

Mackenzie Bluewater Canadian Growth Fund

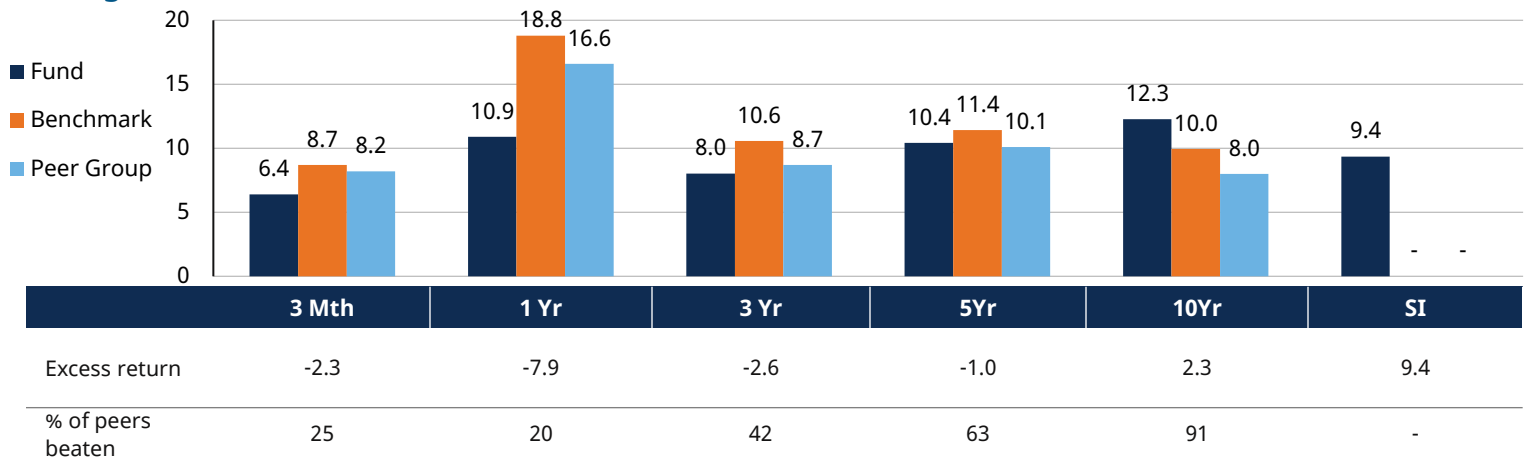
Strategy snapshot

Inception date	12/06/1999
AUM (millions in CAD)	5479.3
Management Fee	0.75%
MER	1.00%
Benchmark	60% TSX Comp + 30% S&P500 + 10% EAFE
Lead portfolio manager	Dina DeGeer, David Arpin, Shah Khan
Investment exp. Since	1985, 1995, 2010
Target # of holdings	30 - 35

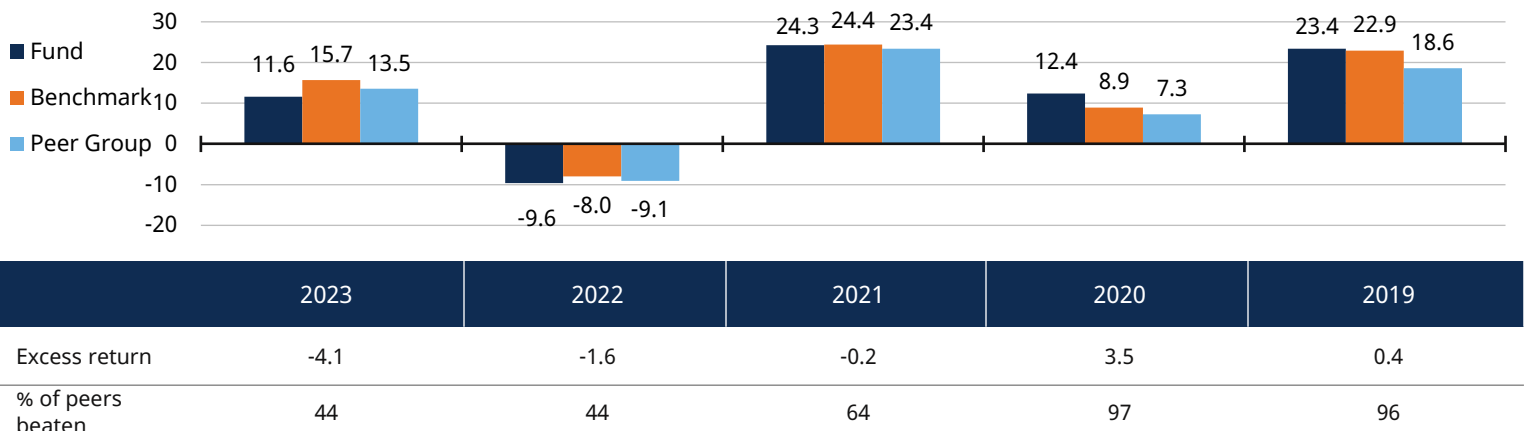
Strategy Overview

- The Fund invests mainly in Canadian equity securities issued by Canadian corporations to achieve long-term capital growth and provide a reasonable rate of return.
- The investment approach follows a company-focused investment style, seeking companies with strong management, good growth prospects and a solid financial position.
- Emphasis is placed on paying reasonable prices for the free cash flow growth that companies in the portfolio are expected to achieve.

Trailing returns %



Calendar returns %



Portfolio characteristics

	Portfolio	Benchmark
# of holdings	34	1,495
% top 10 holdings	46.3	22.5
Weighted average market cap	297,608	380,107
EPS growth (FY E)	12.2	22.1
Dividend yield	1.3	2.5
FCF margin	15.9	14.6
P/E Trailing 12M	32.2	19.2
P/E (forecast)	23.7	16.5
Net debt/EBITDA	1.8	1.3
ROE (latest FY)	15.4	14.7

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	13.4	12.6
Sharpe Ratio	0.4	0.6
Tracking Error	6.1	-
Information Ratio	-0.4	-
Alpha	-2.1	-
Beta	1.0	-
Upside Capture (%)	94.7	-
Downside Capture (%)	107.5	-

Regional breakdown

Region	Weight	Relative weight
Canada	51.2	-8.8
United States	38.0	8.0
International	4.4	-5.6

Sector allocation

Sector	Weight	Relative weight
Communication Services	1.5	-3.5
Consumer Discretionary	5.2	-1.2
Consumer Staples	8.1	3.0
Energy	0.0	-12.5
Financials	21.8	-2.6
Health Care	3.4	-1.8
Industrials	28.1	15.2
Information Technology	16.3	1.4
Materials	5.2	-2.9
Real Estate	3.9	1.6
Utilities	0.0	-3.2

Country allocation

Country	Weight	Relative weight
Canada	52.2	-7.1
United States	38.0	6.0
France	4.4	3.2
Germany	-	-0.9
Hong Kong	-	-0.2
Ireland	-	0.0
Other	6.5	98.7

Currency exposure

Region	Gross	Benchmark
CAD	68.7	60.0
USD	26.9	30.1
Other	4.4	9.9

Top 10 holdings

Security name	Country	Sector	Weight
Stantec Inc	Canada	Industrials	5.1
Intact Financial Corporation	Canada	Financials	5.0
Royal Bank of Canada	Canada	Financials	4.9
Aon Plc Class A	United States	Financials	4.5
Schneider Electric SE	France	Industrials	4.5
Accenture Plc Class A	United States	Information Technology	4.3
Roper Technologies, Inc.	United States	Information Technology	4.1
CAE Inc.	Canada	Industrials	4.0
Premium Brands Holdings Corp	Canada	Consumer Staples	3.8
Microsoft Corporation	United States	Information Technology	3.7

Security level contributors and detractors

	Security	Average Relative Weight (%)	Allocation Effect (%)
Contributors	Aon Plc Class A	4.1	0.3
	Schneider Electric SE	4.3	0.3
	Waste Connections, Inc.	2.1	0.2
Detractors	Premium Brands Holdings Corp	4.0	-0.6
	CAE Inc.	4.4	-0.6
	ON Semiconductor Corporation	0.5	-0.3

Sector attribution relative to the benchmark

	Sector	Average Relative Weight (%)	Allocation Effect (%)	Selection Effect (%)
Contributors	Real Estate	1.6	-0.1	0.6
	Utilities	-3.3	0.3	0.0
	Materials	-2.6	0.1	0.0
Detractors	Information Technology	1.5	0.1	-1.3

Commentary

QFR Highlights

The Canadian Stock market as measured by the S&P /TSX Composite Index returned 6.75% helped by commodity price gains that lifted the energy and mining sector. In US the 2023 rally continued in Q1 2024 as a combination of stable economic growth, impending Fed rate cuts and falling inflation propelled S&P 500 higher with Communication services, energy and Information technology as the top performing sectors.

Fund Performance

During the period the fund lagged the blended benchmark by 2.1%. Security selection in Real estate and zero exposure to Utilities contributed to performance and stock selection in Information technology and Industrials detracted from performance. No allocation to energy was also a headwind. From a geographic standpoint, security selection in France contributed to performance while security selection in the U.S. detracted from relative performance.

Security contributors

There were 2 sectors in which certain holdings added meaningful contribution this quarter- Financial & Industrials. The leading performers were Schneider Electric - a company focused on providing a full range of services and products tied to electrification and upgrading the grid. Another contributor was Waste Connections a new addition to the portfolio and offers a differentiated strategy to target niche markets where they can attain high market share and competitive advantage aligned to our philosophy to target market leaders having formidable moats.

In the financials space Aon was a top contributor who has been serving clients globally in the area of insurance and risk mitigation.

Security Detractors

No allocation to NVIDIA and the energy sector contributed to the underperformance along with a few stocks namely CAE, ON Semi Conductor and Premium Brand Holdings.

Our holding in the aerospace and defence industry CAE Inc was a detractor this quarter due to a significant reduction in share price. While the commercial side of the business is still strong the defence side of the business with legacy programs has been a drag in profitability due to legacy contracts.

Premium Brand is a specialty food manufacturer focused on premium cured meats, artisan sandwiches, seafood, bakery, meat snacks like beef jerky among others. The challenges they are facing is in their Food Distribution business, and largely because of the weaker Canadian consumer.

Portfolio activities

We added a new position in Information technology -Cadence Design Systems, Inc. We exited our position in ON Semiconductor Corporation this quarter.

Market Overview

Markets started 2024 strongly as the rally that began in the fourth quarter of 2023 continued into the new year. Equity markets have been buoyed by optimism that the Central Bank tightening cycle is behind us, and monetary policy easing is beginning. At this point, the degree of monetary easing continues to be highly uncertain. From a global GDP standpoint, economic growth continues to be uneven, with the United States stronger, while Canada, Europe, and Asia are generally softer. The economic strength seen in the United States also suggests that monetary easing will be slower than markets expect, as the Federal Reserve, in particular, sees no pressing need to cut rates to stimulate growth.

Commentary

Outlook and Positioning

During the quarter the fund has held positions in companies that have demonstrated resilience to economic slowdown and have underlying growth drivers. Our largest sector underweight was energy (-12.5%) as we have no allocation to the sector and our largest sector overweight was Industrials (15.2%). During the quarter we increased our weight in Financials and added a new position in U.S. and exited our holding in Information technology.

Investment-wise, while AI offers promising prospects, in many cases the businesses attached to it carry inherent risks within rapidly evolving landscapes. We continue to focus on companies who are enablers of this secular change. We invest in companies that are leaders in their respective businesses and hold a concentrated portfolio of such companies. Their resilient business models enable them to navigate uncertain environments adeptly and enhance their competitive advantages.

Stock stories

Waste Connections: The company provides non-hazardous solid waste collection services for commercial, industrial, and residential customers. Waste Connections has a differentiated strategy that has proven to be highly successful over the past decade: avoid highly competitive, large urban markets and instead focus on markets where they can attain high market share through exclusive contracts, vertical integration, or asset positioning where they own strategically advantaged landfill and/or transfer stations. This has resulted in lower customer churn and superior financial returns.

Intact Financial: Canada's largest personal and commercial insurance company with leadership position in the space. They leverage vast amounts of data that they have to identify trends earlier and better price risk. Since they are in the business of underwriting risk, being ahead of the curve in identifying and pricing for that risk is absolutely critical to success. There are more and more natural disasters tied to climate change – and its important that insurers are adequately priced for this change which Intact has been doing very successfully.

Thomson Reuter: This company plays out very well in the AI / digital trend and holds a strong footing in the legal business. It has a proprietary data set spanning over 100 years of case law with the value addition in the editorial comments, case summaries, opinions, annotation that's done by their team of over 1,000 lawyers. This allows for vastly more reliable output and is a formidable moat that is not easily replicable by AI or competitors, including new entrants. The timely acquisition of Casetext significantly accelerates their product roadmap by combining the leading generative AI capabilities of Casetext with Thomson's proprietary content and puts them several years ahead of the competition.

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Standard deviation provides a measure of the variability of returns that have occurred relative to the average return. The higher the standard deviation, the greater is the range of returns that has been experienced. Standard deviation is commonly used as a measure of risk.

Percentile rankings are from Morningstar Research Inc., an independent research firm, based on the Canada Fund Canadian Focused Equity category and reflect the performance of the Mackenzie Canadian Growth Fund for the 3-month, 1-, 3-, 5-, and 10-year periods as of March 31, 2024. The percentile rankings compare how a fund has performed relative to other funds in a particular category and are subject to change monthly. The number of Canada Fund Canadian Focused Equity funds for Mackenzie Canadian Growth Fund for each period are as follows: one year -518; three years -503; five years - 487; ten years - 339.

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