

## **Interim Management Report of Fund Performance**

For the period ended June 30, 2017

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 1-888-889-6248, 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, proxy voting disclosure record, or quarterly portfolio disclosure.

## **Management Discussion of Fund Performance**

### **Investment Objective and Strategies**

The objective of the Mawer International Equity Fund (the "Fund") is to create a portfolio of non-North American equities that is diversified by both geography and industry that will provide above average, long-term risk adjusted returns. 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 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 5% in cash).

The Fund was invested in nine of the eleven GICS sectors as of June 30, 2017. The Fund's largest sector weightings were in Financials (23%), Industrials (18%) and Consumer Staples (16%). Combined, the weight of the three largest sectors represented 56% of the portfolio which is just below its 57% value at the end of 2016. In aggregate, the ten largest individual holdings accounted for 32% of the portfolio which is consistent with the December 31, 2016 value.

## **Results of Operations**

The Fund's net assets increased by 17.31% to \$5,659.8 million at the end of June 2017, up from \$4,824.5 million at the end of 2016. Of this change, \$755.5 million was attributable to positive investment performance and \$80.0 million was due to net contributions to the Fund.

Year-to-date, the Fund's A series returned 14.7% (after management fees) which led the MSCI AWCI ex USA Index (Net), as of September 30, 2016. All performance values provided are in Canadian dollar terms.

The Fund's relative return was driven by security selection. Positive selection benefitted most from the outperformance of the Fund's Financials, Materials, and Industrials holdings. Sector allocation was also positive over the period mainly due to the Fund's lack of exposure to Energy, the benchmark's weakest performing sector.

From a geographic perspective, relative performance was also driven by strong security selection. Our U.K. holdings significantly outperformed their benchmark peers, benefitting selection. The Fund's Indian holdings further bolstered positive selection. Geographic allocation was also positive over the period, mainly due to the Fund's lack of Canadian exposure.

The Fund initiated the following positions in the year-to-date:

1. ALD SE
2. Discovery Ltd
3. HDFC Bank Ltd
4. IWG PLC
5. Rightmove PLC
6. Taiwan Semiconductor Manufacturing Company
7. Westpac Banking Corp

The Fund eliminated the following positions, year-to-date:

1. Cetip SA
2. Cineworld Group PLC
3. Kasikornbank PCL
4. Lawson Inc
5. NCC Group plc
6. Nestle SA
7. USS Co. Ltd.

## **Recent Developments**

Two prominent themes over the period were inflation expectations and the monetary environment. Inflation expectations tempered during the second quarter, driven by an erosion of confidence in the viability (i.e., probability of passing) of Trump's more pro-growth policies. Meanwhile, investors received further signals that leading central banks are setting a course for less accommodative monetary policy going forward. In late June, the European Central Bank, Bank of England, and Bank of Canada all indicated that special measures in effect since 2015 will be coming to an end. This translated into a bump up in yields and strengthening currencies in these markets. Furthermore, the

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U.S. Federal Reserve announced an increase in the target federal funds rate of 0.25%.

The outcome of the French presidential election also had an observable impact on markets. Emmanuel Macron, a centrist and globalist, won the vote and secured a parliamentary majority in the process. As with the Dutch elections earlier in the year, the election of Macron may be a sign that broader European sentiment is tilting away from the likes of Marine le Pen and (more broadly speaking) nationalist/populist political agendas. European equities rallied along with the euro following news of the Macron victory.

In the United Kingdom, the Conservative Party and Prime Minister Theresa May called an early election with the expectation to win a Parliamentary majority to help strengthen the Conservative Party's position with regards to mandating the U.K's terms in Brexit negotiations. However, this action did not go as planned and May ended up losing thirteen seats. In the aftermath, the Conservatives entered discussions with the Democratic Unionist Party (DUP) to form a minority government. This development has compromised both May's political standing within her party and the Tory's influence over Brexit talks. The potential implication is a softer Brexit, which would be a positive for global markets.

China continued to balance the need to address risks in its financial system with the goal of positioning itself as the new world leader. Over the most recent quarter, China's banking regulator cracked down on "entrusted investments" or funds that Chinese banks farm out to external asset managers. Notably, Moody's also downgraded China from Aa3 to A1, warning of Beijing's financial strength and rising liabilities. Meanwhile, China stepped forward while the U.S. has backed out of the Paris Climate Agreement. China has also been investing heavily in infrastructure in Asia and has been busy making trade deals.

Going forward, we remain sensitive to the tepid growth outlook for the world economy and its influence on equity markets. As such, our approach to portfolio construction remains the same; we continue to emphasize high-quality companies with strong competitive advantages, solid balance sheets and business models that generate stable cash flows.

### Related Party Transactions – Management Fees

As Portfolio Advisors to the Fund, Mawer Investment Management Ltd. ("Mawer") receives management fees which are calculated for Series A Units as 1.2% 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, 2017, the Fund owes Mawer \$15,327 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, 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 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. (Note: Series F was consolidated with Series A on June 25, 2010. Series S started on December 6, 2013.)

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

SERIES A	2017	2016	2015	2014	2013	2012
Net Assets, beginning of period	50.66	53.90	45.23	41.84	34.37	29.09
<b>Increase (decrease) from operations:</b>						
Total revenue	0.99	1.34	1.30	1.33	1.10	0.99
Total expenses	(0.49)	(0.88)	(0.94)	(0.83)	(0.68)	(0.48)
Realized gains (losses) for the period	1.64	2.29	1.69	1.96	0.20	(1.35)
Unrealized gains (losses) for the period	5.23	(4.42)	6.83	1.33	7.22	6.47
<b>Total increase (decrease) from operations<sup>1</sup></b>	<b>7.37</b>	<b>(1.67)</b>	<b>8.88</b>	<b>3.79</b>	<b>7.84</b>	<b>5.63</b>
<b>Distributions:</b>						
From income (excluding dividends)	-	(0.38)	(0.39)	(0.35)	(0.33)	(0.42)
From dividends	-	-	-	-	-	-
From capital gains	-	(1.08)	(0.09)	(0.08)	-	-
Return of capital	-	-	-	-	-	-
<b>Total Distributions<sup>2</sup></b>	<b>-</b>	<b>(1.46)</b>	<b>(0.48)</b>	<b>(0.43)</b>	<b>(0.33)</b>	<b>(0.42)</b>
<b>Net Assets, end of period</b>	<b>58.11</b>	<b>50.66</b>	<b>53.90</b>	<b>45.23</b>	<b>41.84</b>	<b>34.32</b>

SERIES O	2017	2016	2015	2014	2013	2012
Net Assets, beginning of period	49.91	53.72	45.45	42.03	34.50	29.20
<b>Increase (decrease) from operations:</b>						
Total revenue	0.97	1.32	1.29	1.33	1.09	0.98
Total expenses	(0.11)	(0.15)	(0.18)	(0.22)	(0.14)	(0.02)
Realized gains (losses) for the period	1.63	2.29	1.68	1.96	0.23	(1.30)
Unrealized gains (losses) for the period	5.29	(4.27)	7.23	1.38	7.34	6.54
<b>Total increase (decrease) from operations<sup>1</sup></b>	<b>7.78</b>	<b>(0.81)</b>	<b>10.02</b>	<b>4.45</b>	<b>8.52</b>	<b>6.20</b>
<b>Distributions:</b>						
From income	-	(1.03)	(1.04)	(0.96)	(0.83)	(0.88)

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SERIES O	2017	2016	2015	2014	2013	2012
(excluding dividends)						
From dividends	-	-	-	-	-	-
From capital gains	-	(1.72)	(0.69)	(0.08)	-	-
Return of capital	-	-	-	-	-	-
<b>Total Distributions<sup>2</sup></b>	-	(2.75)	(1.73)	(1.04)	(0.83)	(0.88)
<b>Net Assets, end of period</b>	57.64	49.91	53.72	45.45	42.03	34.45

SERIES S	2017	2016	2015	2014	2013	2012
Net Assets, beginning of period	12.29	13.15	11.06	10.23	10.00	
<b>Increase (decrease) from operations:</b>						
Total revenue	0.24	0.33	0.32	0.24	-	-
Total expenses	(0.03)	(0.04)	(0.05)	(0.05)	-	-
Realized gains (losses) for the period	0.40	0.56	0.41	0.01	-	-
Unrealized gains (losses) for the period	1.30	(1.05)	1.68	0.48	0.23	-
<b>Total increase (decrease) from operations<sup>1</sup></b>	1.91	(0.20)	2.36	0.68	0.23	-
<b>Distributions:</b>						
From income (excluding dividends)	-	(0.26)	(0.26)	(0.23)	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	(0.34)	(0.08)	(0.02)	-	-
Return of capital	-	-	-	-	-	-
<b>Total Distributions<sup>2</sup></b>	-	(0.60)	(0.34)	(0.25)	-	-
<b>Net Assets, end of period</b>	14.19	12.29	13.15	11.06	10.23	

(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 period (June 30<sup>th</sup>).

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

### Ratios and Supplemental Data

SERIES A	2017	2016	2015	2014	2013	2012
Net Assets (000's) <sup>1</sup>	847,072	721,823	721,571	533,956	467,978	338,740
Number of units outstanding (000's) <sup>1</sup>	14,576	14,248	13,387	11,805	11,185	9,843
Management expense ratio <sup>2</sup>	1.41%	1.43%	1.52%	1.47%	1.49%	1.53%
Management expense ratio before waivers or absorptions	1.41%	1.43%	1.52%	1.47%	1.49%	1.53%
Portfolio turnover rate <sup>3</sup>	16.35%	30.21%	21.43%	21.94%	14.56%	18.12%
Trading expense ratio <sup>4</sup>	0.10%	0.11%	0.10%	0.14%	0.07%	0.09%
Closing market price or pricing NAV, (if applicable)	58.11	50.66	53.90	45.23	41.84	34.41

SERIES O	2017	2016	2015	2014	2013	2012
Net Assets (000's) <sup>1</sup>	4,421,260	3,763,112	3,273,665	2,437,606	1,839,967	1,228,641
Number of units outstanding (000's) <sup>1</sup>	76,698	75,392	60,934	53,628	43,774	35,567
Management expense ratio <sup>2</sup>	0.04%	0.04%	0.04%	0.07%	0.08%	0.07%
Management expense ratio before waivers or absorptions	0.04%	0.04%	0.04%	0.07%	0.08%	0.07%
Portfolio turnover rate <sup>3</sup>	16.35%	30.21%	21.43%	21.94%	14.56%	18.12%
Trading expense ratio <sup>4</sup>	0.10%	0.11%	0.10%	0.14%	0.07%	0.09%
Closing market price or pricing NAV, (if applicable)	57.64	49.91	53.72	45.45	42.04	34.54

SERIES S	2017	2016	2015	2014	2013	2012
Net Assets (000's) <sup>1</sup>	391,495	339,521	311,243	227,372	955	-
Number of units outstanding (000's) <sup>1</sup>	27,582	27,621	23,667	20,554	93	-
Management expense ratio <sup>2</sup>	0.07%	0.08%	0.08%	0.08%	0.08%	-
Management expense ratio before waivers or absorptions	0.07%	0.08%	0.08%	0.09%	0.15%	-
Portfolio turnover rate <sup>3</sup>	16.35%	30.21%	21.43%	21.94%	14.56%	-
Trading expense ratio <sup>4</sup>	0.10%	0.11%	0.10%	0.14%	0.17%	-
Closing market price or pricing NAV, (if applicable)	14.19	12.29	13.15	11.06	10.23	-

(1) This information is for the period ended June 30, 2017 and December 31 of any other period(s) shown.

(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 period. 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.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor 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 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

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period. 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 period.
- (5) Series S started on December 6, 2013.

### 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.

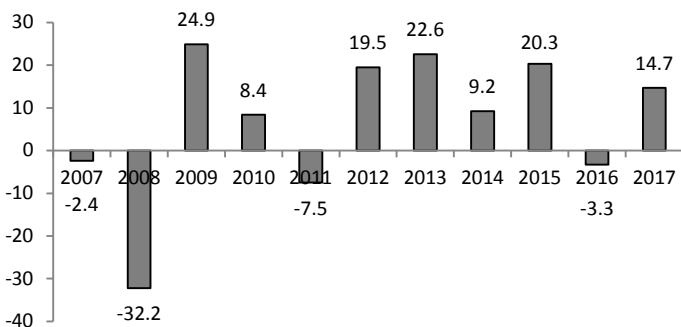
The Fund's performance numbers assume that all distributions are reinvested in additional units of the Fund. If you hold this Fund outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes whether paid to you in cash or reinvested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

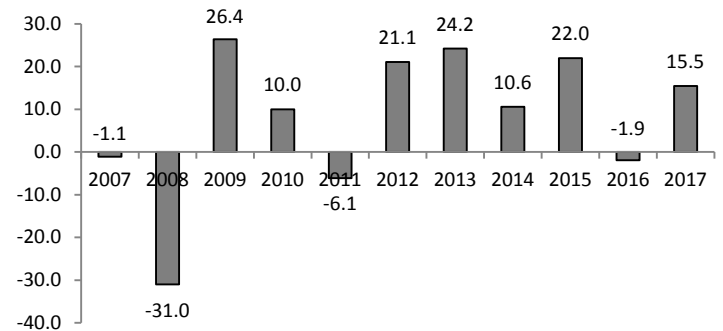
#### Year-by-Year Returns

The bar charts below show the Fund's annual performance in each of the past 10 years to June 30, 2017. 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.

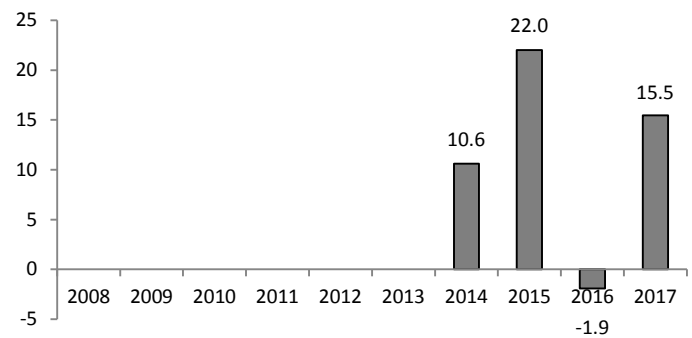
##### Series A



##### Series O



##### Series S



(1) This information is for the period ended June 30, 2017 and December 31 of any other period(s) shown.

#### Annual Compound Returns

The following table shows the historical annual compound total return of the Fund for the periods ending on June 30, 2017. The annual compound total return is also benchmarked to the MSCI EAFE index and calculated on the same compound basis. The MSCI EAFE index includes 1,000 companies representing the stock markets of Europe, Australia, New Zealand, and the Far East. Some 21 countries are represented and a broad spectrum of industries is included. The index has a history going back to 1959 and is constantly monitored and adjusted to represent the structure of today's stock markets.

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 (%)	Series S units (%)	International Equity Benchmark (%)
One Year	13.4	14.9	14.9	19.9
Three Years	10.8	12.4	12.4	8.0
Five Years	15.0	16.6	-	14.0
Ten Years	5.7	7.2	-	3.0

\* Series S start date was December 6, 2013.

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### Summary of Investment Portfolio

A summary of the Fund as at June 30, 2017 is as follows:

	%
Cash	0.1
<b>Total Cash</b>	<b>0.1</b>
Treasury bills	1.1
<b>Total Short Term</b>	<b>1.1</b>
<b>Foreign Equities</b>	
Africa	2.0
Asia	28.8
Europe	57.5
Latin America	2.5
Middle East	0.8
North America	6.2
South Pacific	1.0
<b>Total Equities</b>	<b>98.8</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 June 30, 2017.

Issuer	Percentage of Transactional Net Asset Value
Aon PLC Cl. A	4.8%
Intertek Group PLC	4.7%
Tencent Holdings Limited	3.2%
Air Liquide SA	2.9%
Halma PLC	2.8%
Croda International PLC	2.7%
Tsuruha Holdings, Inc.	2.7%
WPP PLC	2.7%
China Mobile Limited	2.6%
LIC Housing Finance Limited	2.4%
Roche Holding AG	2.3%
Wolters Kluwer NV	2.3%
Amadeus IT Group, SA	2.2%
Anheuser-Busch InBev SA	2.2%
Sampo OYJ Series A	2.1%
Japan Exchange Group, Inc.	2.1%
HDFC Bank Limited	2.0%
DBS Group Holdings Limited	1.9%
Kansai Paint Co., Ltd.	1.8%
Bureau Veritas SA	1.8%
InterContinental Hotels Group PLC	1.8%
DCC PLC	1.8%
ALD SA	1.8%
Kone OYJ Series B	1.7%
Bayer AG	1.7%

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 1-888-889-6248 or by e-mail at [info@mawer.com](mailto:info@mawer.com).