
Mawer Tax Effective Balanced Fund

Interim Management Report of Fund Performance

For the Period Ended June 30, 2023

This Interim Management Report of Fund Performance contains financial highlights but does not contain either interim or annual financial statements of the investment fund. You may obtain a copy of the interim or 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, annual financial reports, proxy voting disclosure record, or quarterly portfolio disclosure.

This Interim Management Report of Fund Performance includes certain statements that are "forward looking information" or "forward looking statements" (collectively, "forward looking information") within the meaning of applicable securities legislation. 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., expects or anticipates will or may occur in the future, including such things as anticipated financial performance, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations, are forward looking information. The words "may", "could", "would", "should", "believe", "plan", "anticipate", "expect", "intend", "forecast", "objective", "will" and similar expressions are intended to identify forward looking information. Undue reliance should not be placed on forward looking information. Forward looking information is subject to various risks described in the Simplified Prospectus, uncertainties, and assumptions about the Fund, capital markets and economic factors, which could cause actual results to vary and in some instances to differ materially from those anticipated by the portfolio advisor and expressed in this report. Material risk 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. The foregoing list of risk factors is not exhaustive.

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

Management Discussion of Fund Performance

Investment Objectives and Strategies

The investment objective of the Mawer Tax Effective Balanced Fund (the "Fund") is to invest for above-average long-term, tax effective rates of return. We intend to achieve this objective by investing up to all of the assets of the Fund in other Mawer Funds as well as by investing directly in equity and equity-related securities and, when appropriate, 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. 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 risk by imposing several constraints. The Fund requires a minimum of 25% in fixed income, which reduces the exposure to equity risk. The Fund has an upper limit on foreign equities of 70%, which reduces the currency risk. The Manager has an internal constraint of no more than 20% of its net assets to any one industry (i.e., sub-sector) as classified by the GICS to reduce concentration risk.

In addition, the pre-tax performance of the Fund may be affected by tax-effective trading. While this risk is minimized through our correlation analysis that attempts to harvest capital losses by switching into a highly correlated substitute, the correlation between securities can shift through time due to security-specific risk.

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.

Results of Operations

The Fund's net assets increased 0.9% to \$1,615.6 million from \$1,601.3 million at June 30, 2023. Of this change, \$76.1 million is attributable to positive investment performance and -\$61.8 million was due to net redemptions to the Fund.

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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 gained 4.7% (after management fees) during the first half of 2023 versus 5.5% for a 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.

Globally, equity markets continued to be resilient into the second quarter with U.S. equities being among the stronger performers. U.S. equity strength was driven by a handful of large technology-focused companies, including some that have been in the spotlight as notable advancements in artificial intelligence dominated news headlines. Meanwhile, Chinese equities declined in the past quarter as growth anticipated from the lift in COVID-19 restrictions fell short of expectations.

In Canada, headline inflation declined while GDP growth and the employment market remained resilient despite the challenging monetary policy environment. Ultimately, the Bank of Canada reconfirmed their commitment to fighting inflation as it raised the policy interest rate 0.25% in June. With yields rising over the period, Canadian bonds declined.

The Canadian dollar appreciated in the second quarter against many currencies, reducing the return of foreign asset classes. One notable exception was the British pound, which strengthened relative to the Canadian dollar as the Bank of England raised interest rates 0.50% in June.

This said, the market's advance was far from a straight line. Both equities and bonds experienced volatility, especially in connection to the bank collapses in the U.S. and Europe which sent reverberations across the world. While the possibility of further instability remains, swift intervention seemed to have restored confidence and prevented contagion across the broader banking industry.

The Fund's 6-month performance was driven by positive year to date performance from across asset classes, especially US and international equities. The Fund lagged the blended benchmark primarily due to security selection. Negative security selection was primarily due to the underperformance of US and Canadian large cap equities relative to their respective benchmarks. Asset allocation had a positive effect and was driven by overweights to US and international equities, underweight to Canadian fixed income, as well as the inclusion of emerging market equities.

The recent advancements in artificial intelligence (AI) highlighted how technology continues to bring change, disruption, and new possibilities to the way people engage in everyday activities. Of significance is how fast AI is being integrated into common use. For example, how quickly Microsoft incorporated AI into their search engine, Bing. While the full impact of artificial intelligence's capabilities is yet to be seen, markets are forward-looking and rewarded some of the companies potentially positioned to benefit from this advancement such as Apple, Microsoft, NVIDIA, Amazon, Meta, Tesla, and Alphabet. Of those listed, we have exposure to Microsoft, Amazon, and Alphabet within the portfolio. While these technology businesses were some of our stronger performers in the period, our relative underweight to the collective group was a headwind for relative performance.

When assessing the AI theme and considering our investment horizon, the full, possible impact of artificial intelligence developments is difficult to ascertain. That said, in our experience, rapid technological change tends to drive a wedge between high-quality management teams and weaker ones. To use a surfing analogy, artificial intelligence has the potential to be a monster wave—great management teams will catch it and surf it by improving their value proposition to customers and reducing their costs. Thus, a continued focus on great management teams—as opposed to forecasting specific winners and losers associated with a given theme—will help guide our approach.

We trimmed our target equity weight on two occasions during the past quarter as equities rallied from their lows. Most of our trim to equities was from the U.S. as our view is that U.S. equities were more expensive relative to other asset classes. We offset the trims by increasing our target allocation to Canadian bonds and cash. Overall, we believe this adds resilience, given the many scenarios that may unfold. Even though the market consensus appears to be calling for a soft landing, the macro picture remains very uncertain: inflation is moderating but still elevated, labour markets are resilient, the recovery in China's economy seems lackluster, and geopolitical tensions remain. As of the period end, we remain underweight Canadian bonds and near neutral in equities.

The yield curves in many major economies remain inverted likely signaling we are heading towards a recession, the severity and timing of which is still highly uncertain. With the market remaining hopeful for a soft landing, any perceived deviation from this path could result in volatility for equities. The renewed fight against inflation after a previous pause by the Bank of Canada also points to a potential prolonged period of higher interest rates ahead, an outcome that is also likely in Europe and the United States.

While the banking sector appears to have stabilized for now, the risk of something breaking remains. One well-reported area of concern is commercial real estate, a segment that is experiencing high vacancies and an uncertain outlook given the work-from-home trend.

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To prepare against the risks, we've leaned into our bottom-up approach. Our equity investment philosophy naturally leads us to businesses with more stable demand given the criticality of the products and services they provide to their customers. Our forensic accounting checklist is designed to ensure that we avoid getting caught up in narrative and instead, methodically comb through financial statements for clues with respect to changes in business or management quality. In the current environment, and especially as COVID-19 supply shocks have encouraged many companies to build up their inventories, companies with excess inventory levels may face margin pressures in the coming quarters should demand abate from its current trend. As such, in addition to continuing to understand how companies are coping with inflation, we're looking closely at cash conversion and days of inventory, especially when coupled with valuation levels that, year-to-date, have outpaced earnings.

With recession uncertainty still clouding the outlook, we continue to focus on maintaining the course, sticking with the key tenets of our investment philosophy, being balanced, and prepared for a variety of different scenarios.

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 June 30, 2023 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 six-month period ended June 30, 2023 and for each of the past five years ended December 31 as applicable. This information is derived from the Fund's unaudited interim financial statements and audited annual financial statements which are prepared in accordance with IFRS.

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

SERIES A	2023	2022	2021	2020	2019	2018
Net Assets, beginning of period	39.41	45.62	42.20	38.70	34.16	34.96
Increase (decrease) from operations:						
Total revenue	0.54	0.95	0.83	0.77	0.86	0.79
Total expenses	(0.20)	(0.39)	(0.42)	(0.38)	(0.36)	(0.34)
Realized gains (losses) for the period	0.54	0.35	1.54	1.62	1.07	0.86
Unrealized gains (losses) for the period	0.97	(6.78)	1.92	1.94	3.44	(1.46)
Total increase (decrease) from operations²	1.85	(5.87)	3.87	3.95	5.01	(0.15)
Distributions:						
From net investment income (excluding dividends)	(0.34)	(0.39)	(0.27)	(0.27)	(0.36)	(0.30)
From dividends	-	(0.16)	(0.12)	(0.12)	(0.14)	(0.12)
From capital gains	-	-	(0.04)	(0.21)	(0.02)	(0.29)
Return of capital	-	-	-	-	-	-
Total Distributions for the period³	(0.34)	(0.55)	(0.43)	(0.60)	(0.52)	(0.71)
Net Assets, end of period	40.90	39.41	45.62	42.20	38.70	34.16

SERIES O	2023	2022	2021	2020	2019	2018
Net Assets, beginning of period	38.08	44.08	41.49	37.99	33.51	34.53
Increase (decrease) from operations:						
Total revenue	0.52	0.92	0.82	0.75	0.84	0.78
Total expenses	(0.02)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Realized gains (losses) for the period	0.52	0.33	1.51	1.56	1.05	0.85
Unrealized gains (losses) for the period	0.93	(6.27)	1.91	1.91	3.41	(1.49)
Total increase (decrease) from operations²	1.95	(5.06)	4.20	4.18	5.26	0.10
Distributions:						
From net investment income (excluding dividends)	(0.53)	(0.62)	(0.52)	(0.50)	(0.56)	(0.51)
From dividends	-	(0.26)	(0.24)	(0.22)	(0.22)	(0.21)
From capital gains	-	-	(0.80)	(0.13)	(0.03)	(0.52)
Return of capital	-	-	-	-	-	-
Total Distributions for the period³	(0.53)	(0.88)	(1.56)	(0.85)	(0.81)	(1.24)
Net Assets, end of period	39.50	38.08	44.08	41.49	37.99	33.51

⁽¹⁾ This information is derived from the Fund's interim 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 (June 30th).

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

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Ratios and Supplemental Data

SERIES A	2023	2022	2021	2020	2019	2018
Total net asset value (000's) ¹	1,184,279	1,182,742	1,442,710	1,209,949	1,018,422	810,505
Number of units outstanding (000's) ¹	28,952	30,014	31,625	28,672	26,313	23,730
Management expense ratio ²	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%
Management expense ratio before waivers or absorptions	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%
Trading expense ratio ³	0.02%	0.03%	0.02%	0.02%	0.02%	0.03%
Portfolio turnover rate ⁴	36.45%	64.17%	61.26%	43.41%	22.80%	21.67%
Net asset value per unit⁴	40.90	39.41	45.62	42.20	38.70	34.16

SERIES O	2023	2022	2021	2020	2019	2018
Total net asset value (000's) ¹	431,324	418,590	458,540	394,566	367,821	306,439
Number of units outstanding (000's) ¹	10,919	10,993	10,402	9,509	9,682	9,145
Management expense ratio ²	0.02%	0.02%	0.03%	0.03%	0.02%	0.03%
Management expense ratio before waivers or absorptions	0.02%	0.02%	0.03%	0.03%	0.02%	0.03%
Trading expense ratio ³	0.02%	0.03%	0.02%	0.02%	0.02%	0.03%
Portfolio turnover rate ⁴	36.45%	64.17%	61.26%	43.41%	22.80%	21.67%
Net asset value per unit⁴	39.50	38.08	44.08	41.49	37.99	33.51

⁽¹⁾ This information is for the period ended June 30, 2023 and December 31 of any other period(s) shown.

⁽²⁾ Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

⁽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 period.

⁽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 period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. 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.

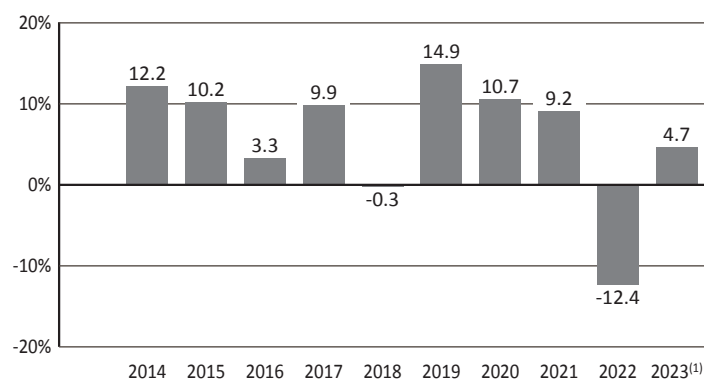
The Fund's performance numbers assume that all distributions are reinvested in additional units of the Fund. If you hold this Fund outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes whether paid to you in cash or reinvested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

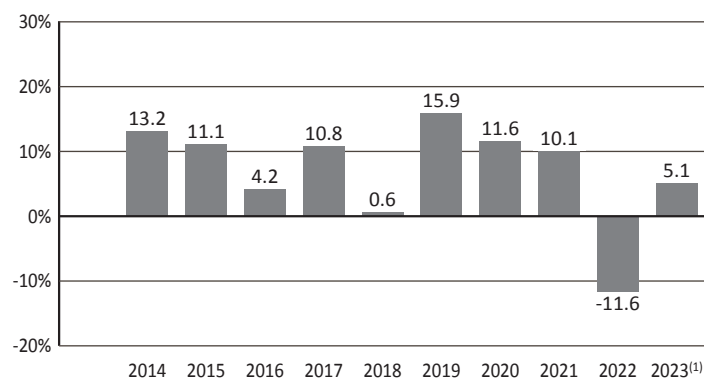
Year-by-Year Returns

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



Series O



⁽¹⁾ This information is for the period ended June 30, 2023 and December 31 of any other period(s) shown.

^(*) Series A start date was February 26, 1988; Series O start date was July 31, 2006.

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Annual Compound Returns

The following table shows the historical annual compound total return of the Fund for the periods shown ending on June 30, 2023. The annual compound total return is also compared to the Internal Tax Effective Balanced Benchmark ("TEB 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 Tax Effective Balanced Fund – Series A	9.9%	3.0%	4.3%	7.2%	7.5%
Internal Tax Effective Balanced Benchmark	10.4%	5.2%	4.7%	6.7%	7.6%
Mawer Tax Effective Balanced Fund – Series O	10.8%	3.8%	5.2%	8.1%	7.7%
Internal Tax Effective Balanced Benchmark	10.4%	5.2%	4.7%	6.7%	5.8%

^(*) Series A start date was February 26, 1988; Series O start date was July 31, 2006.

The Internal Tax Effective Balanced Benchmark ("TEB Benchmark"), formulated by the Manager, reflects the unique nature of the Fund in that it has no foreign content restrictions. The benchmark is composed 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 TEB 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 June 30, 2023 is as follows:

	% of Portfolio
Treasury Bills	7.9
Total Short-Term Investments	7.9
Fixed Income	
Federal	6.0
Provincial	12.3
Corporate	14.3
Total Fixed Income	32.6
Equities	
Canadian Equities	18.2
International Equities	16.7
U.S. Equities	16.4
Global Equities (small cap)	7.0
Emerging Markets Equities	1.1
Total Equities	59.4
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 June 30, 2023.

Issuer	Percentage of Net Asset Value
Mawer Global Small Cap Fund Series O	7.0%
Province of Ontario 3.60% Mar 08/28	2.7%
Government of Canada 2.75% Jun 01/33	2.3%
Province of Ontario 4.65% Jun 02/41	1.4%
Province of Quebec 3.60% Sep 01/33	1.3%
Mawer Emerging Markets Equity Fund Series O	1.1%
Thomson Reuters Corporation 2.24% May 14/25	0.9%
The Toronto-Dominion Bank 2.67% Sep 09/25	0.9%
Microsoft Corporation	0.9%
Aon PLC Cl. A	0.8%
Royal Bank of Canada	0.8%
Canadian Pacific Railway Company 2.54% Feb 28/28	0.8%
Bank of Montreal 3.65% Apr 01/27	0.8%
Marsh & McLennan Companies, Inc.	0.8%
The Toronto-Dominion Bank	0.8%
Amphenol Corporation Cl. A	0.7%
Province of Quebec 1.50% Sep 01/31	0.7%
Canadian Natural Resources Limited	0.7%
JPMorgan Chase & Co. 1.90% Mar 05/28	0.7%
Government of Canada 2.00% Dec 01/51	0.7%
Government of Canada 3.50% Mar 01/28	0.7%
Wolters Kluwer NV	0.7%
Visa Inc. Cl. A	0.7%
Verisk Analytics, Inc. Cl. A	0.7%
RELX PLC	0.7%
Total	30.3%

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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.
