

Q1 2025

# Managed Portfolios

## Mawer Total Equity

### Quick facts

**Inception date:**  
October 2, 2023

**Asset class:**  
Equity

**Minimum investment:**  
\$150,000

**Avg. number of holdings:**  
40-65

**Investment manager:**  
Mawer Investment Management

**Investment manager assets under management:**  
\$89B

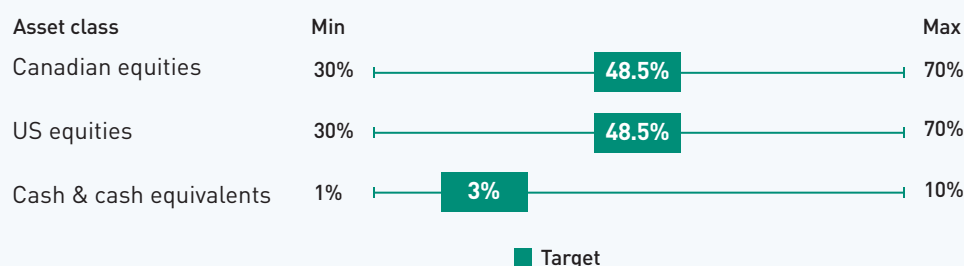
**Portfolio risk:**

Medium

## 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



- 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
- 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<sup>1</sup> (excluding cash and cash equivalents) %

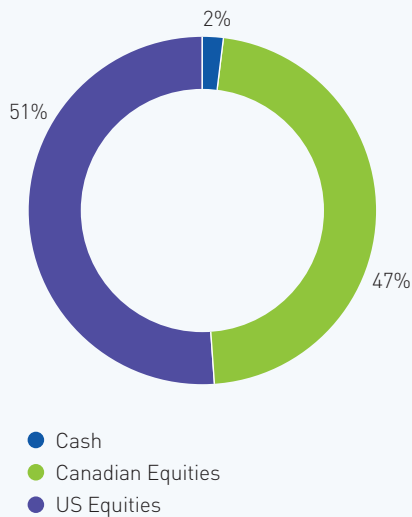
1.	Marsh & McLennan Cos Inc	5.1	6.	Royal Bank Of Canada	2.4
2.	Visa Inc	4.3	7.	Constellation Software Inc	2.4
3.	Verisk Analytics Inc	4.3	8.	Toronto Dominion Bank	2.4
4.	Microsoft Corp	3.8	9.	Verizon Communications	2.3
5.	Brookfield Corp	2.6	10.	Abbott Labs	2.3

## Performance

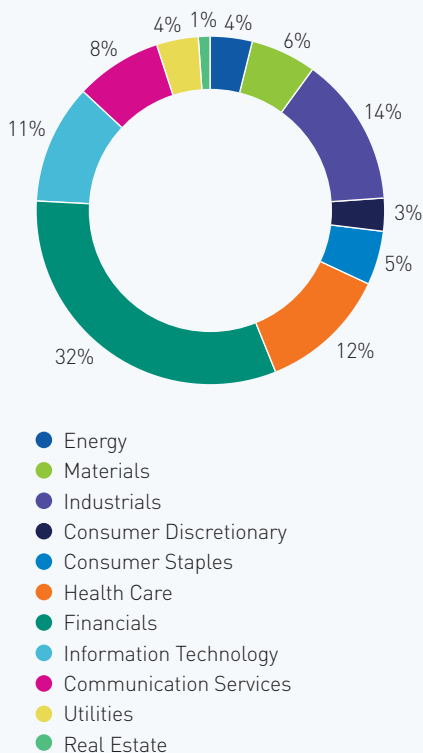
	QTD	YTD	1 yr	2 yr	3 yr	Since inception (Annualized)
Portfolio	1.5%	1.5%	13.8%	-	-	19.6%
Benchmark	-1.4%	-1.4%	15.6%	-	-	23.8%



## Asset allocation<sup>1</sup>



## Equities sector allocation<sup>1,2</sup>



Average market cap. \$288.9B

## Repositioning for Q2 2025

No change for Q2 2025

### Rationale:

#### Intra-quarter trades: (completed in mid-February)

##### Sold:

- **Granite REIT:** Eliminated due to organic growth headwinds given higher interest rates and excess supply. We see better opportunities elsewhere.

##### Trimmed Positions:

- **Alimentation Couche-Tard:** Trimmed on concerns regarding the ability to drive in-store purchases in the face of headwinds from inflation and quick service food competition.
- **Scotiabank:** Concerned that competitive intensity is heating up in Canada and reducing weight to fund higher TD exposure.
- **Dollarama:** Reduced due to lower growth and return potential going forward following strong share appreciation.
- **Loblaws:** Trimmed due to increasing capital intensity and lower growth. Stock also trading at the higher end of our fair value range.
- **Royal Bank:** Concerned that competitive intensity is heating up in Canada paired with an elevated valuation.

##### New:

- **TFI International:** Initiated a position in TFI International, a founder run trucking company focused on attractive market segments (e.g., less than truckload, specialized trucking, package freight, etc.). Management has historically added significant value by purchasing underperforming assets and improving them. Valuation appears attractive at current levels.

##### Increased:

- **Brookfield Corp:** Added on green shoots in real estate, executing well on insurance, and increasing odds of realizing carried interest through asset monetization.
- **CCL Industries:** Execution continues to be strong, balance sheet is healthy, and trading at a reasonable valuation.
- **Constellation Software:** Added on solid management execution and business model.
- **iA Financial:** Continued to see strong execution and capital generation.
- **Intact Financial:** Added on hard insurance markets and strong recent results from Intact.
- **Nutrien:** Increased due to some improvement in agriculture fundamentals with higher crop prices and the valuation appears attractive.
- **Shopify:** Continued to see steady execution and increasingly optimistic on Shopify Plus being adopted by larger merchants.
- **Suncor:** Management execution continues to be very strong, improving throughput and lowering costs.
- **TD Bank:** Added on positive outlook from board refresh and incoming CEO.



# Quarterly commentary

## Mawer Total Equity

The first quarter of 2025 witnessed significant shifts in global economic momentum as escalating tariff threats and trade tensions cloud the economic outlook and intensify inflationary pressures. This has created a challenging environment for global central banks tasked with managing inflation while countering slowing growth. Enthusiasm for U.S. equities waned amid weaker economic data, a drop in consumer sentiment, trade policy, and scrutiny over the pace of AI adoption. Notably, last year's narrow group of U.S. technology companies that had an outsized influence on overall market gains reversed in Q1. On the other hand, European equities have risen driven by expectations for increased fiscal spending tied to defense and infrastructure commitments, decent corporate earnings, and lower valuations compared to the U.S.

The Blended Benchmark returned -1.4% over the quarter. Performance for the benchmark saw Canadian equities up, with the TSX returning 1.5%. US equities were down as the S&P 500 returned -4.2%. All performance values provided are in Canadian dollar terms (unless otherwise stated).

The portfolio outperformed the benchmark due to security selection. Positive selection over the period was driven by the outperformance of U.S. equities relative to the S&P 500. Asset allocation had a negative impact to relative return due to the portfolio's overweight to U.S. equities.

The Canadian equity portfolio underperformed the TSX over the quarter due to allocation. Sector allocation had an overall negative impact due to the portfolio's underweight to Materials and Energy, and overweights to Information Technology and Industrials. Security selection was positive, driven by the relative outperformance of holdings in Financials, and Utilities. Meanwhile, underperformance of holdings in Materials offset overall positive security selection. The top contributors for the quarter included TMX Group Ltd, AltaGas Ltd, and Toronto-Dominion Bank, which were up 19.1%, 18.8%, and 14.2%, respectively. In contrast, the largest detractors over the quarter included TFI International Inc, Shopify Inc, and Brookfield Corp which were down -39.5%, -9.5%, and -8.7%, respectively. In terms of portfolio construction, TFI International was initiated, while Granite Real Estate Investment Trust was eliminated over the period.

The U.S. equity portfolio outperformed the S&P 500 over the quarter due to selection and allocation. Positive security selection was driven by the relative outperformance of holdings in Financials, Information Technology, Industrials, and Health Care. Meanwhile, underperformance of holdings in Materials and Communication Services offset overall positive security selection. Sector allocation had an overall positive impact due to the

portfolio's overweights to Health Care, Financials, and Materials, and underweights to Information Technology, and Consumer Discretionary, while a zero weight to Energy offset an overall positive sector allocation. The top contributors for the quarter included Cencora Inc, Marsh & McLennan Cos Inc, and Visa Inc, which were up 24.1%, 15.4%, and 11.2%, respectively. In contrast, the largest detractors over the quarter included Alphabet Inc and Microsoft Corp which were down -17.8% and -10.7% respectively.

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

## Engagement Activities (NEI)

### Bank of Montreal

NEI wrote a letter to Bank of Montreal following its decision to withdraw from the Net Zero Banking Alliance. Given the material risks that climate change poses to the bank and overall financial stability, NEI stressed how critical it is for the bank to maintain efforts in effectively addressing climate-related risks and opportunities in its lending, financing, and investing activities.

NEI met with Bank of Montreal as a follow-up to a letter sent regarding their withdrawal from the Net Zero Banking Alliance. NEI is not as concerned about their withdrawal from the alliance but wants to understand the implications for the bank's climate strategy. The company confirmed they are not removing targets or pulling back from their strategy.

### Bank of Nova Scotia

NEI wrote a letter to Scotiabank following its decision to withdraw from the Net Zero Banking Alliance. Given the material risks that climate change poses to the bank and overall financial stability, NEI stressed how critical it is for the bank to maintain efforts in effectively addressing climate-related risks and opportunities in its lending, financing, and investing activities.

### JPMorgan Chase & Co

NEI wrote a letter to JPMorgan Chase following its decision to withdraw from the Net Zero Banking Alliance. Given the material risks that climate change poses to the bank and overall financial stability, NEI stressed how critical it is for the bank to maintain efforts in effectively addressing climate-related risks and opportunities in its lending, financing, and investing activities.

NEI met with JPMorgan Chase as a follow-up to a letter we sent regarding their withdrawal from the Net Zero Banking Alliance. NEI is not as concerned about their withdrawal from the alliance but wants to understand the implications for the bank's climate strategy. The company confirmed they are not removing targets or pulling back from their strategy.

**Nutrien**

NEI met with Nutrien to discuss their exposure to hazardous chemicals in their production processes and use cases. Nutrien was responsive and provided a good overview of their due diligence and supplier engagements, as well as governance. They said they intend to enhance disclosure in their sustainability reporting.

**Royal Bank**

NEI wrote a letter to Royal Bank of Canada following its decision to withdraw from the Net Zero Banking Alliance. Given the material risks that climate change poses to the bank and overall financial stability, we stressed how critical it is for the bank to maintain efforts in effectively addressing climate-related risks and opportunities in its lending, financing, and investing activities.

NEI met with Royal Bank of Canada as a follow-up to a letter we sent regarding their withdrawal from the Net Zero Banking Alliance. NEI is not as concerned about their withdrawal from the alliance but wants to understand the implications for the bank's climate strategy. The company confirmed they are not removing targets or pulling back from their strategy.

**Suncor Energy Inc.**

NEI met with Suncor to discuss agenda items for an upcoming dialogue for Climate Action 100+ and to confirm that NEI will be the new lead for the engagement.

**TD Bank**

NEI wrote a letter to Toronto Dominion Bank following its decision to withdraw from the Net Zero Banking Alliance. Given the material risks that climate change poses to the bank and overall financial stability, NEI stressed how critical it is for the bank to maintain efforts in effectively addressing climate-related risks and opportunities in its lending, financing, and investing activities.

## 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

## 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

## 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



## 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 ownership

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	●	●	–	●

## 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.





<sup>1</sup> As of March 31, 2025

<sup>2</sup> Excludes cash

<sup>3</sup> Dividend Yield (Equities) 2.05%

Benchmark Index: 50% S&P/TSX Composite; 50% S&P500 TR CAD

Indicated rates of return are calculated using the time-weighted rate of return methodology for the period ended, March 31, 2025, 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.

Benchmark Index: 50% S&P/TSX Composite /50% S&P 500 TR(CAD).

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