

Annual Management Report of Fund Performance

For the Year Ended December 31, 2016

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 1-888-549-6248, 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, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective 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 treasury bills and commercial paper, corporate and government bonds, Canadian large and small capitalization stocks, and US and international equities.

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 chosen with a view to the appropriate term, credit quality, and issuer depending upon the expected direction of interest rates, the interest rate spreads between different sectors of bonds, and the expected state of financial conditions for the issuer. 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 moderate 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. 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 particular 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 consistently predicting interest rate moves, we limit exposure to this risk factor. In setting policy, the Canadian bond portfolio's duration is set within 0.5 years on either side of the index, while the duration for the global bond portfolio has a maximum limit of 8 years. As of December 31, 2016, the Mawer Canadian Bond Fund's duration was 7.38 years

compared to the FTSE TMX Canada Universe Bond Index duration of 7.39 years. The duration of the Mawer Global Bond Fund was 5.84 years as of December 31, 2016. From an exposure perspective, the weight of the Canadian fixed income portfolio within the Fund, decreased from 39.5%, at the start of the year, to 36.1%, at the end of the year (these numbers include the Canadian treasury-bills held in other Mawer Funds). In contrast, the weight of the global fixed income portfolio within the Fund increased to 3.8% from 1.7% (these numbers include the US treasury-bills held in other Mawer Funds).

The Fund's exposure to foreign equities (outside of Canada) decreased to 42.8% from 44.0%. The Fund's equity holdings are in all 11 GICS sectors and are most heavily weighted to Financials (25.1% of the equity weight), Industrials (15.2%), and Information Technology (12.6%). The combined exposure of 52.9% of the equity weight to the top three sectors is in-line with the weight at the end of 2015.

Results of Operations

The Fund's net assets increased 25.2% to \$2,558.4 million from \$2,043.9 million at the end of 2015. Of this change, \$82.0 million is attributable to positive investment performance and \$432.5 million was due to net contributions to the Fund.

The Fund's Series A units gained 3.2% (CAD, after management fees) through 2016 versus 7.4% for a blended benchmark that (at the beginning of 2016) consisted of: 5% FTSE TMX 91-day Treasury Bill Index; 30% FTSE TMX Canada Universe Bond Index, 5% Citi WGBI, 15% S&P/TSX Composite Index, 7.5% BMO Small Cap (Blended, Weighted), 15% S&P 500 Index (CAD), 15% MSCI EAFE Index (net, CAD), and 7.5% Russell Global Small Cap Index (CAD). On October 1, 2016, the Canadian small cap benchmark, international equity benchmark, and global small benchmark changed. As of October 1, 2016 the blended benchmark consists of: 5% FTSE TMX 91-day Treasury Bill Index; 30% FTSE TMX Canada Universe Bond Index, 5% Citi WGBI, 15% S&P/TSX Composite Index, 7.5% S&P/TSX Small Cap Index, 15% S&P 500 Index (CAD), 15% MSCI AWCI ex. US Index (net, CAD), and 7.5% MSCI AWCI Small Cap Total Return Index (CAD).

The Fund's relative return is attributable mainly to security selection. Negative selection was primarily driven by the Fund's Canadian Small Cap holdings, which underperformed relative to the Canadian Small Cap benchmark¹. This underperformance was a result of holdings in the Materials sector where the Fund did not participate in the sharp appreciation of Metals & Mining companies over the period, as well as underperformance of holdings in Financials and Energy. A similar story can be told for the Fund's Canadian mid-large cap equity holdings which underperformed relative to the S&P/TSX Composite index.

The Fund's distribution across asset classes relative to the blended benchmark detracted from relative performance over the period as well. The Fund's underweight exposure to Canadian equities, both mid-large cap stocks and small cap stocks, hurt relative performance as these were amongst the strongest

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performing asset classes in the benchmark. Additionally, the Fund's overweight exposure to international equities hurt relative performance as this was one of the weakest performing asset classes in the benchmark.

1 On October 1, 2016 the Canadian Small Cap benchmark changed from the BMO Small Cap (Blended, Weighted) Index, to the S&P/TSX Small Cap Index

Recent Developments

The equity market's optimistic reaction to Trump's victory has been well documented in the media. However, details regarding the Trump administration's policy changes are, to a large degree, still forthcoming. We have noted that populism has emerged as a global theme, highlighted most prominently by the Trump campaign and Brexit referendum results.

Central banks in Japan, Europe, the U.K. and China continued to loosen monetary policy over the course of the year, despite many leaders publicly acknowledging that the effectiveness of accommodative policies may be reaching its limit. The U.S. Fed remained the only major central bank contemplating rate increases in 2016 and did so in December.

Economic uncertainty in China remains a global concern going forward. The critical factors continue to be elevated levels of unrealized potential losses on bad debt in the financial system and industrial overcapacity. While these conditions do not necessitate a banking crisis, they seem to increase the probability of a negative event.

OPEC reached a long-awaited agreement to cut oil production. The agreement reduces global output to 32.5 million barrels per day while giving Iran room to raise production. Non-OPEC countries were also asked to cut production by approximately 600,000 barrels per day. The agreement was an incremental positive for oil producers and may contribute to boosting inflation in certain countries (at the margin). The verdict is out whether countries remain committed to achieving their respective targets.

We remain cautious in the current economic environment. This caution is why we are maintaining a neutral weight across cash, bonds and equities and why we continue to de-emphasize asset classes that are historically more volatile. As long-term investors, it is important that we keep our focus on the long-run and maintain broadly diversified portfolios.

Related Party Transactions – Management Fees

As Portfolio Advisor to the Fund, Mawer Investment Management Ltd. ("Mawer") receives management fees which are calculated for the 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, 2016 the Fund owes Mawer \$24,242 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 for years commencing January 1, 2013. The financial statements for the year ended December 31, 2012 were prepared in accordance with previous Canadian GAAP which resulted in a difference between transactional NAV and GAAP NAV as disclosed in the 2012 audited financial statements.

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

SERIES A	2016	2015	2014	2013	2012
Net Assets, beginning of year	25.38	23.42	21.14	17.79	16.17
Increase (decrease) from operations:					
Total revenue	0.55	1.30	0.50	0.46	0.40
Total expenses	(0.23)	(0.23)	(0.21)	(0.18)	(0.16)
Realized gains (losses) for the year	0.41	0.08	0.62	0.11	0.27
Unrealized gains (losses) for the year	0.12	1.16	1.64	3.26	1.34
Total increase (decrease) from operations¹	0.85	2.31	2.55	3.65	1.85
Distributions:					
From income (excluding dividends)	(0.20)	(0.14)	(0.27)	(0.24)	(0.22)
From dividends	(0.08)	(0.13)	-	-	-
From capital gains	-	(0.24)	-	-	(0.01)
Return of capital	-	-	-	-	-
Total Distributions²	(0.28)	(0.51)	(0.27)	(0.24)	(0.23)
Net Assets, end of year	25.89	25.38	23.42	21.14	17.79
SERIES O	2016	2015	2014	2013	2012
Net Assets, beginning of year	25.14	23.35	21.06	17.72	16.11
Increase (decrease) from operations:					
Total revenue	0.52	1.13	0.47	0.42	0.42
Total expenses	-	(0.01)	(0.01)	(0.01)	(0.01)
Realized gains (losses) for the year	0.39	0.08	0.59	0.10	0.28
Unrealized gains (losses) for the year	0.15	1.46	1.69	3.26	1.42
Total increase (decrease) from operations¹	1.06	2.66	2.74	3.77	2.11
Distributions:					
From income (excluding dividends)	(0.38)	(0.28)	(0.46)	(0.40)	(0.37)
From dividends	(0.15)	(0.26)	-	-	-
From capital gains	-	(0.36)	-	-	(0.01)
Return of capital	-	-	-	-	-
Total Distributions²	(0.53)	(0.90)	(0.46)	(0.40)	(0.38)
Net Assets, end of year	25.63	25.14	23.35	21.06	17.72

(1) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is

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based on the weighted average number of units outstanding over the financial year.

(2) Distributions were reinvested in additional units of the Fund.

Ratios and Supplemental Data

SERIES A	2016	2015	2014	2013	2012
Net Assets (000's) ¹	1,944,875	1,501,477	969,299	657,466	355,236
Number of units outstanding (000's) ¹	75,107	59,167	41,379	31,107	19,970
Management expense ratio ²	0.94%	0.94%	0.96%	0.96%	0.98%
Management expense ratio before waivers or absorptions	0.94%	0.94%	0.96%	0.96%	0.98%
Portfolio turnover rate ³	0.23%	0.89%	6.17%	0.62%	6.62%
Trading expense ratio ⁴	0.03%	0.03%	0.04%	0.03%	0.05%
Closing market price or pricing NAV, (if applicable)	25.89	25.38	23.42	21.14	17.79

SERIES O	2016	2015	2014	2013	2012
Net Assets (000's) ¹	613,552	542,413	490,849	423,246	317,028
Number of units outstanding (000's) ¹	23,937	21,576	21,019	20,095	17,894
Management expense ratio ²	0.04%	0.05%	0.07%	0.08%	0.09%
Management expense ratio before waivers or absorptions	0.04%	0.05%	0.07%	0.08%	0.09%
Portfolio turnover rate ³	0.23%	0.89%	6.17%	0.62%	6.20%
Trading expense ratio ⁴	0.03%	0.03%	0.04%	0.03%	0.05%
Closing market price or pricing NAV, (if applicable)	25.63	25.14	23.35	21.06	17.72

(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 Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser 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.

(4) 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.

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.

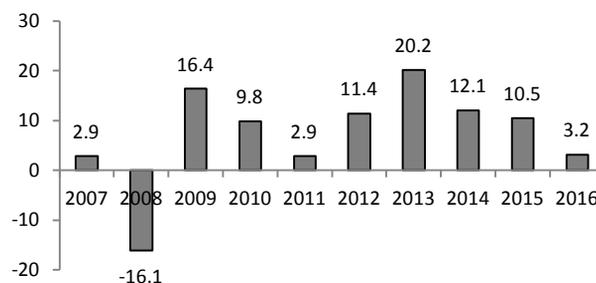
The Fund's performance numbers assume that all distributions are reinvested in additional units of the Fund. If you hold this Fund outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes whether paid to you in cash or reinvested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

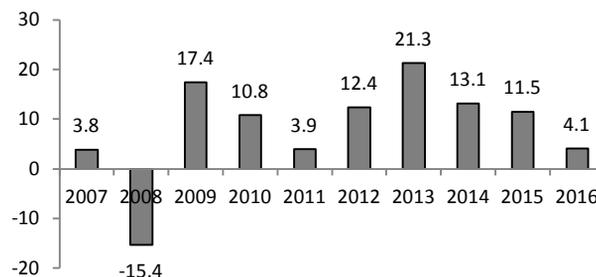
Year-by-Year Returns

The bar charts below show the Fund's annual performance in each of the past 10 years to December 31, 2016. 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



Series O start date was July 4, 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 December 31, 2016. 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.

	Series A units (%)	Series O units (%)	Internal Balanced Benchmark (%)
One Year	3.2	4.1	7.4
Three Years	8.5	9.5	7.7
Five Years	11.4	12.3	9.1
Ten Years	6.9	7.8	5.4

* Series O start date was July 4, 2006.

The Internal Balanced Benchmark (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 TMX 91-day T-Bill Index (5%); FTSE TMX Canada Universe Bond Index (35%), index designed to reflect the Canadian bond market; S&P/TSX Composite Index (15%), index designed to represent the Canadian mid-large cap equity market; S&P/TSX Small Cap Index (7.5%), index designed to represent the Canadian small cap equity market; S&P 500 Index (15%), index designed to represent the US equity market; Morgan Stanley Capital International All Country World (ex. US) (Net) Index (15%), index designed to reflect international stock markets; and Morgan Stanley Capital International All Country World Small Cap Index (Net) (7.5%), index designed to represent the global small cap equity market.

Summary of Investment Portfolio

A summary of the Fund as at December 31, 2016 is as follows:

	%
Cash	0.0
Total cash	0.0
Treasury bills	3.4
Total short-term	3.4
Mutual Funds	33.9
Total Fixed Income	33.9
Equities	
Canadian equities (large cap)	13.9
Canadian equities (small cap)	3.6
U.S. Equities	20.0
International equities	18.4
Global equities (small cap)	6.8
Total equities	62.7
Total portfolio	100.0

Totals may not add to 100% due to rounding.

The following table lists the largest holdings of the Fund as at December 31, 2016.

Issuer	Percentage of Transactional Net Asset Value
Mawer Canadian Bond Fund 'O'	30.6%
Mawer U.S. Equity Fund 'O'	20.0%
Mawer International Equity Fund 'O'	18.5%
Mawer Canadian Equity Fund 'O'	13.9%
Mawer Global Small Cap Fund 'O'	6.8%
Mawer New Canada Fund 'O'	3.6%
Mawer Global Bond Fund 'O'	3.3%

The investments and percentages may have changed by the time you purchase units of this fund. The top holdings are made available quarterly, 60 days after quarter-end and may be obtained by contacting your registered representative or by contacting Mawer toll-free at 1-888-549-6248 or by email at info@mawer.com.