Mackenzie Cundill Canadian Security Fund

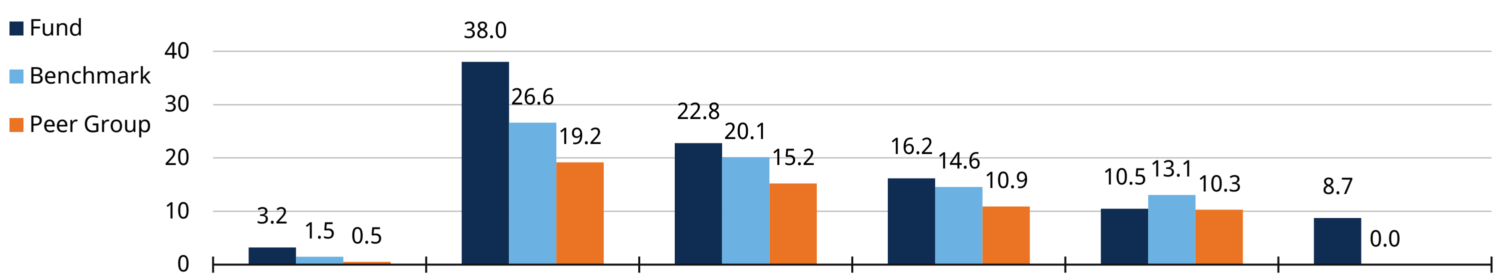
Fund snapshot

Inception date	12/06/1999
AUM (millions in CAD)	499.5
Management Fee	0.75%
MER	0.99%
Benchmark	BLEND 60% TSX + 40% MSCI W
CIFSC Category	Canadian Focused Equity
Risk Rating	Medium
Lead portfolio manager	Richard Wong
Investment exp. Since	1994
Target # of holdings	45-75

Strategy Overview

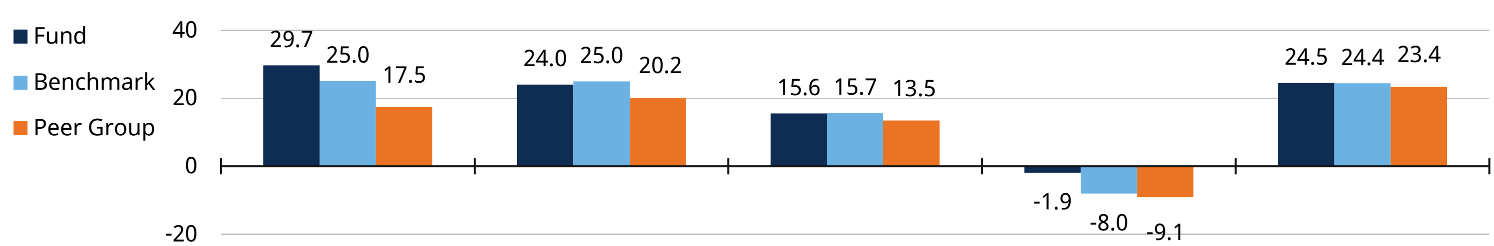
- A Canadian focused portfolio that is diversified by sector and geography including a significant global exposure
- Strictly adheres to a value investment style, buying undervalued, out-of-favour businesses that have identifiable catalysts for improvement
- A thorough understanding of the macro landscape helps determine the optimal allocation between cyclical value, deep value and quality value businesses

Trailing returns (%)



	3 Mth	1 Yr	3 Yr	5Yr	10Yr	SI
Excess return	1.7	11.4	2.7	1.6	-2.6	8.7
% of peers beaten	78	95	94	98	58	NA

Calendar returns (%)



	2025	2024	2023	2022	2021
Excess return	4.6	-1.0	-0.1	6.2	0.1
% of peers beaten	96	76	66	85	65

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	71	1,450
% top 10 holdings	30.6	23.0
Weighted average market cap	202,131.9	553,346.4
EPS growth (FY E)	18.8	21.2
Dividend yield	2.1	2.0
FCF margin	16.0	15.6
P/E Trailing 12M	16.5	20.4
P/E (forecast)	14.8	17.3
Net debt/EBITDA	2.0	1.6
ROE (latest FY)	14.5	16.3

Sector allocation (%)

Sector	Portfolio	Benchmark	Relative Weight
Financials	26.7	25.2	1.5
Energy	11.8	12.9	-1.1
Materials	10.2	13.1	-2.9
Industrials	13.9	10.8	3.1
Information Technology	12.6	14.7	-2.1
Communication Services	2.4	4.6	-2.2
Utilities	-	3.4	-3.4
Consumer Staples	5.8	4.3	1.5
Consumer Discretionary	6.0	5.6	0.4
Real Estate	1.8	1.6	0.2
Health Care	7.2	4.0	3.2
Other	1.6	-0.2	1.8

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	12.4	10.1
Sharpe Ratio	1.5	1.6
Tracking Error	4.5	-
Information Ratio	0.6	-
Alpha	0.1	-
Beta	1.2	-
Upside Capture (%)	116.7	-
Downside Capture (%)	126.9	-

Country allocation (%)

Country	Portfolio	Benchmark	Relative Weight
Canada	60.2	61.4	-1.2
United States	28.2	28.6	-0.4
France	4.4	1.0	3.3
Netherlands	2.0	0.5	1.4
Japan	1.9	2.3	-0.4
Germany	1.3	0.9	0.4
Other	2.0	5.3	-3.3

Regional breakdown (%)

Region	Portfolio	Benchmark	Relative Weight
Canada	60.2	61.4	-1.2
United States	28.2	28.6	-0.4
International	10.1	10.1	-
Other	1.5	-0.1	1.6

Currency exposure (%)

Region	Gross	Benchmark
CAD	63.1	61.4
USD	29.1	28.6
Other	7.9	9.9

Top 10 holdings

Security name	Country	Sector	Weight (%)
Royal Bank of Canada	Canada	Financials	3.9
Atkinsrealis Group Inc.	Canada	Industrials	3.3
Enbridge Inc.	Canada	Energy	3.2
Suncor Energy Inc.	Canada	Energy	3.1
Agnico Eagle Mines Limited	Canada	Materials	3.1
Toronto-Dominion Bank	Canada	Financials	3.1
Fairfax Financial Holdings Limited	Canada	Financials	2.7
Citigroup Inc.	United States	Financials	2.6
Finning International Inc.	Canada	Industrials	2.5
Western Digital Corporation	United States	Information Technology	2.5

Security level contributors and detractors

	Security	Average Relative Weight (%)	Contribution To Return (%)
Contributors	Western Digital Corporation	3.0	1.5
	Sandisk Corporation	1.5	1.3
	Suncor Energy Inc.	0.6	0.7
Detractors	Workday, Inc. Class A	0.9	-0.4
	Accenture Plc Class A	1.8	-0.6
	Salesforce, Inc.	1.7	-0.7

Sector attribution relative to the benchmark

	Sector	Average Relative Weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Information Technology	0.6	0.1	4.2	4.3
	Consumer Discretionary	-0.2	0.0	0.3	0.4
	Consumer Staples	0.8	0.0	0.1	0.1
Detractors	Utilities	-3.2	-0.3	0.0	-0.3
	Financials	2.0	-0.2	-0.7	-0.8
	Energy	-1.8	-0.5	-0.6	-1.2

Commentary

Cundill Canadian Security

QFR Highlights

Q1 2026 was marked by geopolitical shocks and a sharp rotation in market leadership. Rising energy and commodity prices drove strength in asset-backed sectors, while technology and other capital-light businesses experienced severe multiple compression. While these shocks have temporarily delayed an otherwise improving global backdrop, we see the resulting valuation reset as creating compelling opportunities for us as value investors.

Market Overview

The first quarter of 2026 was defined by overlapping macro shocks and an exceptionally abrupt shift in market leadership. Geopolitical developments most notably the war in Iran and the temporary closure of the Strait of Hormuz—triggered sharp increases in energy and commodity prices and drove capital aggressively toward physical-asset sectors such as energy, materials, and defense. At the same time, software and other capital-light businesses experienced a historic repricing, as investors reassessed terminal values amid rising concerns around artificial intelligence disruption.

Canadian equity markets proved comparatively resilient during the quarter, reflecting their structural exposure to energy, materials, and financials. Strength in commodity-linked sectors supported relative performance and helped offset global equity weakness, particularly as oil and natural gas prices rose sharply following supply disruptions. Canadian financials also benefited from more stable earnings expectations and relatively attractive valuations, reinforcing Canada's positioning within this phase of the cycle. While geopolitical uncertainty remains elevated, the resulting dispersion and repricing are creating a broader opportunity set—particularly for investors focused on balance-sheet strength, tangible assets, and long-term intrinsic value.

Fund Performance

During the quarter, the fund outperformed the benchmark with Information technology, and consumer discretionary contributing to returns whereas energy and financials detracting from portfolio performance.

Security Contributors

Western Digital: Western Digital continues to benefit from the significant demand for storage. The industry remains disciplined, which benefits pricing and gross margins. We believe demand for storage will continue to grow for a long time driven by the exponential growth in AI data and video creation. Western Digital makes hard drives and the alternative to those is Solid State Drives, SSDs. The relative price of SSDs vs. hard drives has increased materially from 4 times two years ago to over 10 times now. Thus, the total cost of ownership of hard drives remains extremely attractive relative to SSDs.

Sandisk: AI investments continue to drive strong results at Sandisk. Sandisk is a pure play NAND memory manufacturer. Most competitors make both NAND and DRAM memory. The margins on DRAM memory remain more attractive so almost all incremental capex is going towards DRAM. For high throughput AI training and inference, NAND is a must and that has been driving significant demand. Even if the industry chooses to add capacity, there is limited clean room capacity globally to install new equipment. So, the demand/supply should remain attractive for a long time.

Finning International: Finning continues to execute in both Chile and Canada. Chile is benefiting from better copper prices, declining production grades. Trucks now must drive longer distances and move more material to get the same amount of copper from few years ago. All good for maintenance and fleet size. In Canada, we are seeing more potential investments in energy and infrastructure.

Security Detractors

Salesforce: Salesforce underperformed in the quarter. AI coding agents saw significant improvements in the quality and complexity of the output. The market is now struggling to assess the potential negative impact from these impressive AI coding agents on software's organic growth, operating margins and more importantly terminal values. The macro environment is also not supportive of aggressive customer investments. We are managing our position size during this transition to manage risk.

Accenture: Accenture underperformed in the quarter. IT budgets are shifting aggressively from traditional IT investments such as SaaS software and external IT services to internal software development. This is driven by the material improvement in AI coding agents over the past five months. This has put pressure on the growth outlook of IT services firms. The tough macro backdrop is not helping customers make long term investment decisions either. We are managing our position size during this transition to manage risk.

Outlook, Positioning

We entered 2026 with a constructive backdrop for the global economy. Fiscal stimulus across major economies, accommodative monetary policy, a recovery from last year's tariff shock, U.S. tax rebates supporting consumers, early signs of a traditional industrial recovery, and continued investment in AI infrastructure were all moving in the right direction.

The outbreak of conflict in Iran and the broader region has, of course, interrupted this trajectory. Some of this progress may be delayed. However, our base case remains that these underlying forces have not disappeared—they have simply been deferred. We expect them to reassert themselves as conditions stabilize. The key question is timing.

Valuations across parts of the portfolio, particularly cyclicals, have reset. We have selectively added to European industrials and U.S. consumer businesses. The materials sector is an area where we have established new positions. So overall we have been active buyers in recent weeks.

In our view, this combination of improving fundamentals alongside with more reasonable valuations continues to present a compelling opportunity for long-term investors.

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, 2026 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 Canadian Focused Equity category and reflect the performance of the Mackenzie Cundill Canadian Security Fund for the 3-month, 1-, 3-, 5- and 10-year periods as of March 31, 2026 . 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 Focused Equity category funds for Mackenzie Cundill Canadian Security Fund for each period are as follows: one year - 470 ; three years - 466 ; five years - 453 ; ten years - 346.

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. For more fund information, click the POS Documents link.

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