Value
De'Longhi SPA	4.5%
Ipsos	3.8%
PC Connection, Inc.	3.6%
InPost SA	3.4%
Winmark Corporation	3.4%
Atea ASA	3.2%
RS Group PLC	3.2%
Aramex PJSC	2.6%
Insperity, Inc.	2.5%
CBIZ, Inc.	2.4%
Bravida Holding AB	2.3%
Orkla ASA	2.2%
Softcat PLC	2.1%
Premier, Inc. Cl. A	2.1%
Dermapharm Holding SE	2.0%
Bakkafrost PF	2.0%
Vietnam Dairy Products JSC	2.0%
Tsuruha Holdings, Inc.	2.0%
Technogym SPA	1.9%
Create SD Holdings Co., Ltd.	1.9%
Brembo SPA	1.9%
TriNet Group, Inc.	1.8%
Organon & Co.	1.8%
Bilia AB Cl. A	1.8%
Kusuri No Aoki Holdings Co., Ltd.	1.7%
<b>Total</b>	<b>62.1%</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).