MACKENZIE
FuturePath

| Commentary

Mackenzie FuturePath Global Core Fund

Mackenzie FuturePath US Core Fund

Mackenzie Global Equity & Income Team

Darren McKiernan Head of Team, Senior Vice President, Portfolio Manager

Katherine Owen Vice President, Portfolio Manager

Dave Chan Vice President, Portfolio Manager

James Barnby AVP, Portfolio Manager

Highlights:

- Mackenzie **FuturePath Global Core Fund** (Series PA) returned -0.1% in Q4 2025 and trailed the MSCI World's 1.6% return. The Fund delivered a solid 11.0% absolute return in 2025 but lagged the MSCI World benchmark by 443 basis points, reflecting a very difficult year for quality-oriented investors.
- Similarly, **Mackenzie FuturePath US Core Fund** (Series PA) returned 0.3% in Q4 2025 and trailed the S&P 500's 1.1% return. The Fund delivered a solid 10.2% absolute return in 2025 but lagged the S&P 500 benchmark by 219 basis points.
- Returns were impacted by sector and style headwinds as markets continued to favor AI-related, momentum-driven, and lower quality names.
- We remain committed to our long-term investment philosophy focused on quality and durability, viewing periods of style headwinds and market dislocation as a normal part of investing cycles and often an opportunity – while being adaptive of how changes in market structure can influence shorter-term outcomes.

Reviewing 2025's "post-mortem", we started out the year in good shape, as the release of DeepSeek's LLM (large language model) in January triggered dislocation to the world's AI leaders. The emergence of a competitive China-based AI model threatened the supremacy of ChatGPT and the brute force compute ecosystem that supported US-based LLMs and hyper-scalers. This was followed by market nervousness around tariff uncertainty that favored our more defensive, quality focused mandate. We gave back that outperformance and then some since Liberation Day, as the portfolio failed to keep pace with the rebound in the market that has been led by a concentrated group of perceived AI "winners" along with a fair amount of lower-quality, value-tilted companies. To give some perspective on the AI trade: in the nine months or so since April 2, the semis and related equipment stocks have outperformed the US market by more than 65 percentage points on an equally weighted basis. That's their biggest run over that timeframe since the aftermath of the dotcom bubble in 2003 and trounces the +27 points of outperformance delivered by all momentum stocks over the past 9 months. These perceived AI winners were of course a big part of the momentum trade the last few years as the top 1/3 of companies with the best momentum outperformed the bottom one-third by roughly 60%, following nearly 40% outperformance in 2024.

On the other end of the spectrum, quality as a factor experienced its weakest relative performance going back 35 years when the factor first began being measured. Looking at what drove global markets beyond technology last year, non-US stocks actually had their strongest relative performance vs the US since 1993, driven by the European and Canadian equities. The shift in monetary and fiscal policy buoyed European stocks (particularly banks) and Canada was driven by banks and mining stocks, which now make up almost 19% of the TSX benchmark. (As a reminder, the fund has consciously never owned any Canadian equities to avoid ownership overlap with our clients' Canadian investments). The Financials sector was up over 23% in 2025. European banks and commodity-oriented businesses historically sat at the lower end of the quality curve and have never been a core focus on the Fund. The changes for the expectations for

growth in Europe and the direction of travel with US interest rates generated significant outperformance in the global money center banks. A weaker US dollar, down about 10% vs other currencies over the year, further supported non-US returns as concerns about government deficit spending increased.

With 2025 in the rearview mirror, investors can rightly ask what if anything are we doing about our investment style or processes to avoid continued underperformance? We see no reason to abandon a long-term approach that has served the portfolio well across cycles. Our focus on paying appropriate prices for industry leaders is because over time it has generated the sort of risk-adjusted returns that this mandate is meant to deliver. What gives us confidence our "style" will work again? Because above average businesses tend to grow faster than their competition, generate higher returns on less capital, and generate superior free cash flow which ultimately gets converted into shareholder value and investment performance. Today the portfolio trades at roughly the same valuation as the market (despite typically trading at a premium) while offering higher projected earnings growth, a higher dividend yield and dividend growth rate; it generates far superior ROE and ROIC and is more profitable than the benchmark. After a historically tough year for quality-focused investors, we like our odds going forward. Now is not the time to overhaul our investment philosophy and remain confident in the long-term positioning of the portfolio.

That said, there are areas where we continue to evolve: things that we believe can and should be better. Markets today are increasingly influenced by systematic strategies, factor-based investing and shorter-term market participants. In other words, active managers who still believe in fundamental research must adapt to a market where roughly two-thirds of price action is driven by quantitative funds, algorithms, and retail traders. Fundamentals still matter—but how and when they are reflected in prices have changed. The edge increasingly comes from understanding **why a stock is mispriced today and what will change investor perception tomorrow**, not simply identifying intrinsic value, investing, and moving on. Markets have shifted away from being purely bottoms-up and long-term driven. Investor bases are more short-term, factor-aware, and momentum-sensitive. This creates persistent mispricing, particularly when negative momentum or short-term issues make stocks temporarily unownable to a vast cohort of market participants, even if long-term earnings power remains intact. Negative momentum can exacerbate selloffs, while the inflection from negative to stabilizing —often subtle—can itself be a powerful catalyst as short-term constraints ease.

Successful fundamental investors must therefore deeply understand **who owns the stock**, what data they are reacting to (estimate revisions, factor exposures, overhangs, etc.), and what signals might drive a change in perception—rarely a single event, but often a combination of slowing negative momentum, cyclical shifts, or improving company specific fundamentals. Growth can represent value when earnings power compounds and rerates over time, even if the stock never screens as statistically cheap. Our team have long viewed valuation, quality and growth as part of the continuum rather than in isolation. Maintaining flexibility around that spectrum allows us to identify opportunities across a wide range of businesses while remaining anchored in quality and risk-adjusted returns. We believe this approach positions the portfolio well, should market leadership broaden or uncertainty increase, and remain optimistic about the long-term prospects for our quality-focused investment style and look forward to better times ahead.

What changes have we made to Mackenzie FuturePath Global Core Fund?

We initiated a position in **NextEra Energy** during the quarter. Approximately 70% of assets and earnings are derived from Florida Power & Light (FPL), the largest regulated electric utility in the U.S., which has consistently delivered top decile returns on equity under a constructive regulatory framework. FPL's cost structure is structurally advantaged, supporting customer affordability and continued reinvestment. The remaining ~30% of earnings come from NextEra Energy Resources, a long-standing leader in large-scale power generation assets. Together, the businesses position NextEra to benefit from rising electricity demand driven by grid modernization and technology-related load growth. The combination of regulated stability and operating efficiency allows the company to grow faster and earn higher returns than most utilities, while also providing an attractive ~3% dividend yield.

We sold **Marsh & McLennan** during the quarter due to a more challenging P&C pricing environment and increased competition in M&A advisory, which have pressured near-term growth. Marsh operates as an insurance broker and does not assume underwriting risk, but its commission-based revenue model is sensitive to insurance pricing cycles. While Marsh remains a high-quality business with deep client relationships and global scale, we believe near-term growth headwinds outweigh the current opportunity and see more attractive risk-reward elsewhere in financials.

We exited our position in **AT&T** during the quarter. While AT&T executed well operationally, supported by wireless subscriber gains and a differentiated fiber-to-the-home strategy, the investment backdrop changed. Slowing industry subscriber growth, an upcoming smartphone cycle that could prompt more aggressive competitive behavior from weaker

peers, and AT&T's decision to pursue additional spectrum through acquisition altered the capital allocation profile and reduced the margin of safety embedded in our original thesis. With the risk-reward less compelling, we chose to redeploy capital elsewhere.

What changes have we made to Mackenzie FuturePath US Core Fund?

We initiated a position in **NextEra Energy** during the quarter. Approximately 70% of assets and earnings are derived from Florida Power & Light (FPL), the largest regulated electric utility in the U.S., which has consistently delivered top decile returns on equity under a constructive regulatory framework. FPL's cost structure is structurally advantaged, supporting customer affordability and continued reinvestment. The remaining ~30% of earnings come from NextEra Energy Resources, a long-standing leader in large-scale power generation assets. Together, the businesses position NextEra to benefit from rising electricity demand driven by grid modernization and technology-related load growth. The combination of regulated stability and operating efficiency allows the company to grow faster and earn higher returns than most utilities, while also providing an attractive ~3% dividend yield.

We initiated a position in **Primerica** shortly following quarter-end. Primerica is built around a clear mission: helping families become more confident, informed, and financially independent through a unique and highly differentiated go-to-market model that allows partners to grow alongside the platform. Primerica's large, relationship-driven network of advisors creates a scalable and efficient way to reach households through trusted, ongoing engagement. As this network expands and relationships deepens, asset growth compounds – creating a shared growth dynamic for partners in the ecosystem.

Growing alongside Primerica has played an important role in Mackenzie's asset growth, reflecting the strength and reach of the advisor community. Working closely with Primerica advisors has given us a real appreciation for the passion, professionalism, and care that go into helping families and individuals build stronger financial futures. The shared focus on education, protection, and long-term outcomes creates momentum we're proud to be part of. The combination of a unique culture, strong advisor community, a clear purpose, and a high-quality business creates a compelling long-term growth story. This is why we initiated a position in the stock and view Primerica as a durable business with the potential to create lasting value for clients, advisors, and shareholders.

We exited our position in **AT&T** during the quarter. While AT&T executed well operationally, supported by wireless subscriber gains and a differentiated fiber-to-the-home strategy, the investment backdrop changed. Slowing industry subscriber growth, an upcoming smartphone cycle that could prompt more aggressive competitive behavior from weaker peers, and AT&T's decision to pursue additional spectrum through acquisition altered the capital allocation profile and reduced the margin of safety embedded in our original thesis. With the risk-reward less compelling, we chose to redeploy capital elsewhere.

Performance

	1M	3M	6M	1Y	3Y	Since inception*
Mackenzie FuturePath Global Core Fund – Series PA	0.4	-0.9	5.6	6.3	16.4	17.1
MSCI World	1.3	0.3	9.7	11.8	20.2	21.1
Mackenzie FuturePath US Core Fund - Series PA	1.2	-1.5	7.1	6.9	19.9	20.1
S&P 500	0.6	-1.2	8.2	8.8	22.0	20.4

Source: Morningstar Direct (3-year and since inception returns are annualized as of January 31, 2026)

*Mackenzie FuturePath Global Core Fund inception was on July 6th, 2022. Mackenzie FuturePath US Core Fund inception was on July 6th, 2022.

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 January 31, 2026, including changes in security value and reinvestment of all distributions and do 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 investment products that seek to track an index.

This document includes forward-looking information that is based on forecasts of future events as of January 31, 2026. Mackenzie Financial Corporation will not necessarily update the information to reflect changes after that date. Forward-looking statements are not guarantees of future performance and risks and uncertainties often cause actual results to differ materially from forward-looking information or expectations. Some of these risks are changes to or volatility in the economy, politics, securities markets, interest rates, currency exchange rates, business competition, capital markets, technology, laws, or when catastrophic events occur. Do not place undue reliance on forward-looking information. In addition, any statement about companies is not an endorsement or recommendation to buy or sell any security.

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.

The rate of return is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or returns on investment in the mutual fund.