

# Mackenzie Bluewater Global Growth Balanced Fund

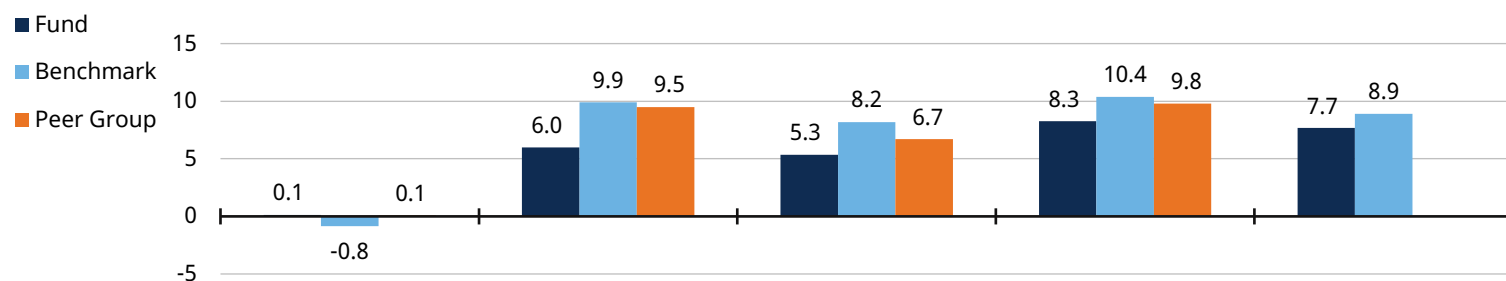
## Fund snapshot

Inception date	01/31/2019
AUM (millions in CAD)	734.4
Management Fee	0.75%
MER	1.01%
Benchmark	65% MSCI World + 35% GBMI (HgdCAD)
CIFSC Category	Global Equity Balanced
Risk Rating	Low-Med
Lead Portfolio Managers	David Arpin

## Strategy overview

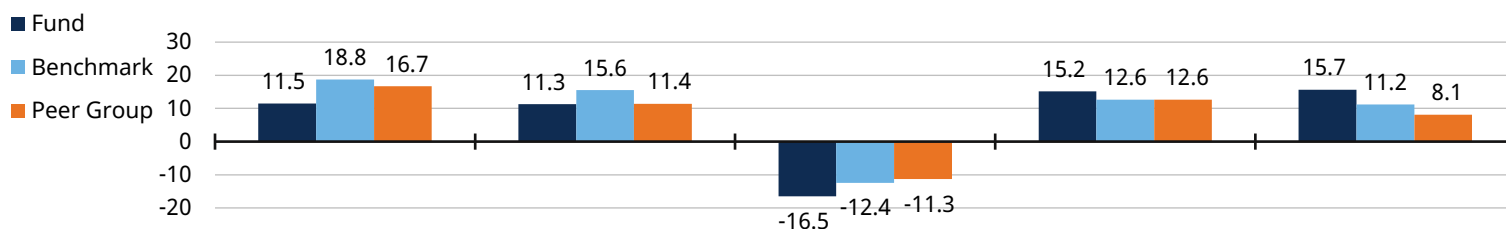
- The Fund seeks capital growth and current income by investing primarily in equity and/or fixed income securities anywhere around the world.
- The Fund will pursue this objective by investing in securities directly and/or by investing in other mutual funds. The asset allocation portfolio manager will adjust the percentage of the Fund invested in each asset class based on changes in the market outlook for each asset class.
- The equity portfolio manager employs a company-focused investment style, seeking companies with strong management, good growth prospects, and a solid financial position. Emphasis is placed on paying reasonable prices for the free cash flow growth that companies in the portfolio is expected to achieve.
- The fixed-income portfolio manager employs a flexible approach to meet its fixed-income objectives, allocating across credit quality, yields, structures, sectors, currencies, and countries.
- The Fund may invest up to 100% of its fixed-income exposure in any one sector, and can invest in all of its fixed-income exposure in all types of fixed income securities from around the world, including, but not limited to, high-yield corporate and government bonds, which are bonds that have a credit rating below investment grade (rated "BBB-" by a recognized credit rating organization) and are sometimes non-rated, investment-grade corporate and government bonds, convertible bonds, loans, and floating-rate instruments.

## Trailing returns %



	3 Mth	1 Yr	3 Yr	5 Yr	SI
Excess return	0.9	-3.9	-2.9	-2.1	-1.2
% of peers beaten	48	10	22	22	NA

## Calendar Returns %



	2024	2023	2022	2021	2020
Excess return	-7.3	-4.3	-4.1	2.6	4.5
% of peers beaten	9	49	7	83	99

## Portfolio characteristics

	Portfolio	Benchmark
Overall yield	4.0	3.1
Equity		
P/E 12m forward	28.7	18.8
Dividend yield	0.9	1.8
Net debt/EBITDA	1.1	0.8
EPS growth (FY E)	11.4	13.4
P/B	7.6	3.3
Fixed income		
Yield	4.3	3.9
Duration	6.9	6.5
Average credit quality	A	AA

## Performance metrics (3-year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	11.6	10
Sharpe Ratio	0.1	0.4
Tracking Error	3.3	-
Information Ratio	-0.9	-
Alpha	-3.4	-
Beta	1.1	-
Upside Capture (%)	101.2	-
Downside Capture (%)	126.3	-

## Credit breakdown

Rating	Portfolio	Benchmark
AAA	27.0	12.8
AA	31.2	50.6
A	12.0	23.0
BBB	18.5	13.7
BB	7.6	-
B	2.3	-
CCC & Below	0.9	-
NR	0.5	-

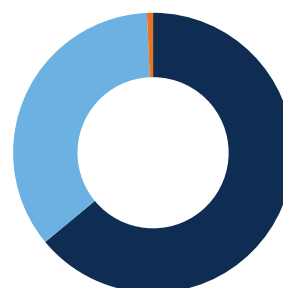
## Sector allocation

Sector	Portfolio (%)	Benchmark (%)	Relative weight (%)
Financials	8.8	11.3	-2.5
Energy	-	2.7	-2.7
Materials	4.7	2.2	2.5
Industrials	16.5	7.2	9.3
Information Technology	13.2	15.3	-2.1
Communication Services	2.5	5.2	-2.7
Utilities	-	1.8	-1.8
Consumer Staples	1.5	4.2	-2.7
Consumer Discretionary	7.5	6.6	0.9
Real Estate	-	1.4	-1.4
Health Care	9.3	7.2	2.1
Other	1.2	5.0	-3.8

## Country allocation

Country	Weight	Benchmark (%)	Active weight (%)
United States	57.7	59.8	-2.1
Canada	17.1	3.4	13.7
United Kingdom	6.2	4.1	2.1
France	4.1	3.8	0.3
Germany	3.6	3.2	0.4
Switzerland	3.0	1.9	1.1
Other	8.3	23.8	-15.5

## Asset allocation



	Portfolio (%)
Equity	64.0
Fixed Income	35.3
Cash	0.7

## Top 10 equity holdings

Security name	Country	Sector	Weight
Aon Plc Class A	United States	Financials	2.8
Roper Technologies, Inc.	United States	Information Technology	2.6
Waste Connections, Inc.	United States	Industrials	2.5
Apple Inc.	United States	Information Technology	2.5
Microsoft Corporation	United States	Information Technology	2.4
Alcon AG	Switzerland	Health Care	2.4
Compass Group PLC	United Kingdom	Consumer Discretionary	2.4
Verisk Analytics, Inc.	United States	Industrials	2.0
RELX PLC	United Kingdom	Industrials	2.0
Stryker Corporation	United States	Health Care	1.9

## Equity - Attribution

	Sector	Portfolio Average Weight (%)	Portfolio Contribution to Return (%)
Contributors	Financials	8.5	0.6
	Industrials	15.9	0.5
	Materials	4.4	0.3
Detractors	Consumer Discretionary	7.9	-0.2
	Communication Services	2.5	-0.3
	Information Technology	15.6	-1.1

## Fixed Income - Attribution

	Sector	Portfolio Average Weight (%)	Portfolio Contribution to Return (%)
Contributors	Government	18.1	0.4
	Corporate	13.8	0.2
	Bank Loan	0.8	0.0

## Commentary

### 1) QFR Highlights

During the quarter the fund returned -0.23% outperforming the MSCI World index by 1.69%. After a strong 2024, global equity markets provided mixed performance in the first quarter of 2025. Overall, it was a positive period for Fixed Income as yields fell during the period. The Bluewater strategies were well positioned entering this period of dislocation so have been able to be patient and not a forced seller.

### 2) Market Overview

The blended benchmark index (65% MSCI World + 35% MLGB Broad Market) returned -0.72% in the quarter.

#### Equity

In the quarter the financial and healthcare sectors contributed to returns, and with information technology and consumer discretionary detracted meaningfully. After a strong 2024, global equity markets provided mixed performance in the first quarter of 2025. The Canadian market was flat, the U.S. market sold off, while European markets were up sharply. The story of the quarter was unquestionably the new Trump administration in the United States. North American equity markets—and corporate management teams—had generally viewed Trump's election in late 2024 as a positive. As increasingly disruptive economic policies began to be first threatened and then erratically implemented, markets and managements have become more cautious.

#### Fixed Income

The first quarter of 2025 began with strong momentum behind the so-called “Trump Trades,” as markets reacted to the new U.S. administration's assertive stance on fiscal and trade policy. However, that initial optimism faded as the quarter progressed. Volatility in policy communication, heightened geopolitical tensions, and rising U.S. recession risks prompted a broader reassessment across global bond markets.

U.S. Treasuries saw significant volatility but ultimately rallied across the curve. The curve steepened as markets struggled to balance persistent inflation with increasing downside risks to growth. In Europe, the U.S. policy backdrop acted as a catalyst for a notable fiscal shift. The European Commission proposed close to €800 billion in defense-related spending, combining €150 billion in new EU-level issuance with €650 billion in national fiscal space.

### 3) Fund Performance

During the quarter the fund returned 0.41% outperforming the blended benchmark index by 1.12%.

#### Equity

Stock selection in the information technology and consumer discretionary sectors, and combined stock selection and overweight allocation to the industrials sector contributed to relative performance. Underweight allocation to the energy and consumer staples sectors detracted. From a geographic standpoint, stock selection in United States contributed to relative performance.

#### Fixed Income

Overweight G10, US, and Europe duration positioning, emerging market exposure, and underweight Japan duration contributed to performance. Overweight high yield, security spread (Quebec, TIPS, IG), and underweight France detracted from performance.

## Commentary

### **4) Security Contributors**

#### Roper Technologies

Roper Technologies is a diversified industrial technology company, specializing in software and engineered products across various sectors, including healthcare, transportation, and construction. It operates through a portfolio of businesses, providing innovative solutions such as diagnostic informatics, freight matching networks, and business management software.

The focus on compounding free cash flow growth and acquiring businesses with wide moats aligns well with the Bluewater philosophy. Their decentralised approach also allows for agility and specialists to run each businesses unit. During the quarter, Roper posted strong organic growth and has proven to be highly resilient to changing tariff policies given 85% of the business is in the US.

#### Waste Connections

Waste Connections is the third largest waste services provider in North America and the best operator in the industry. It's a defensive, recession-resilient business with a predictable and growing stream of free cash flow. The company focuses on secondary markets where it can achieve dominant positions through exclusive contracts or control of strategic infrastructure, leading to industry-leading margins and pricing power. We like it because it is completely insulated from tariffs, has a long track record of disciplined, value-creating M&A, and stands out as an idiosyncratic compounder in an otherwise uncertain macro environment. Waste Connection business model and strong pricing power proved highly resilient during the market dislocation that has occurred in 2025.

No allocation to mega cap tech names such as Nvidia and Tesla also contributed to relative performance as both stocks were down significantly during the quarter.

### **5) Security Detractors**

#### Gartner

Gartner is a global research and advisory firm that provides unbiased research to assist businesses in strategic decision making.

Our thesis is based on a highly recurring, high-retention revenue model with strong pricing power, minimal disruption risk, and inherent operating leverage from scalable content. Its trusted brand, global scale, and lack of real competition position it to compound free cash flow at double-digit rates over time.

#### Wolters Kluwer N.V.

Wolters Kluwer N.V. is a global provider of expert solutions, software, and intelligence tools for professionals in healthcare, tax & accounting, legal, compliance, and finance. We own Wolters Kluwer for its highly recurring, subscription-based business model (80% recurring), dominant market positions, and consistent organic growth, supported by deep, industry-specific content and workflow tools in law, health, and accounting.

Over the past two decades, the company has successfully transitioned to a fully digital model, driving higher margins and returns on capital, with a 12% FCF CAGR over the last 10 years. As digitization accelerates globally, Wolters Kluwer is well-positioned to grow its expert solutions embedded in critical customer workflows.

## Commentary

### **6) Portfolio Activities**

MSCI and Automatic Data Processing (ADP) are recent additions to the portfolio. MSCI Inc. is a financial data and analytics company best known for creating and maintaining indices which are benchmarks used globally by investors to track and allocate capital. Our investment in MSCI is based on the long-term demand for data, analytics, and custom indexes that we believe is only accelerating as capital markets grow more complex and data driven. With a strong competitive moat, high retention, proprietary content, and no exposure to supply chain or tariff risks, MSCI is a best-in-class compounder.

We initiated a new position in ADP given its mission-critical payroll business with exceptionally high switching costs and high client retention. ADP continues to leverage its dominant position to expand into higher-margin software offerings, enhancing both profitability and customer stickiness. Its scale, strong brand, and 90% recurring U.S.-based revenue provide stability, while its purchasing power delivers unique value to clients through cost-effective insurance and benefit solutions. In our view ADP is a long term compounder with a strong track record of execution.

### **7) Outlook and Positioning**

#### Equity

During volatile periods, the Bluewater team does not alter its core philosophy. Rather than relying on external factors, we emphasize the strength and resilience of the high-quality businesses within our strategies. We make prudent adjustments to portfolio weights to effectively manage risk and seize opportunities, all while maintaining a focus on the long-term compounding of client capital.

The Bluewater strategies were well positioned entering this period of dislocation so have been able to be patient and not a forced seller. One of the key benefits of managing concentrated portfolios is the ability to develop deep, fundamental knowledge of each company the strategies invest in. As the tariff situation continues to evolve, we will be closely monitoring its impact on both our current holdings and companies on our watchlist and actively evaluating opportunities that align with the Bluewater investment philosophy. As with most periods of market volatility, we expect market dislocations to present attractive investment opportunities.

#### Fixed Income

Looking ahead, Q2 is already setting up to be all about bilateral trade negotiations, and the 90-day pause only heightens the stakes. As trade flows become more politicized, monetary and fiscal policy will increasingly be deployed on a country-by-country basis. This fragmentation is likely to feed into bond markets, with US duration continuing to drive global yields. But with European yields rebounding, potentially on the back of fiscal expansion, global bond leadership may not be as unipolar as it has been in recent quarters.

Although the outlook is uncertain this doesn't imply a lack of opportunity. For the better part of two years credit spreads have been languishing at historically tight levels and credit spread volatility at or near all-time lows. Any continued resetting wider of credit spreads may be an opportunity to accumulate excellent long-term investments at attractive prices.

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, 2025 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 Global Equity Balanced category and reflect the performance of the Mackenzie Bluewater Global Growth Balanced Fund for the 3-month, 1-, 3-, 5- and 10-year periods as of March 31, 2025. 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 Global Equity Balanced category funds for Mackenzie Bluewater Global Growth Balanced Fund for each period are as follows: one year - 1,180 ; three years - 1,103 ; five years - 916 ; ten years - 532.

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