

Mackenzie Bluewater Next Gen Growth Fund

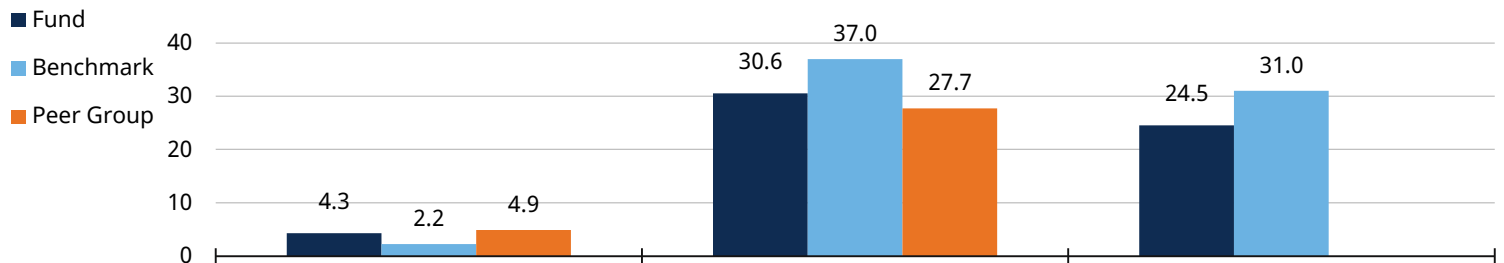
Fund snapshot

Inception date	10/17/2022
AUM (millions in CAD)	44.5
Management Fee	0.80%
MER	1.06%
Benchmark	MSCI World Growth
CIFSC Category	Global Equity
Risk Rating	Medium
Lead portfolio manager	Tyler Hewlett
Investment exp. Since	2001
Target # of holdings	25 - 40

Strategy Overview

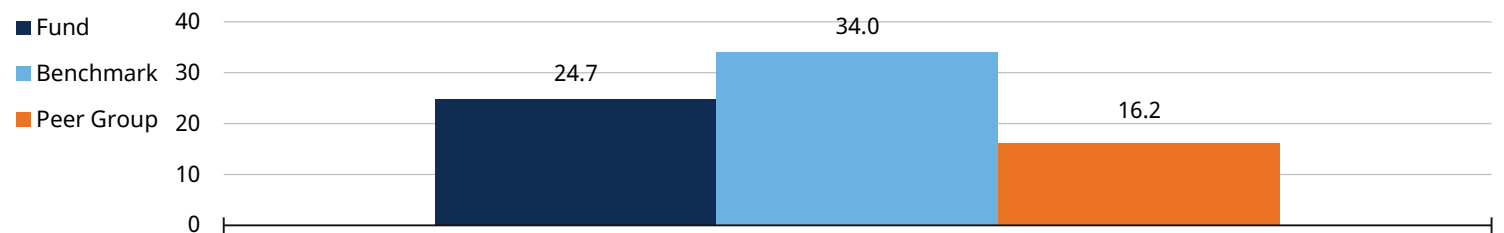
- Seeks dominant businesses underpinned by next-generation products, services and business models, with the goal of creating a long runway of superior growth
- Diversify portfolios with a concentrated, company-focused portfolio of accelerated free cash flow growing businesses from anywhere in the world
- Leverage the strength of the award-winning Mackenzie Bluewater team's investment philosophy and years of investment experience

Trailing returns %



	3 Mth	1 Yr	SI
Excess return	2.1	-6.4	-6.5
% of peers beaten	37	75	NA

Calendar returns %



	2023
Excess return	-9.3
% of peers beaten	91

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	32	630
% top 10 holdings	41.7	45.2
Weighted average market cap	660,586.1	1,650,178.6
EPS growth (FY E)	14.3	19.7
Dividend yield	0.5	0.7
FCF margin	21.7	21.9
P/E Trailing 12M	41.4	33.9
P/E (forecast)	34.8	29.8
Net debt/EBITDA	0.2	-
ROE (latest FY)	21.9	24.3

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	-	-
Sharpe Ratio	-	-
Tracking Error	-	-
Information Ratio	-	-
Alpha	-	-
Beta	-	-
Upside Capture (%)	-	-
Downside Capture (%)	-	-

Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
United States	78.5	72.5	6.0
Canada	3.0	2.9	0.1
International	15.2	24.6	-9.4
Other	3.4	-	3.4

Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	11.4	7.2	4.2
Energy	-	1.1	-1.1
Materials	-	2.5	-2.5
Industrials	13.7	10.5	3.2
Information Technology	43.5	39.6	3.9
Communication Services	3.2	10.7	-7.5
Utilities	-	0.3	-0.3
Consumer Staples	2.0	4.2	-2.2
Consumer Discretionary	10.6	13.5	-2.9
Real Estate	-	0.4	-0.4
Health Care	12.2	10.1	2.1
Other	3.4	-	3.4

Country allocation

Country	Portfolio	Benchmark	Relative Weight
United States	78.5	72.5	6.0
France	7.5	3.1	4.5
Italy	3.3	0.5	2.9
Canada	3.0	2.9	0.1
Netherlands	2.2	1.6	0.6
Sweden	2.1	1.1	1.0
Other	3.4	18.3	-14.9

Currency exposure

Region	Gross	Benchmark
CAD	31.3	2.9
USD	59.1	72.8
Other	9.6	24.3

Top 10 holdings

Security name	Country	Sector	Weight
S&P Global, Inc.	United States	Financials	4.7
Roper Technologies, Inc.	United States	Information Technology	4.6
Thermo Fisher Scientific Inc.	United States	Health Care	4.4
Gartner, Inc.	United States	Information Technology	4.1
Microsoft Corporation	United States	Information Technology	3.9
Schneider Electric SE	France	Industrials	3.8
Accenture Plc Class A	United States	Information Technology	3.7
Copart, Inc.	United States	Industrials	3.7
Trane Technologies plc	United States	Industrials	3.7
Amazon.com, Inc.	United States	Consumer Discretionary	3.6

Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	Progressive Corporation	3.5	0.8
	S&P Global, Inc.	4.5	0.6
	Accenture Plc Class A	3.7	0.6
Detractors	Alphabet Inc. Class A	-1.0	-0.3
	Cadence Design Systems, Inc.	2.8	-0.4
	ASML Holding NV ADR	2.6	-0.6

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Health Care	1.4	-0.1	1.6	1.2
	Financials	5.3	0.3	0.7	0.8
	Information Technology	3.0	-0.0	0.7	0.5
Detractors	Consumer Staples	-2.1	-0.1	0.0	-0.2
	Materials	-2.5	-0.2	0.0	-0.2
	Consumer Discretionary	-2.9	-0.0	-0.2	-0.3

Commentary

QFR Highlights

- Global equity markets continued to rally throughout the third quarter, with strong positive stock performance from the U.S. This quarter saw a rotation in market leadership away from the Mag 7 stocks, with only 3 of the Mag 7 beat the index return. The Federal Reserve's change in tone and policy provided an extra lift to more rate-sensitive pockets of the market like the utility, real estate, and financial sectors, as well as smaller cap stocks. Evolving interest rate policy by central banks around the world was a significant factor in global markets as well. While the combination of cooling inflation and labor markets motivated central banks to cut rates from excessively restrictive levels, we continue to believe that the path forward for monetary policy is more uncertain given the combination of sticky services inflation and two geopolitical conflicts, which continue to support energy prices.

Fund Performance

- During the quarter the fund returned 4.6% outperforming the MSCI World growth index which returned 2.2%. Stock selection drove performance during the period, with holdings in healthcare, financials and Information technology contributing most to relative returns. While stock selection in consumer discretionary and lack of exposure to Materials detracted from returns.

Security contributors

- The largest contributors to returns in the portfolio were Progressive Corporation, Trane Technologies plc and Accenture Plc
- Progressive corporation is an insurance company that offers a wide range of insurance products including auto, home, renters, and commercial insurance. It is one of the largest insurance companies in the United States in the property and casualty insurance space.
- Trane technologies provide heating, ventilation and air conditioning (HVAC) and refrigeration system in an energy efficient way for commercial and residential applications. the company is a global climate innovator in providing environmentally responsible products and services to homes, buildings and transportation. Its strong performance is attributed to robust organic bookings signaling growth across all segments.
- Accenture represents one of the best ways to invest in the roll out of AI and digital transformation, as it is virtually impossible to implement any of these strategies without the assistance of sophisticated technology consultants and implementation teams. With decades of accumulated intellectual property and significant investments in AI --Accenture has widened its moat over consulting peers and is set to benefit as businesses digitize in almost all respects in the coming decade.

Security Detractors

- The largest detractors in the quarter were ASML holdings and Cadence Design systems

Portfolio activities

- Over the last year we have aligned our portfolios to focus on consumer facing companies targeting either the very high-end consumer, those that are virtually unimpacted by macro economic conditions, or those companies that offer a unique value proposition.
- At the high end, extreme luxury brands like Hermes and Ferrari remain highly resilient. Founded in 1837, Hermes is a European luxury business known for its signature handbags and luxury items and a business model that is based around scarcity value and desirability of its hand-crafted leather goods. This unique value proposition has resulted in methodical scaling of its hand-crafted artisanal production while maintaining considerable pricing power, allowing the company to compound its revenues at 12% since 1991, virtually unheard of in an industry known for its cyclicity and fads that come in and out of favor.
- At the other end of the spectrum, companies such as Costco and Amazon all benefit from unique strategies that provide real value for consumers. We have avoided traditional retail companies targeting the middle market consumer. In our view, this large segment of the market faces increasing risks from large industry players such as Wal-Mart and Amazon that compete by providing value, selection, convenience and speed, all at massive scale, giving them a growing logistics and shipping competitive advantage.

Commentary

Market Overview

- Markets continued to show strength during the third quarter as the rally that began in the fourth quarter of 2023 continued into the first nine months of 2024. While some market participants are excited by the prospect of lower interest rates, significantly lower rates likely imply that economic conditions have deteriorated beyond current expectations. While there inevitably will be considerable ink spilled about the 'average return' after policy rates begin declining, it is important to remember that the economic environment around rate cuts tends to be highly idiosyncratic, making the usefulness of these statistics less than useful. There have only been 3 easing policy rate cycles in the past 25 years in the US, and they were marked by a historic stock market bubble bursting, a global financial crisis and a global pandemic, none of which even faintly resemble the current environment, which poses a large challenge for looking at the past as a guide to the future.

Outlook and Positioning

- From a global GDP standpoint, economic growth continues to be uneven, with the United States showing relatively healthy levels, while Canada, Europe, and Asia are generally softer. China remains challenging driven by numerous structural issues that we have written on previously such as demographics and a decline in the working age population, maturing urbanization trends, overbuilding, and a slowdown in global outsourcing. While recent stimulus announcements from the Chinese government may help from cyclical perspective, the challenges that we have highlighted are all structural in nature and are unlikely to be solved through financial stimulus.
- With unemployment in North America rising from very low levels, we are not anticipating the beginning of a new economic cycle. Rather, we anticipate one of two scenarios: either a standard slowdown propelled by rising unemployment (4.1% currently, up from 2023 lows of 3.4%) or a prolonged period of stable, albeit anemic, economic growth. In either case, we anticipate that global growth is likely to be at levels that are below average for the next several years, which is an environment that tends to be supportive of the Bluewater investment process, focused on identifying resilient businesses that can grow their free-cash-flow at higher rates than the market and are less reliant on the broader economic landscape for such growth.

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 as of September 30, 2024 including changes in share value and reinvestment of all distributions and does not take into account sales, redemption, distribution, or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Index performance does not include the impact of fees, commissions, and expenses that would be payable by investors in the investment products that seek to track an index.

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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 Global Equity category and reflect the performance of the Mackenzie Bluewater Next Gen Growth Fund for the 3-month, 1-, 3-, 5- and 10-year periods as of September 30, 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 Global Equity category funds for Mackenzie Bluewater Next Gen Growth Fund for each period are as follows: one year - 1732 ; three years - 1501 ; five years - 1262 ; ten years - 630.

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