

# Mackenzie US All Cap Growth Fund

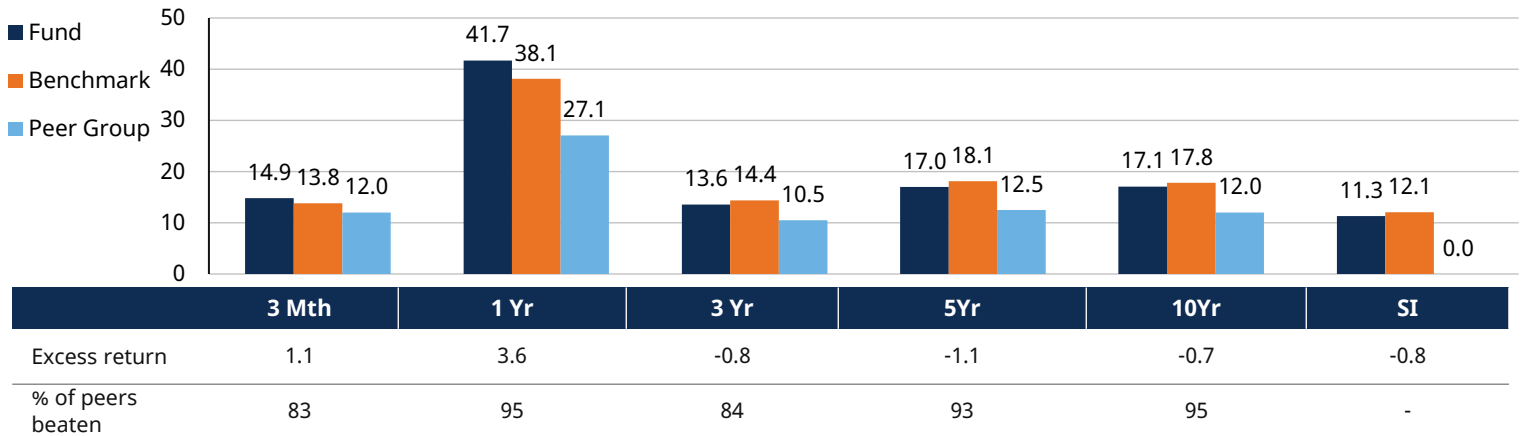
## Strategy snapshot

Inception date	07/15/2004
AUM (millions in CAD)	1459.2
Management Fee	2%
MER	2.54%
Benchmark	Russell 3000 Growth
CIFSC Category	US Equity
Risk Rating	Medium
Lead portfolio manager	Richard Bodzy, Gregory McCullough
Investment exp. since	2004, 2008
Target # of holdings	60-90

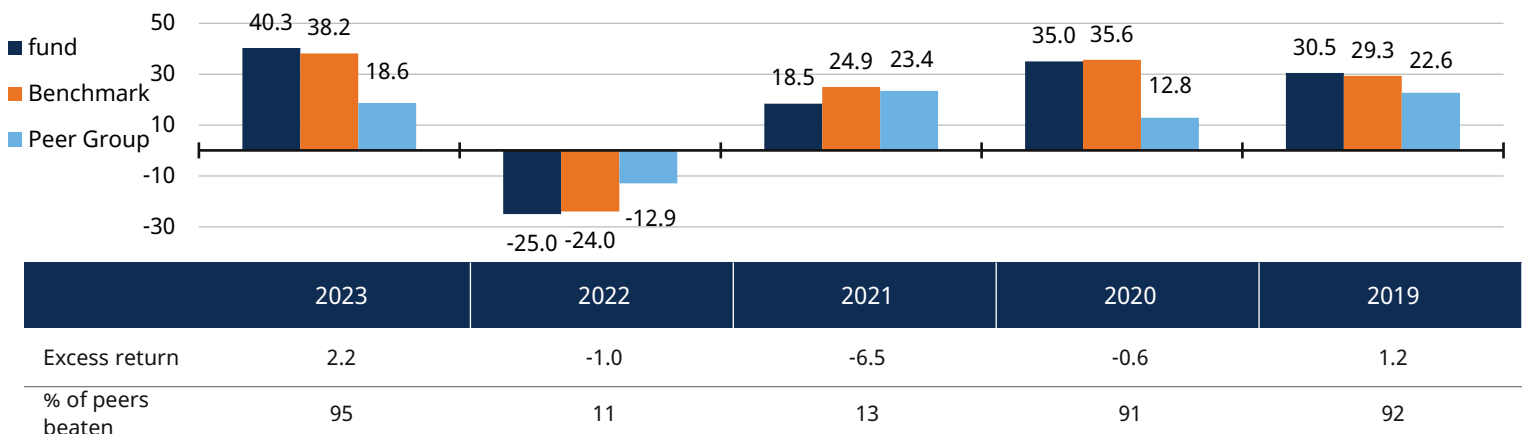
## Strategy Overview

- The Fund seeks to achieve long-term growth of capital by investing primarily in common shares of U.S. companies of any size, from larger, well-established companies to smaller, emerging growth companies.
- The investment approach follows a growth investment style, by investing mainly in common stocks of U.S. companies of any size, with a focus on growth stocks.
- Growth stocks are issued by companies whose earnings are expected to grow faster than those of similar firms, and whose business growth and other characteristics may lead to an increase in stock price.
- Among other factors, a company's valuation, financial strength, growth potential, competitive position in its industry, projected future earnings, cash flows and dividends are considered when deciding whether to buy or sell investments

## Trailing returns %



## Calendar returns %



## Portfolio characteristics

	Portfolio	Benchmark
# of holdings	62	1,504
% top 10 holdings	50.9	50.2
Weighted average market cap	1,452,559.6	1,566,150.4
EPS growth (FY E)	21.8	19.9
Dividend yield	0.4	0.7
FCF margin	23.2	3.3
P/E Trailing 12M	43.7	34.6
P/E (forecast)	33.3	28.5
Net debt/EBITDA	0.2	0.3
ROE (latest FY)	27.8	30.2

## Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	18.7	18.0
Sharpe Ratio	0.6	0.7
Tracking Error	2.4	-
Information Ratio	-0.3	-
Alpha	-1.1	-
Beta	1.0	-
Upside Capture (%)	101.3	-
Downside Capture (%)	105.3	-

## Regional breakdown

Region	Weight	Relative weight
United States	90.6	-9.2
International	2.6	2.6
Canada	1.7	1.6
Emerging Markets	0.0	0.0

## Sector allocation

Sector	Weight	Relative weight
Communication Services	12.0	0.4
Consumer Discretionary	13.9	-0.8
Consumer Staples	1.4	-2.7
Energy	-	-0.7
Financials	5.5	-0.9
Health Care	11.8	0.6
Industrials	7.2	0.7
Information Technology	40.6	-2.5
Materials	0.8	-0.1
Real Estate	1.8	0.9
Utilities	-	-0.1

## Country allocation

Country	Weight	Relative weight
United States	90.6	-9.2
Canada	1.7	1.6
United Kingdom	0.8	0.8
Switzerland	0.6	0.6
Netherlands	0.6	0.6
Ireland	0.5	0.5
Other	5.1	5.0

## Currency exposure

Region	Gross	Benchmark
CAD	0.5	0.0
USD	97.4	100.0
Other	2.1	0.0

## Top 10 holdings

Security name	Country	Sector	Weight
Microsoft Corporation	United States	Information Technology	8.9
NVIDIA Corporation	United States	Information Technology	8.1
Amazon.com, Inc.	United States	Consumer Discretionary	7.0
Apple Inc.	United States	Information Technology	6.8
Alphabet Inc. Class C	United States	Communication Services	4.2
Meta Platforms Inc Class A	United States	Communication Services	3.2
Broadcom Inc.	United States	Information Technology	3.1
Eli Lilly and Company	United States	Health Care	2.6
Mastercard Incorporated Class A	United States	Financials	2.4
Salesforce, Inc.	United States	Information Technology	2.0

## Security level contributors and detractors

	Security	Average Relative weight (%)	Allocation Effect (%)	% contribution to return
Contributors	NVIDIA Corporation	0.5	0.3	4.4
	Amazon.com, Inc.	1.2	0.1	1.4
	Microsoft Corporation	-2.1	0.0	1.4
Detractors	lululemon athletica inc.	1.0	-0.4	-0.3
	Tesla, Inc.	-0.5	0.3	-0.6
	Apple Inc.	-2.3	0.6	-0.7

## Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)
Contributors	Information Technology	-1.1	0.0	0.0
	Industrials	0.2	0.0	0.4
	Health Care	0.4	0.0	0.4
Detractors	Financials	-0.6	0.0	-0.1
	Real Estate	0.9	-0.1	0.0
	Communication Services	0.0	0.0	-0.1

## Commentary

After their worst start to a new year in two decades, U.S. stocks quickly recovered and delivered solid returns for the first quarter. January brought new records for the S&P 500 Index, which closed at an all-time high, and for the Dow Jones Industrial Average, which topped 38,000 for the first time. Markets were fueled in part by strong corporate earnings, led by the technology sector. The equity advance continued in February, as major indexes reached new 52-week highs, and the S&P 500 Index closed above 5,000 for the first time. Growth continued to lead the way over value, as both the Nasdaq and Russell 1000 Growth indexes outperformed their value-oriented counterparts.

For Q1 of this year, the funds gross return was 15.54%, improving from last quarter while overperforming the benchmark's (Russell 3000 Growth Index) return of 14.15%. Stock Selection in Information technology, Industrials, Health care and Consumer discretionary contributed to relative performance while stock selection in Communication Services and Allocation in Real Estate detracted performance.

Top contributors to relative outperformance included NVIDIA (Information Technology), Advanced Micro Devices (Information Technology), DraftKings (Consumer Discretionary), Uber (Industrials) and Lonza (Health Care). Our overweight to Apple and Tesla also added to relative outperformance.

Our overweight to Lululemon (Consumer Discretionary), American Tower (Real Estate), and Palo Alto Networks (Information Technology) were among our top relative detractors.

Changes in the relative positioning of the strategy are primarily a result of our fundamental, bottom-up process of evaluating the opportunity and risk of individual stocks. As always, sector active weights remain reasonably tight in order to reduce unintended factor risks and accentuate stock-specific risk. Currently, we remain within +/-3% of all sectors. New positions during the quarter included Equifax (Industrials), S&P Global (Financials) and Spotify (Communication Services). MSCI (Financials) and Nike (Consumer Discretionary) were among our top eliminated positions.

The first quarter of 2024 showcased remarkable resilience for equities amid various challenges. Despite concerns such as higher interest rates and geopolitical tensions, the major U.S. indexes surged. Technology stocks led the charge – though we also saw an increase in breadth within the market. In this environment, the strategy outperformed its benchmark, the Russell 3000 Growth Index, led by strong stock selection, particularly within information technology, industrials, health care, and consumer discretionary. Selection within communication services modestly detracted during the period.

The aim of the mandate is to minimize the impact of economic fluctuations by investing in secular growers with defensible moats and high, sustainable returns. We will continue to focus our investments in companies with 1.) high and long-duration growth, 2.) high and/or improving capital returns, and 3.) an ownership culture. The growth profiles for many of the companies held in the strategy are supported by long-tailed themes, and we explicitly take prior-cycle downside capture into account within our risk framework. Within our themes we prioritize above market growth across a cycle and seek companies that can grow with a narrow-range of operational and financial outcomes. Taking it a step further, we are attracted to companies with low capital intensity, long-term customer contracts (often with price escalators built in), wide barriers to entry, a lack of customer concentration, and they typically operate in oligopoly markets (2-3 player markets). This framework has served the strategy well in the past, and we expect it to continue to do so into the future.

As far as what has occurred thus far in 1Q24, technology continues to lead the way though there has been a notable increase in breadth within the market (our expectation is this continues). What should continue to widen leadership going forward will be pockets or areas of earnings growth outside of mega cap technology names – including but not limited to Boston Scientific (Health Care) Trane Technologies (Industrials), Uber (Industrials) and Live Nation (Communication Services).

## Commentary

### **Lululemon Athletica (LULU):**

- Retailer Lululemon provides products and experiences for consumers seeking a healthy lifestyle.
- According to the CDC, the percentage of time spent on exercise expanded from 14% to 24% between 1998 and 2018. Lululemon, a leader in athletic apparel, should continue to benefit from this trend.
- The company is expanding its offerings, including footwear and men's apparel, and new categories such as hiking, golf, and tennis.

### **CoStar Group (CSGP):**

- CoStar, the dominant information provider for the commercial real estate industry, offers data, tools, listings, and online marketplaces.
- CoStar is used for 80% of all commercial real estate transactions.
- Its top-line growth has been in the mid- to high-teens (primarily organic), with projected earnings growth of 20% over the next two years.
- Its balance sheet has \$4.5 billion in net cash earmarked for M&A.
- We have conviction in the durability of growth and underlying fundamentals of the business.

### **IDEXX Laboratories (IDXX)**

- IDEXX is an animal health care company specializing in diagnostic testing, including in-office testing kits for veterinarians.
- The company has a 70% share of point-of-care veterinary facilities and has been growing its earnings at double-digit rates.
- IDEXX's testing kits, components, and supplies — many of which are disposable items — generate a healthy level of recurring revenue.
- IDEXX operates in a three-player oligopoly market, and the company has spent more on R&D over the past five years than its competitors combined.

### **Danaher (DHR)**

- Danaher manufactures and sells equipment, consumables, and services as part of its extensive health-care offerings. Next-generation therapeutics are becoming an increasingly larger part of its business and growth.
- Danaher is one of the few global life science tools companies able to offer differentiated end-to-end solutions for its customers.
- The company's offerings are especially beneficial as the biopharma industry evolves and the next generation of therapeutics come to market. These include cell/gene therapies, biosimilars, and mRNA vaccines/therapies.
- Many other qualities differentiate Danaher from its peers, such as its efficient operating system and its highly recurring revenue profile (more than 75% of revenue is recurring).

### **Live Nation Entertainment (LYV)**

- Live Nation promotes, operates, and manages ticket sales for live entertainment.
- The company sits in an enviable spot as the global leader and toll-taker in a market that grows materially every year.
- It has over 20 of the top 25 global tours, a secondary ticketing market, double-digit sponsorship and advertising growth, and on-site fan monetization opportunities.
- It was in the eye of the pandemic storm, but we expect it to emerge stronger, with a higher level of profitability and an even greater competitive moat.

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Percentile rankings are from Morningstar Research Inc., an independent research firm, based on the Canada Fund US Equity category and reflect the performance of the Mackenzie US All Cap 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 US Equity funds for Mackenzie US All Cap Growth Fund for each period are as follows: one year – 1159; three years – 1022; five years – 866; ten years – 494.

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