

Mackenzie Bluewater Canadian Growth Balanced Fund

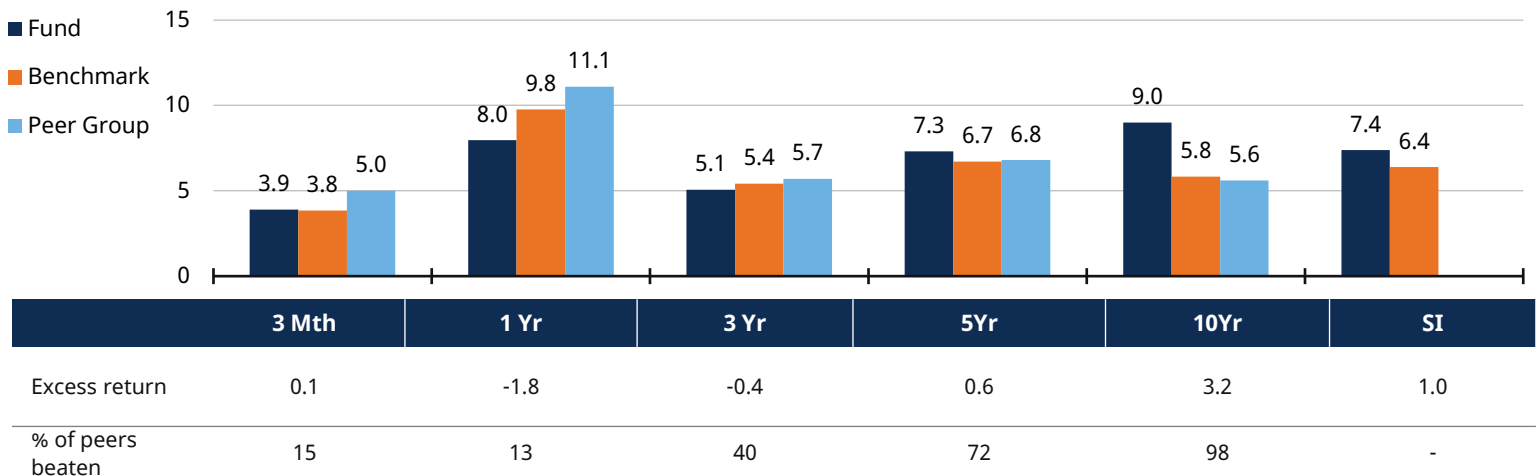
Fund snapshot

Inception date	12/06/1999
AUM (millions in CAD)	5588.1
Management Fee	0.70%
MER	0.95%
Benchmark	65% TSX Comp + 35% FTSE Univ
CIFSC Category	Canadian Equity Balanced
Risk Rating	Low-Med
Lead Portfolio Managers	Dina DeGeer, David Arpin, Steve Locke

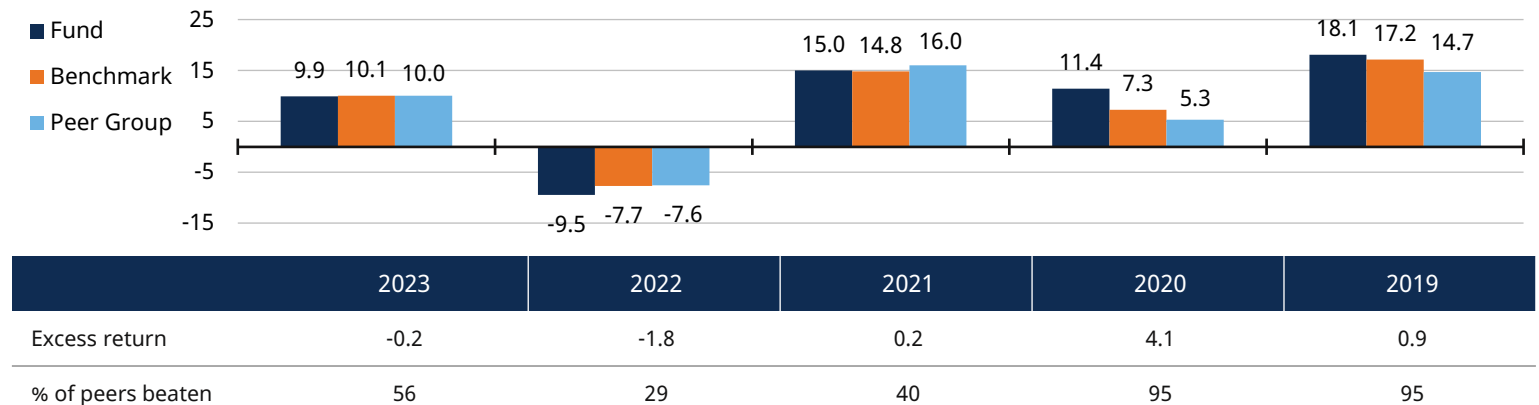
Strategy overview

- The Fund pursues long-term capital growth consistent with reasonable safety of capital and a steady flow of current income.
- The equity portfolio manager employs a company-focused investing style, seeking companies with strong management, good growth prospects and a solid financial position.
- The equity portfolio manager seeks to pay reasonable prices for the free cash flow growth that companies in the portfolio are expected to achieve.
- The fixed-income portfolio manager employs a value investment style. For high-quality bonds, the fixed-income portfolio manager analyzes macroeconomic factors, such as economic growth, inflation, and monetary and fiscal policy, in order to position the maturity and credit quality of the fixed-income portfolio for different stages in the economic cycle.
- The fixed-income portfolio manager analyzes securities that typically have a lower credit quality, such as high-yield debt securities, using a bottom-up approach to assess their valuation. This company-specific analysis focuses on stability of cash flows and recovery value of the debt instruments.

Trailing returns %



Calendar returns %



Portfolio characteristics

	Portfolio	Benchmark
Overall yield	4.1	3.4
Equity		
P/E 12m forward	23.7	15.0
Dividend yield	1.3	3.0
Net debt/EBITDA	1.8	2.8
EPS growth (FY E)	12.1	5.8
P/B	3.9	2.0
Fixed income		
Yield	4.9	4.2
Duration	7.2	7.1
Average credit quality	A	AA

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	10.3	10.4
Sharpe Ratio	0.2	0.3
Tracking Error	5.2	-
Information Ratio	-0.1	-
Alpha	0.0	-
Beta	0.9	-
Upside Capture (%)	95.6	-
Downside Capture (%)	96.5	-

Credit breakdown

Rating	Portfolio	Benchmark
AAA	8.6	41.6
AA	39.8	32.2
A	17.8	15.2
BBB	25.6	11.0
BB	6.0	-
B	1.8	-
CCC & Below	0.2	-
NR	0.3	-

Sector allocation

Sector	Portfolio (%)	Benchmark (%)	Relative weight (%)
Communication Services	0.9	2.1	-1.2
Consumer Discretionary	3.3	2.3	1.0
Consumer Staples	5.4	2.6	2.8
Energy	-	11.8	-11.8
Financials	14.9	20.3	-5.4
Health Care	2.2	0.2	2.0
Industrials	19.1	9.4	9.7
Information Technology	10.9	5.6	5.3
Materials	3.5	7.2	-3.7
Real Estate	2.4	1.5	0.9
Utilities	-	2.4	-2.4
Other	0.3	0.1	0.2

Country allocation

Country	Weight	Benchmark (%)	Relative weight
Canada	56.9	99.5	-42.6
United States	29.1	0.3	28.8
France	2.9	0.0	2.9
Mexico	0.5	0.0	0.5
United Kingdom	0.3	0.0	0.3
Singapore	0.1	0.0	0.1
Other	10.1	0.2	9.9

Asset allocation



	Portfolio (%)
Equity	62.6
Fixed Income	27.9
Cash	9.5

Top 10 equity holdings

Security name	Country	Sector	Weight
Intact Financial Corporation	Canada	Financials	3.4
Stantec Inc	Canada	Industrials	3.4
Aon Plc Class A	United States	Financials	3.2
Royal Bank of Canada	Canada	Financials	3.2
Schneider Electric SE	France	Industrials	3.0
Accenture Plc Class A	United States	Information Technology	2.8
Roper Technologies, Inc.	United States	Information Technology	2.7
CAE Inc.	Canada	Industrials	2.6
Microsoft Corporation	United States	Information Technology	2.6
Premium Brands Holdings Corp	United States	Consumer Staples	2.4

Equity - Attribution

	Sector	Portfolio Average Weight (%)	Portfolio Contribution to Return (%)
Contributors	Industrials	19.7	1.8
	Financials	14.0	1.1
	Information Technology	11.2	0.6
Detractors	Communication Services	1.0	0.0

Fixed Income - Attribution

	Sector	Portfolio Average Weight (%)	Portfolio Contribution to Return (%)
Contributors	Corporate	16.3	0.1
Detractors	Government	12.0	-0.4

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 outperformed the benchmark. Stock selection in Financials, Communication services and Real Estate contributed to performance whereas no allocation to energy was a headwind. From a geographic standpoint, allocation in France contributed to performance while security selection in the Canada 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 energy sector was a drag 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

Equity

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 (-11.8%) as we have no allocation to the sector and our largest sector overweight was Industrials (9.3%). 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.

Fixed Income

The first quarter of 2024 was marked by a reversal of the strong fixed income rally we saw across North American markets in the fourth quarter. Both the US and Canadian government bond curves sold off in near-perfect parallel fashion with yields across the US curve rising between 27-30bps and yields in Canada rising 22-28bps. The entire US yield curve (2s30s) remains inverted by 20bps with the Canadian curve considerably more inverted at -80bps. Most of this inversion of the Canadian curve is in the short end – 2s5s is inverted by 60bps – reflecting a high Bank of Canada policy rate against the backdrop of weakening economic metrics. The explanation for the reversal in yields can once again be attributed to stronger economic data.

We prefer to be invested in high-grade (low-beta) Corporate Bonds at the short end of the curve (2-5y but especially 2-3y) and prefer the Canadian over the US curve. With fragilities seemingly on the horizon in the Canadian market, led by the growing strains on consumers caused by mortgage resets, there is, in addition to the elevated yield, the potential for significant price appreciation.

8) Stock Examples

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 it's 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.

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 March 31, 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.

This document may contain forward-looking information which reflect our or third party current expectations or forecasts of future events. Forward-looking information is inherently subject to, among other things, risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed herein. These risks, uncertainties and assumptions include, without limitation, general economic, political and market factors, interest and foreign exchange rates, the volatility of equity and capital markets, business competition, technological change, changes in government regulations, changes in tax laws, unexpected judicial or regulatory proceedings and catastrophic events. Please consider these and other factors carefully and not place undue reliance on forward-looking information. The forward-looking information contained herein is current only as of March 31, 2024. There should be no expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.

The content of this commentary (including facts, views, opinions, recommendations, descriptions of or references to, products or securities) is not to be used or construed as investment advice, as an offer to sell or the solicitation of an offer to buy, or an endorsement, recommendation or sponsorship of any entity or security cited. Although we endeavour to ensure its accuracy and completeness, we assume no responsibility for any reliance upon it.

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 Equity Balanced category and reflect the performance of the Mackenzie Canadian Growth Balanced 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 Equity Balanced category funds for Mackenzie Canadian Growth Balanced Fund for each period are as follows: one year - 334 ; three years - 323 ; five years - 294 ; ten years - 214.

© 2024 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Morningstar data is shown as of the most recent reporting period by each fund family. Allocations may not equal 100% and will vary overtime. Assets contained within "Other" category are not classified by Morningstar. All information presented in this tool is for informational purposes only and is not intended to be investment advice. The information is not meant to be an offer to sell or a recommendation to buy any investment product. Unless otherwise noted, performance is shown before sales charge.

All information is historical and not indicative of future results. Current performance may be lower or higher than the quoted past performance, which cannot guarantee results. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes. Performance may not reflect any expense limitation or subsidies currently in effect. Short-term trading fees may apply. To obtain the most recent month-end performance, visit [Morningstar.com](https://www.morningstar.com).

This material is for informational and educational purposes only. It is not a recommendation of any specific investment product, strategy, or decision, and is not intended to suggest taking or refraining from any course of action. It is not intended to address the needs, circumstances, and objectives of any specific investor. Mackenzie Investments, which earns fees when clients select its products and services, is not offering impartial advice in a fiduciary capacity in providing this sales and marketing material. This information is not meant as tax or legal advice. Investors should consult a professional advisor before making investment and financial decisions and for more information on tax rules and other laws, which are complex and subject to change.