

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 investment objective of the Mawer Canadian Bond Fund (the "Fund") is to invest for interest income and capital returns primarily from bonds and debentures of Canadian government and corporate issuers. The Fund is primarily invested in a diversified portfolio of high-quality Canadian government and corporate bonds. 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. For consistency of style, risk and return, only Canadian dollar securities are held with a minimum of 30% in Federal securities and a minimum average portfolio credit rating of AA or higher are maintained. To limit the risk associated with unexpected movements in interest rates, the duration of the portfolio is limited to within 0.5 years of our benchmark, the FTSE TMX Canada Universe Bond Index.

Risk

The risks of investing in the Fund remain as discussed in the Prospectus. The Fund is suitable for investors seeking income returns with low to medium risk. The major risks for the Fund are interest rate risk and credit risk. To reduce interest rate risk we constrain the duration of the portfolio within narrow limits versus our benchmark. To reduce credit risk in the portfolio, we hold only investment grade securities and diversify our corporate holdings by issuer and sector. We perform in-depth credit analysis and place a 5% limit on individual corporate issuer exposure.

During the calendar year, we maintained an average term in the portfolio that was shorter than that of the benchmark. We maintained an overweight position relative to the benchmark in investment grade corporate bonds and continued to favour higher quality holdings in our corporate bond allocation.

Results of Operations

The Fund's net assets increased by 19.2% to \$1,923.1 million from \$1,613.9 million at the end of 2015. Of this change, \$24.8 million was attributable to investment performance and \$284.4 million was due to net contributions into the Fund.

In 2016, the Fund's Series A units posted a positive return of 0.9% versus 1.7% for the FTSE TMX Canada Universe Bond Index over the same period. Unlike the index, the Fund's return is net of fees and expenses paid by the Fund.

The relative performance of the Fund versus the index is typically affected by four management strategies: duration positioning, which is impacted by shifts in the Canadian sovereign yield curve, yield curve positioning, which is impacted by twists or changes in the shape of the yield curve, sector allocation and security selection.

Over the last twelve months, the Canadian sovereign yield curve shifted higher in terms longer than six months. The yield curve steepened between the short to mid-term buckets and flattened between the mid-term to the long term buckets. Overall, the duration position of the Fund was neutral relative to the FTSE. However, the impact on relative performance due to a parallel shift in the Canadian sovereign yield curve was slightly negative, driven by the Fund's longer relative duration and overweight exposure in Transportation Infrastructure bonds.

In terms of the impact of yield curve positioning, the Fund held a relatively larger allocation of mid-term securities and a relatively smaller allocation of short-term and long-term securities than that of the FTSE. The impact of yield curve positioning on relative performance was flat over the period.

From a sector allocation standpoint, the Fund benefitted from its overweight exposure to corporate bonds, in particular Infrastructure, which was one of the strongest performing sectors in the benchmark. The Fund also benefitted from its underweight exposure to Federal bonds, which was one of the weakest performing sectors in the benchmark. Finally, security selection detracted from relative performance in 2016, driven by underperformance of the Fund's Provincial and Utility Infrastructure bonds relative to the FTSE, mainly due to the timing of trades.

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. In the middle of the year there appeared to be a reluctant acceptance by most major countries that more aggressive fiscal policy would be required to spur economic growth after years of ultra-loose monetary policy. This factor along with the realization that Central Banks are approaching the practical limit on how many bonds they can actually buy led to a gradual rise in global bond yields. Following

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the US election global bond yields rose further as market implied growth and inflation expectations increased, which negatively impacted most bond markets globally, including Canada. As bond yields have increased (with bond investors demanding more compensation for the possibility of improved growth and inflation prospects along with the surprise factor that the new President brings), the price of government bonds has commensurately fallen.

The Canadian bond market outlook may not be as negative as one might think in the current environment, as the prospect of rapidly rising interest rates in Canada seems low. While the Canadian economy is still growing slowly, at this point, the Bank of Canada appears more likely to lower interest rates than raise them in the near-term.

We continue to favor high quality and defensive holdings within the corporate allocation and continue to focus our efforts on the investment grade market. As in prior quarters, we plan to add selectively to the corporate exposure by diversifying the number of issuers further based on our internal credit analysis. The duration of the portfolio is positioned to be neutral in terms of the overall length versus the benchmark. We continue to actively trade across the Federal, Provincial and Corporate sectors of the portfolio when we identify opportunities to add value.

Related Party Transactions – Management Fees

As Portfolio Advisor to the Fund, Mawer Investment Management Ltd. (“Mawer”) receives management fees which are calculated for Series A units as 0.60% 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 \$19,058 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	13.12	13.04	12.36	12.89	12.93
Increase (decrease) from operations:					
Total revenue	0.34	0.36	0.37	0.35	0.39
Total expenses	(0.09)	(0.10)	(0.10)	(0.11)	(0.13)
Realized gains (losses) for the year	0.09	0.08	0.03	0.02	0.30
Unrealized gains (losses) for the year	(0.27)	0.03	0.65	(0.55)	(0.12)
Total increase (decrease) from operations¹	0.07	0.37	0.95	(0.29)	0.44
Distributions:					
From income (excluding dividends)	(0.25)	(0.27)	(0.27)	(0.24)	(0.27)
From dividends	-	-	-	-	-
From capital gains	(0.09)	(0.05)	(0.01)	(0.01)	(0.22)
Return of capital	-	-	-	-	-
Total Distributions²	(0.34)	(0.32)	(0.28)	(0.25)	(0.49)
Net Assets, end of year	12.91	13.12	13.04	12.36	12.89

SERIES O	2016	2015	2014	2013	2012
Net Assets, beginning of year	12.33	12.26	11.62	12.12	12.16
Increase (decrease) from operations:					
Total revenue	0.32	0.33	0.34	0.33	0.36
Total expenses	-	-	-	-	-
Realized gains (losses) for the year	0.09	0.07	0.03	-	0.28
Unrealized gains (losses) for the year	(0.23)	0.02	0.60	(0.50)	(0.10)
Total increase (decrease) from operations¹	0.18	0.42	0.97	(0.17)	0.54
Distributions:					
From income (excluding dividends)	(0.32)	(0.33)	(0.34)	(0.32)	(0.36)
From dividends	-	-	-	-	-
From capital gains	(0.08)	(0.06)	(0.01)	(0.01)	(0.21)
Return of capital	-	-	-	-	-
Total Distributions²	(0.40)	(0.39)	(0.35)	(0.33)	(0.57)
Net Assets, end of year	12.14	12.33	12.26	11.62	12.12

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

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

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Ratios and Supplemental Data

SERIES A	2016	2015	2014	2013	2012
Net Assets (000's) ¹	128,972	109,854	91,833	81,192	92,035
Number of units outstanding (000's) ¹	9,990	8,373	7,043	6,572	7,140
Management expense ratio ²	0.69%	0.74%	0.73%	0.84%	0.94%
Management expense ratio before waivers or absorptions	0.69%	0.74%	0.73%	0.84%	0.94%
Portfolio turnover rate ³	44.10%	29.17%	38.71%	59.10%	71.84%
Trading expense ratio ⁴	-	-	-	-	-
Closing market price or pricing NAV, (if applicable)	12.91	13.12	13.04	12.36	12.89

SERIES O	2016	2015	2014	2013	2012
Net Assets (000's) ¹	1,794,145	1,504,061	1,147,391	790,424	556,145
Number of units outstanding (000's) ¹	147,814	121,965	93,583	68,032	45,880
Management expense ratio ²	0.01%	0.02%	0.03%	0.04%	0.04%
Management expense ratio before waivers or absorptions	0.01%	0.02%	0.03%	0.04%	0.04%
Portfolio turnover rate ³	44.10%	29.17%	38.71%	59.10%	71.84%
Trading expense ratio ⁴	-	-	-	-	-
Closing market price or pricing NAV, (if applicable)	12.14	12.33	12.26	11.62	12.12

(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.

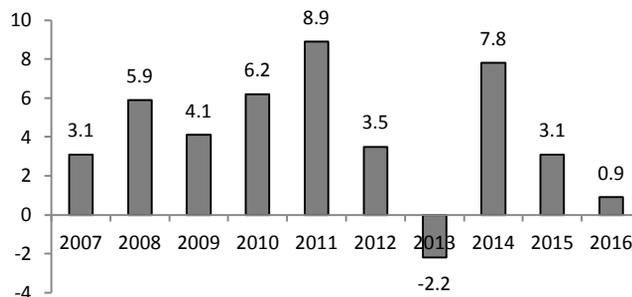
The Fund's performance numbers assume that all distributions are reinvested in additional units of the Fund. If you hold this Fund outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes whether paid to you in cash or reinvested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

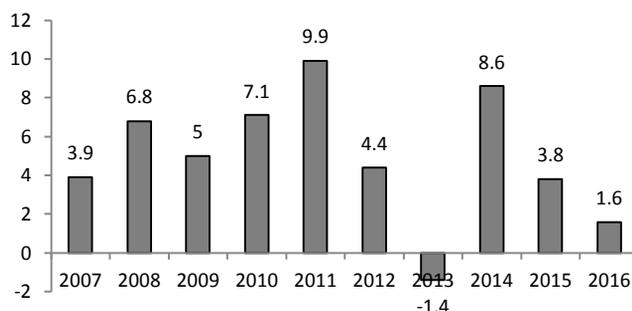
Year-by-Year Returns

The bar charts 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 O start date was July 6, 2006.

Series A



Series O



Annual Compound Returns

The following table shows the historical annual compound total return of units of the Fund for the periods shown ending on December 31, 2016. The annual compound total return is also compared to the FTSE TMX Canada Universe Bond Index

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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 (%)	FTSE Index (%)
One Year	0.9	1.6	1.7
Three Years	3.9	4.6	4.6
Five Years	2.6	3.3	3.2
Ten Years	4.1	4.9	4.8

The FTSE TMX Canada Universe Bond Index is designed to be a broad measure of the performance of the Canadian investment-grade fixed income market, covering bonds with term to maturity of more than one year. Its history dates from December 1979. The FTSE TMX Canada Universe Bond Index contains approximately 1,300 marketable Canadian bonds. The average term is 11.23 years and the average duration is 7.44 years as of December 31, 2016. The purpose of this index is to reflect performance of the broad Canadian bond market in a manner similar to the way the S&P/TSX Composite Index represents the Canadian 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	0.8
Total Short term	0.8
Fixed Income	
Federal	32.4
Provincial	28.1
Corporate	28.7
Total Fixed Income	99.2
Total Portfolio	100.0

Totals may not add to 100% due to rounding.

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

Issuer	Percentage of Transactional Net Asset Value
Canada Housing Trust No. 1 1.10% Sep 15/21	5.1%
Province of Quebec 3.00% Sep 01/23	5.0%
Government of Canada 2.75% Jun 01/22	4.8%
Government of Canada 1.00% Jun 01/27	4.6%
Government of Canada 3.50% Dec 01/45	4.1%
Government of Canada 4.00% Jun 01/41	3.9%
Province of British Columbia 2.85% Jun 18/25	3.2%
Province of Ontario 2.85% Jun 02/23	2.8%
Province of British Columbia 3.30% Dec 18/23	2.7%
Canada Housing Trust No. 1 2.55% Mar 15/25	2.6%
Province of Ontario 4.65% Jun 02/41	2.2%
Province of Alberta 2.55% Dec 15/22	2.2%
Government of Canada 1.50% Jun 01/23	2.0%
The Toronto-Dominion Bank 2.62% Dec 22/21	1.9%
Province of Ontario 3.50% Jun 02/24	1.7%
Province of Ontario 2.60% Jun 02/25	1.7%
Province of Ontario 1.95% Jan 27/23	1.7%
Canada Housing Trust No. 1 0.86% Sep 15/19	1.6%
Province of Quebec 3.50% Dec 01/45	1.4%
Royal Bank of Canada 2.86% Mar 04/21	1.3%
The Manufacturers Life Insurance Company 2.64% Jan 15/25	1.3%
Royal Bank of Canada 1.59% Mar 23/20	1.2%
Hydro One Inc. 2.77% Feb 24/26	1.2%
Loblaw Companies Limited 4.86% Sep 12/23	1.1%
NAV Canada 1.95% Apr 19/18	1.1%

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 Mawer toll-free at 1-888-549-6248 or by e-mail at info@mawer.com.