Q4 2024

Managed Portfolios

Mawer Balanced

Quick facts

Inception date:
October 2, 2023

Asset class:
Balanced

Minimum investment:
$150,000

Avg. number of holdings:
40-65

Investment manager:
Mawer Investment Management

Investment manager assets under management:
$89B

Portfolio risk:

Medium

aviso wealth

What does the Portfolio invest in?

The portfolio invests in a diversified mix of Canadian and US equity securities, fixed-income securities, exchange traded funds (ETFs), as well as money market instruments and/or cash equivalents.

Asset allocations

Asset class	Min	Target	Max
Canadian equities	15%	30%	45%
US equities	15%	30%	45%
Fixed income	30%	37%	50%
Cash & cash equivalents	1%	3%	10%

- Equities: Publicly listed individual equity securities invested in at least six out of 11 GICS (Global Industry Classification Standard) sectors. Responsible investing strategies are applied by NEI Investments to this component.
  - Canadian equities: Target 25 to 35 securities
  - US equities: Target 15 to 30 securities
- Fixed income: 30% to 50% in a combination in units of the Mawer Canadian Bond Fund, NEI Global Impact Bond Fund, and NEI Global Total Return Bond Fund.
- Other Mawer funds, NEI funds and ETFs may be used.

Suitable for investors whose objective is to achieve long-term capital growth and is not intended for investors with a short-term investment horizon.

Top ten holdings[1] (excluding cash and cash equivalents) %

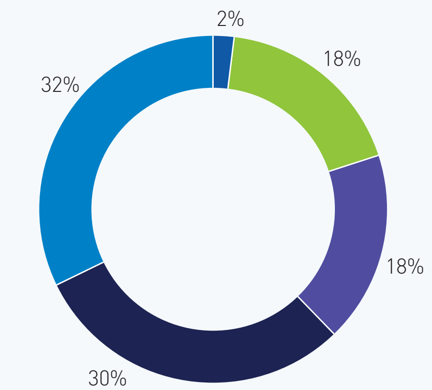
#	Holding	%
1.	Mawer Canadian Bond Fund Series S	17.8
2.	NEI Global Total Return Bond Series C	10.7
3.	NEI Global Impact Bond Series C	7.1
4.	Marsh & Mclennan Cos Inc	2.9
5.	Microsoft Corp	2.7
6.	Verisk Analytics Inc	2.6
7.	Visa Inc	2.4
8.	Alphabet Inc	1.8
9.	Royal Bank Of Canada	1.8
10.	Brookfield Corp	1.7

Performance

	QTD	YTD	1 yr	2 yr	3 yr	Since inception (Annualized)
Portfolio	2.5%	14.5%	14.5%	-	-	17.2%
Benchmark	3.5%	18.1%	18.1%	-	-	21.1%

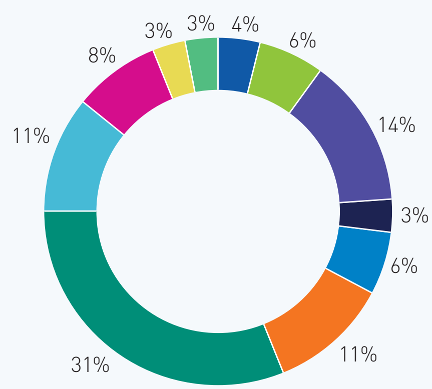
Q4 2024

Asset allocation[1]



- Cash
- Canadian Fixed Income
- Foreign Fixed Income
- Canadian Equities
- US Equities

Equities sector allocation[1,2]

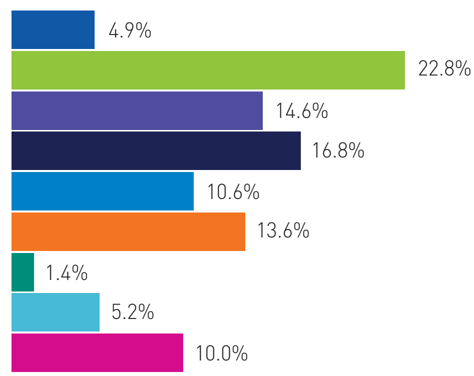


- Energy
- Materials
- Industrials
- Consumer Discretionary
- Consumer Staples
- Health Care
- Financials
- Information Technology
- Communication Services
- Utilities
- Real Estate

Average market cap. $237.5B

Fixed income allocation

Sector allocation



Credit quality	Portfolio (%)
AAA	20.9
AA	23.9
A	24.2
BBB	22.3
High Yield	3.3
Non Rated Securities	0.4
Cash and Money Market	4.9
	100.0

- Cash and Money Market
- Corporate Bonds – Canada
- Corporate Bonds – Foreign
- Provincial Bonds
- Federal Bonds
- Government Bonds – Foreign
- Supranational Bonds
- ABS+MBS
- Others

Current yield: 3.31%

Repositioning for Q1 2025

Sold or reduced positions (-1.9%)

- Trimmed cash

Bought or increased positions (+1.9%)

- Increased Aptargroup
- Increased Mawer Canadian bond
- Increased NEI Global Impact Bond
- Increased NEI Global Total Return Bond

Rationale:

Increased Positions:

- **AptarGroup:** Capital allocation has improved substantially as management has realized the quality of the pharma business is higher than the beauty business, and has shifted accordingly.
- Fixed income funds were increased as a reflection of drift over the past year as well as the potential for a better return in fixed income given rates are decreasing.

Trimmed Positions:

Cash was reduced as a result of the increased positions above.

Intra-quarter trade:

- **Alimentation Couche-Tard** was initiated as a new position in October 2024.
- The company was initially excluded from failing the exclusionary screen on tobacco distribution. However, its revenue exposure from tobacco distribution has fallen below the allowable threshold.

  Following further review of the company, it was determined that the company also adequately manages its material ESG issues. As such, it is eligible for investment.

Quarterly commentary

Mawer Balanced

The fourth quarter of 2024 saw significant global shifts, with U.S. equities outperforming amid strong economic fundamentals and investor optimism tied to anticipated Trump administration policies on deregulation and tax reform. Meanwhile, international and emerging markets lagged due to geopolitical fragmentation, trade tensions, and a strong U.S. dollar. Central banks globally continued easing policies at varying paces, while the U.S. Federal Reserve signaled caution on further rate cuts amid solid economic and labor market activity. Diverging monetary policies underscored disparities as growth in Europe, China, and Japan remained subdued.

The blended benchmark returned 3.5% over the quarter. Positive performance for the benchmark was driven by US and Canadian equities as the S&P 500 and the TSX returned 9.0% and 3.8%, respectively. Meanwhile, Canadian fixed income was flat, with the FTSE returning 0.0%, while global fixed income returned negative. All performance values provided are in Canadian dollar terms (unless otherwise stated).

The Portfolio underperformed the benchmark due to security selection. Negative selection over the period was driven by the underperformance of Canadian and U.S. equities relative to the TSX and the S&P 500, respectively. Asset allocation had a positive impact to relative return due to the Portfolio's overweight in U.S. equities and underweight in Canadian fixed income. This was offset by negative allocation from a cash position.

The Mawer Canadian Bond Fund performed in line with the benchmark during the quarter. Slightly higher overall yields benefited the Fund's short-duration position. However, yield curve positioning detracted from performance, as an overweight in the 10-year segment faced notable yield increases among long bonds, modestly flattening the 10–30-year curve and affecting performance. As with previous quarters, sector exposure continued to contribute to relative performance, with an overweight in higher-carry, shorter-dated corporate securities adding value. Security selection also contributed positively, with Province of Quebec and pipeline corporate bonds delivering the most significant gains across the Portfolio.

On the global fixed income component, the NEI Global Impact Bond Fund (-1.1%) slightly outperformed benchmark (-1.3%) over the quarter. Duration positioning represented the top detractor from relative performance following the increase in sovereign yields. The portfolio manager maintained an underweight to investment grade corporate credit, with a bias to be overweight non-US and underweight US corporates. The portfolio manager was positioned with out of benchmark allocations to emerging markets and high yield credit, which includes global green bonds. The Fund's underweight to US investment grade corporates detracted, but this was more than offset by the positive impacts from US high yield bonds, emerging market high yield bonds, non-US investment grade corporates, and developed non-US high yield corporates. Within the government related sector, the Fund was underweight traditional sovereign debt and overweight government related issuers such as international development banks and foreign local agencies. Overall, this positioning had a negative impact on relative performance.

The return of the NEI Global Total Return Bond Fund (-1.0%) slightly outperformed its benchmark (-1.3%) over the quarter. Contribution from rates was marginally negative. While an underweight duration meaningfully contributed, overweights in Australia, UK, New Zealand detracted. A steepening stance on the US and Euro curves was also a detractor. Overweight credit delivered a positive contribution as spreads continued to tighten. The allocations to emerging market delivered a positive contribution. Currency positions were positive on balance. A long US dollar position was the main driver. Long positions in NOK (Norwegian Krone) against SEK (Swedish Krona) and GBP faced challenges, as the NOK remained under pressure from declining energy prices. The allocation within the commodity block was also a detractor, with the Australian dollar weakening versus the Canadian dollar. A long Japanese yen detracted. emerging market currencies contributed on balance.

The Canadian equity component underperformed the TSX over the quarter due to selection and allocation. Negative security selection was driven by the relative underperformance of holdings in Information Technology, Industrials, and Energy. Sector allocation had an overall negative impact due to the portfolio's overweight to Real Estate and underweight to Energy. An underweight to Materials offset an overall negative sector allocation. The top contributors for the quarter included Shopify, iA Financial, and Brookfield, which were up 41.2%, 19.8%, and 15.2%, respectively. In contrast, the largest detractors over the quarter included Finning International, Canadian Pacific Kansas City, and Toronto-Dominion Bank which were down -13.6%, -9.8%, and -9.4%, respectively.

The U.S. equity component underperformed the S&P 500 over the quarter due to allocation. Sector allocation had a negative impact due to the portfolio's overweight positions in Health Care and Materials, as well as underweights to Consumer Discretionary and Information Technology. An overweight in Financials offset an overall negative sector allocation. Positive security selection was driven by the relative outperformance of holdings in Health Care, Materials, and Industrials. Meanwhile, underperformance of holdings in Information Technology, Consumer Discretionary, and Communication Services offset overall positive security selection. The top contributors for the quarter included Visa and Alphabet which were up 22.6% respectively. In contrast, the largest detractors over the quarter included Danaher, NIKE, and UnitedHealth Group, which were down -12.0%, -8.4%, and -7.5%, respectively.

Our approach to investing is unchanged; driven primarily by bottom-up fundamental analysis, coupled with the objective of being broadly diversified.

Quarterly commentary continued

Engagement Activities (NEI)

Alphabet
As part of a small investor group, NEI wrote to Alphabet to acknowledge the improvements the company has made related to AI internal governance and risk management, and to request a meeting with the company.

AltaGas
NEI met with AltaGas in its role as co-lead for the Climate Engagement Canada (CEC) collaborative engagement. Also discussed the early impacts of Bill C-59 and CEC investor perspectives, CEC Benchmark results, and the company's scenario analysis, emissions reduction strategy, and lobbying disclosure.

Bank of Nova Scotia
NEI met with Scotiabank to discuss governance matters, including business ethics oversight, and to share feedback on the last AGM. Also talked about how the bank addresses risks related to money laundering.

On the progress on net zero, NEI stressed the importance of enhancing the measurement of methane emissions in advancing the net-zero strategy, and we encouraged the bank to engage energy sector clients on the Oil & Gas Methane Partnership 2.0 initiative. Also discussed the role of critical minerals in achieving net zero and highlighted the Initiative for Responsible Mining Assurance.

Canadian Natural Resources Limited
NEI co-hosted a climate disclosure event with CDP, attended by Canadian Natural Resources and other energy companies.

Johnson & Johnson
NEI wrote to Johnson & Johnson to request a meeting about the company's 2024 Access to Medicine assessment results and areas for improvement.

JPMorgan Chase & Co
NEI met with JPMorgan along with other investors to discuss the company's progress toward net zero. Following up on the previous year's dialogue, the company was asked about its risk assessment framework for clients.

PepsiCo Inc.
NEI met with PepsiCo to discuss their sustainability strategy, especially the packaging and recycling initiatives. The company described challenges such as infrastructure gaps and consumer awareness, and said they continue to focus on achieving packaging sustainability targets and exploring advanced recycling technologies.

Saputo Inc.
As part of the Climate Engagement Canada investor group, NEI met with Saputo to discuss their commitment to sustainability and targets for climate change mitigation. We feel Saputo shows clear direction in sustainability but could enhance its leadership with more ambitious and transparent reporting and quantitative disclosures.

Suncor Energy Inc.
NEI co-hosted a climate disclosure event with CDP, attended by Suncor Energy and other energy companies.

NEI met with Suncor executives and other staff to discuss early impacts of Bill C-59 and the company's decision to remove disclosure from its website. We talked about medium-term GHG reduction targets, climate risk management and the financial impacts of the energy transition. The company confirmed they remain committed to their sustainability plans and engagement on industry efforts.

TD Bank
NEI met with TD to discuss the root causes of their money laundering challenges. The bank acknowledged there was a significant management failure. NEI noted the steps the bank has been taking to strengthen its practices, including new leadership in the U.S. division, hiring, and other investments in training and technology. Also asked how the bank will assess the efficacy of the changes in its culture and stressed how important it is to see enhanced disclosure.

UnitedHealth Group Inc.
NEI wrote to UnitedHealth Group to request a meeting on pricing transparency and efforts to improve drug affordability and patient access.

Investment manager overview

Mawer Investment Management was established in Calgary in 1974 by Charles Mawer to provide independent investment counselling services to private and institutional investors.

Management style: Quality at a reasonable price

Canadian Equities	US Equities	Fixed Income (Core)

Investment philosophy

- Mawer employs a disciplined, team-based, research-driven process and long-term view in the management of portfolios. The team seeks to add value through prudent security selection and portfolio mix based on fundamental analysis of securities
- Mawer's primary objective is to maximize long-term, risk adjusted returns for clients. To accomplish this, Mawer uses a fundamental bottom-up investment approach, investing in companies that are wealth-creating, have excellent management teams, and are priced at a discount to intrinsic value
- Mawer's approach to fixed income investing looks to add value by systematically creating broadly diversified portfolios of investment grade bonds. The team uses both a top-down and bottom-up approach focusing on interest rate strategies, sector allocation and security selection within a constrained duration framework

Investment process and risk controls

Mawer's intensive investment process includes interviewing management, collecting scuttlebutt, performing forensic accounting, evaluating ESG considerations, building Monte Carlo DCF models, and writing investment reports.

Mawer continually assesses and manages risk by maintaining and improving culture, ensuring adherence to investment philosophy, ensuring appropriate portfolio diversification, and reviewing portfolios for systemic risks and themes.

Key strengths

- Independence – being 100% independent and broadly employee-owned frees the manager to make decisions in the best long-term interest of their clients
- Focus – a single, well-defined investment philosophy and process that is firm-wide
- Culture – built on candour, curiosity and trust. Diversity of thought within a team is meaningless unless individuals have the humility to hold their stories lightly and to engage in respectful debate
- Embrace uncertainty and think probabilistically – the discounted cash flow models produce probability distributions – not price targets – via Monte Carlo simulation
- The manager is benchmark agnostic

NEI Global Total Return Bond Fund

Amundi ASSET MANAGEMENT

Amundi is a Paris-based institutional asset manager, with six management teams operating in major financial centers in the U.S., Europe and Asia. They invest in all asset classes and major currencies with extensive investment expertise in Euro fixed income, global fixed income and active equity management. Responsible investing is a founding pillar of Amundi and they integrate environmental, social and governance (ESG) factors into their investment decision making process.

Management style: Active / Top-down / Macro driven

Investment philosophy

- Amundi employ a high conviction, team-based approach to global fixed income with the goal of superior and positive risk-adjusted returns, while fully integrating ESG considerations
- A flexible and active style combines long-term macro-views with short-term tactical management
- Rigorous diversification across asset classes, risk factors, investment horizons and regions is employed to avoid style bias and actively rotate risk to attractive market segments

Investment process and risk controls

- Amundi's investment process is based on a global top-down approach that determines the overall macro-economic outlook on most developed and developing government and corporate bond and currency markets
- Risk is actively allocated across several investment tools, including duration management, country and yield curve positioning, sovereign bonds and credit allocations
- The investment team conducts a bottom-up analysis for bond selection to further align risk control with expected returns
- Portfolio positions are implemented through cash, bonds or derivatives, with the portfolio management team managing the allocation tactically and tapping into value wherever it exists

Key strengths

- Unconstrained and not limited by benchmark and able to access fixed income opportunities across the broad investment universe
- Investment grade portfolio with focus on quality, liquidity and highly rated ESG issuers
- Diversified across geography, credit rating, currency and maturity to actively manage risk
- Total return strategy with focus on both income and capital growth drivers that can add value over the full market cycle
- Responsible investing underpinning throughout the Fund

NEI Global Impact Bond Fund

WELLINGTON MANAGEMENT®

Wellington Management is one of the world's largest independent investment management firms. With more than $1 trillion in client assets under management, they serve as a trusted adviser to clients in more than 60 countries. In addition to integrating ESG factors into their research and portfolio management processes, Wellington also manages a variety of impact investing strategies that have explicit sustainability objectives that align with UN Sustainable Development Goals and produce Key Performance Indicator (KPI) reporting.

Management style: Impact / Core

Investment philosophy

- Wellington employ deep global resources and a focused team approach to global fixed income that seeks to address some of the world's major social and environmental challenges while providing competitive returns
- The portfolio intentionally targets high impact issuers within a risk/return profile of core fixed income

Investment process and risk controls

- Wellington's investment process begins with a proprietary impact framework focused on three broad impact categories (Life Essentials, Human Empowerment, and Environment) and 11 investable impact themes
- An Impact Committee team meets regularly to identify issuers that can be classified within this framework and meet strict impact criteria, such as alignment with impact themes and the quantifiability of their impact
- Impact bonds are selected by combining a top-down strategy for portfolio positioning with bottom-up fundamental credit research that includes quantitative analysis of a company's historical financial data and qualitative analysis of a company's prospects
- The Fund is diversified by sector, impact theme, and issuer
- Each issuer's impact is measured against key performance indicators (KPIs)

Key strengths

- Portfolio consistent with a core fixed income risk/return profile
- High quality issuer focus that is primarily investment grade
- Inclusion of companies and entities whose core businesses and projects address critical social and environmental issues
- Exposure to issuers and secular themes that tend to be less-represented in traditional strategies
- Responsible investing underpinning throughout the Fund

Responsible investing strategies included in the Portfolio

NEI

Responsible investing enhances the investment decision-making process through consideration of environmental, social and governance factors alongside traditional financial metrics. The aim is to achieve financial objectives by reducing risk, finding opportunities and generating long-term sustainable value for investors, while helping them make a positive impact.

Exclusionary screens

NEI excludes investments in companies if they believe there are irreconcilable risks of societal or environmental harm that outweigh any potential benefits of investing. Examples include the manufacture of cluster munitions and nuclear weapons. They may also exclude companies that meet certain criteria in the tobacco and weapons industries.

Evaluations

Companies are evaluated based on environmental, social, and other non-financial risks specific to their industries. They are monitored regularly for headline risks, management breaches, and other relevant risks such as controversial or misaligned business practices. If a company fails to meet expectations, it may be excluded from the Portfolios.

Active ownrship

An umbrella term that encompasses three key activities:

- Corporate dialogues: Encourage companies to improve their performance by alerting them to risks and proposing solutions
- Proxy voting: Vote at companies' annual and special meetings on governance issues, shareholder proposals and other business matters
- Shareholder proposals: File or co-file proposals that are submitted to a vote at a company's annual general meeting with the goal of driving change

Impact & thematic investing

A focus on measurable environmental and social impacts as well as thematic investing strategies and specific themes related to structural shifts and long-term trends.

	Exclusionary screens	Evaluations	Impact & thematic	Stewardship
Mawer – Canadian equity	●	●	–	●
Mawer - US equity	●	●	–	●
Mawer Canadian Bond Fund	–	–	–	–
NEI Global Total Return Bond Fund	●	●	–	–
NEI Global Impact Bond Fund	●	●	●	–

About Aviso Wealth

Aviso Wealth is part of Aviso, one of Canada's largest independent wealth management firms. Owned by the credit unions, we serve hundreds of thousands of investors at credit unions across Canada.

With approximately $130 billion of assets under administration and management, Aviso has the resources to bring the best products and services to credit unions and their members. Invest with confidence, with your credit union and Aviso.

- Nearly 30 years as the wealth management provider to credit unions across Canada.
- One of Canada's largest independent wealth management firms.
- Parent company of Aviso Wealth, NEI Investments, and Qtrade.
- Owned by Canada's credit unions and Desjardins.

aviso wealth

[1] As of January 6, 2024

[2] Excludes cash

[3] Bond component yield to maturity 4.60%; Dividend Yield (Equities) 1.93%

Benchmark Index: 20% FTSE Canada Universe Bond Index; 20% Bloomberg Global Aggregated TR ($C hedged); 30% S&P/TSX Composite; 30% S&P500 TR CAD

Indicated rates of return are calculated using the time-weighted rate of return methodology for the period ended, December 31, 2024, and do not take into account management expenses, custodial fees, account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns.

Please be advised that the information contained herein does not constitute investment advice and it should not be relied on as such. Past performance is no guarantee of future results. The information contained in this report was obtained from sources believed to be reliable; however, we cannot guarantee that it is accurate or complete.

NDG0069E_3 01/25