

Mackenzie Canadian Small Cap Fund

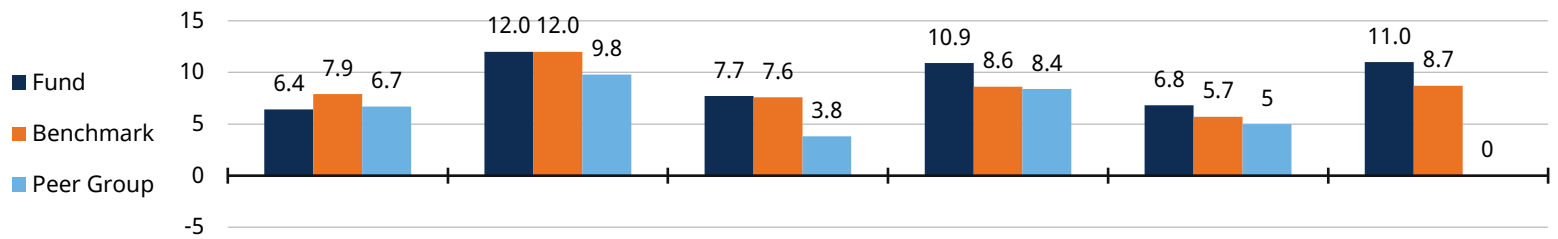
Strategy snapshot

Inception date	06/05/2009
AUM (millions in CAD)	166.5
Benchmark	S&P/TSX Completion
Lead portfolio manager	Scott Carscallen, Dongwei Ye
Investment exp. since	1994, 2003
Target # of holdings	-

Strategy Overview

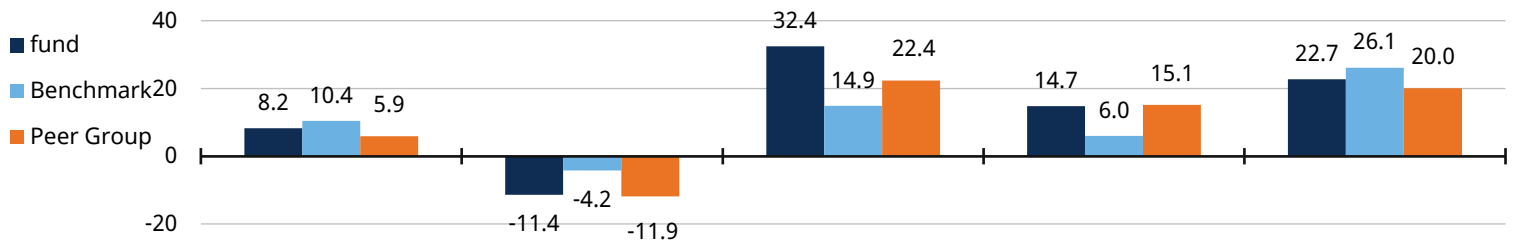
- Managed by an experienced investment team offering focused and specialized Canadian small cap expertise
- Small cap investment opportunities can enhance potential for returns and add diversity

Trailing returns %



	3 Mth	1 Yr	3 Yr	5Yr	10Yr	SI
Excess return	-1.5	0.0	0.1	2.3	1.1	2.3
% of peers beaten	36	57	76	72	75	NA

Calendar returns %



	2023	2022	2021	2020	2019
Excess return	-2.2	-7.2	17.6	8.8	-3.4
% of peers beaten	60	47	92	60	51

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	53.0	164.0
% top 10 holdings	32.7	23.3
Weighted average market cap	4,993.6	8,815.8
EPS growth (FY E)	29.5	-9.2
Dividend yield	1.6	2.4
FCF margin	9.9	0.5
P/E Trailing 12M	21.2	13.6
P/E (forecast)	16.8	13.3
Net debt/EBITDA	2.2	2.4
ROE (latest FY)	11.1	10.5

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	14.7	14.0
Sharpe Ratio	0.4	0.4
Tracking Error	7.2	-
Information Ratio	0.0	-
Alpha	0.5	-
Beta	0.9	-
Upside Capture (%)	98.0	-
Downside Capture (%)	96.7	-

Regional breakdown

Region	Weight	Relative weight
Canada	99.0	-1.0

Sector allocation

Sector	Weight	Relative weight
Communication Services	0.0	-1.0
Consumer Discretionary	8.3	5.9
Consumer Staples	0.9	-1.9
Energy	13.3	-5.1
Financials	13.0	-2.3
Health Care	1.3	-0.5
Industrials	32.4	13.6
Information Technology	8.1	3.4
Materials	7.7	-11.3
Real Estate	14.0	4.8
Utilities	0.0	-6.8

Country allocation

Country	Weight	Relative weight
Canada	100.0	-1.0
Other	0.0	101.0

Currency exposure

Region	Gross	Benchmark
CAD	100.0	100.0
USD	0.0	0.0

Top 10 holdings

Security name	Country	Sector	Weight
Boyd Group Services Inc	Canada	Industrials	3.8
Descartes Systems Group Inc.	Canada	Information Technology	3.6
EQB Inc	Canada	Financials	3.4
Element Fleet Management Corporation	Canada	Industrials	3.4
Stantec Inc	Canada	Industrials	3.3
Colliers International Group Inc.	Canada	Real Estate	3.3
Savaria Corporation	Canada	Industrials	3.2
Definity Financial Corp.	Canada	Financials	3.1
ADENTRA Inc	Canada	Industrials	2.7
Stella-Jones Inc.	Canada	Materials	2.6

Security level contributors and detractors

	Security	Average Relative weight (%)	Allocation Effect (%)	% contribution to return
Contributors	ADENTRA Inc	2.3	0.5	0.6
	Aritzia, Inc.	1.4	0.3	0.6
	Trisura Group Ltd.	1.9	0.3	0.5
Detractors	Park Lawn Corporation	1.7	-0.4	-0.3
	Richelieu Hardware Ltd	2.2	-0.5	-0.3
	ATS Corporation	2.0	-0.5	-0.5

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)
Contributors	Industrials	15.0	0.0	0.0
	Energy	-6.0	-0.5	0.0
	Consumer Discretionary	5.6	0.1	0.0
Detractors	Consumer Staples	-1.8	0.2	0.0

Commentary

For Q1 2024, the Mackenzie Canadian Small Cap Fund posted a gain of 6.7%, This compares with the S&P/TSX Small Cap Total Return Index gain of 7.9%.

Our portfolio generated solid returns in Q1, as better stock picks in industrial sector names like Adentra and Ag Growth all benefitted from strong industry tailwinds and better operations.

Consumer discretionary names all delivered operating results better than feared, showing the underlying strength of consumer spending, Aritzia and Sleep Country both enjoyed a relief rally.

Expectations of monetary easing and rate cuts have boosted gold prices, hitting a new record. Falling OPEC oil output also supported a rebound of oil prices. Both material and energy sectors were strong performers for the quarter.

Portfolio had lower energy weight and did not fully participate in the rally.

Portfolio had lower weights in gold names but positive stock selections partially offset the underweight.

Industrial REIT holdings took a pause as earnings take time to catch up. Returns were moderate in the quarter despite overall market rally.

During the quarter we Advantage Energy, Cargojet, Freehold Royalties and iShares S&P/TSX Capped Energy ETFs to the fund.

During the quarter we sold iShare S&P/TSX COMPLETION ETF from the Fund.

First quarter of 2024 started on a strong note, carrying the momentum built since the October lows. Investment sentiment was buoyed by moderating inflation prints and the prospect of multiple rate cuts as early as in April. The recovery was broad based early on with financials and consumer discretionary leading the rally, then followed by energy and the material sectors catching up due to supply disruption caused by regional conflicts. The holiday season spending was better than feared, and a few retailers have enjoyed a relief rally. The appetite for gold stocks has also returned as expectations of monetary easing and rate cuts have boosted gold prices, which hit a new record. Small caps reacted favorably on risk-on days, closing the gap with its large cap peers. Based on recent earnings reports, many small caps are demonstrating resilience in an environment of high interest rates and slowing economic activities.

As the year progresses, we have noticed some sizable shifts in macro drivers: first, US economic data has been stronger than expected, however, that has not translated into earnings forecasts revisions for many small caps. Second, strong economic growth has reduced the odds for an early rate cut, higher for longer looks more like a feasible outcome. Third, after two years of strong immigration growth, the pace of growth has moderated, and we will see a reduction in student immigration to Canada due to visa cap. This has put pressure on sectors that are more sensitive to population growth. Housing starts have been moderate, home sales activity has yet to fully recover and the strong rent growth will be hard to repeat this year. We no longer have the view that REITs, especially multi-family, and Industrial REITs will keep enjoying the same tailwinds as they did in the past. On a positive note, Companies with bigger exposure to the US market are in better shape than its Canadian peers.

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.

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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 Small/Mid Cap Equity category and reflect the performance of the Mackenzie Canadian Small Cap 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 Small/Mid Cap Equity funds for Mackenzie Canadian Small Cap Fund for each period are as follows: one year –188; three years –181 ; five years – 164 ; ten years – 122 .

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