

# Mackenzie Bluewater Global Growth Balanced Fund

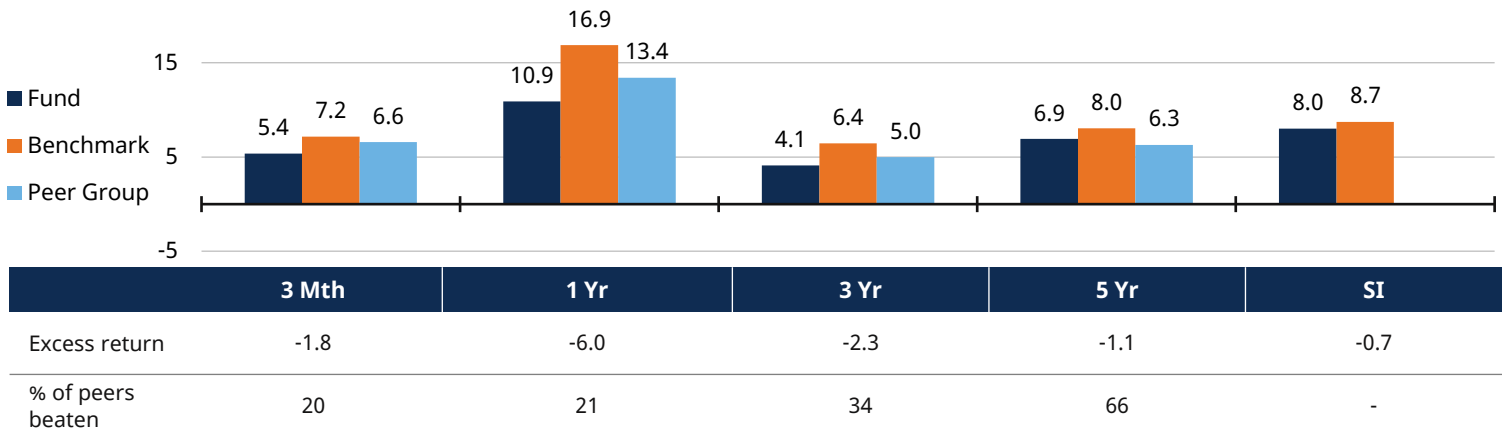
## Fund snapshot

Inception date	01/31/2019
AUM (millions in CAD)	825.3
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	Dina DeGeer, David Arpin, Steve Locke

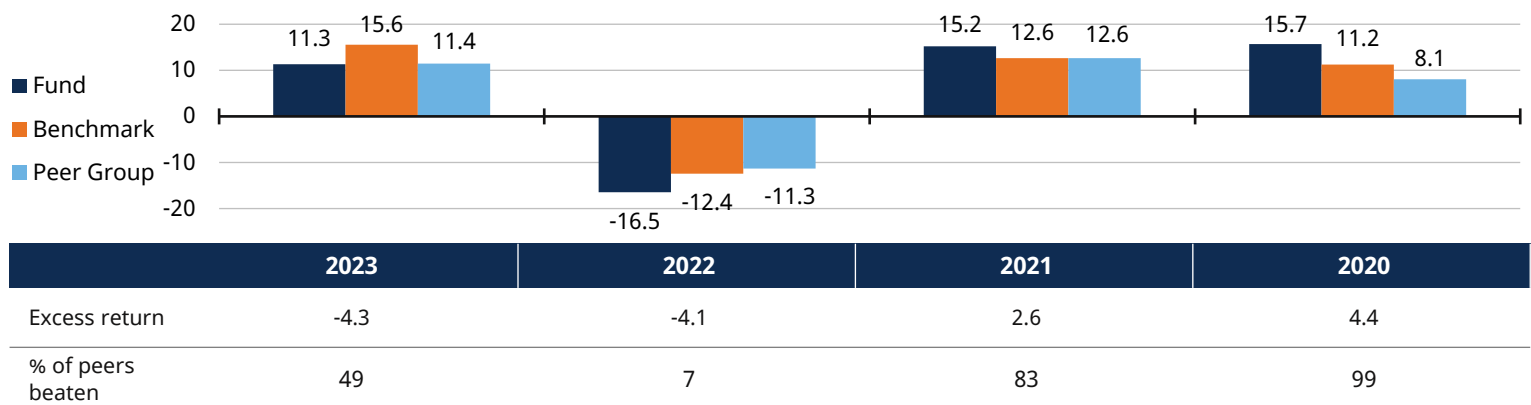
## Strategy overview

- 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 %



## Calendar Returns %



## Portfolio characteristics

	Portfolio	Benchmark
Overall yield	4.3	2.8
<b>Equity</b>		
P/E 12m forward	29.6	19.4
Dividend yield	0.9	1.8
Net debt/EBITDA	0.9	1.1
EPS growth (FY E)	11.4	43.3
P/B	6.9	3.2
<b>Fixed income</b>		
Yield	5.2	3.9
Duration	6.3	6.7
Average credit quality	A	AA

## Performance metrics (3-year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	12.8	10.1
Sharpe Ratio	0.1	0.4
Tracking Error	4.4	-
Information Ratio	-0.5	-
Alpha	-3.2	-
Beta	1.2	-
Upside Capture (%)	109.5	-
Downside Capture (%)	132.6	-

## Credit breakdown

Rating	Portfolio	Benchmark
AAA	14.2	12.7
AA	33.9	49.7
A	14.4	23.7
BBB	26.2	13.9
BB	6.6	-
B	3.0	-
CCC & Below	0.5	-
NR	1.3	-

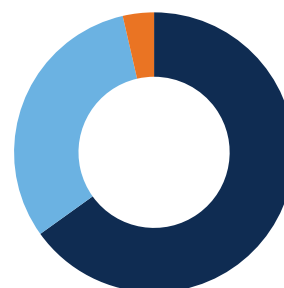
## Sector allocation

Sector	Portfolio (%)	Benchmark (%)	Relative weight (%)
Communication Services	2.3	4.9	-2.6
Consumer Discretionary	6.8	7.0	-0.2
Consumer Staples	3.8	4.2	-0.4
Energy	-	2.9	-2.9
Financials	8.5	10.0	-1.5
Health Care	7.4	7.8	-0.4
Industrials	12.3	7.3	5.0
Information Technology	20.1	15.4	4.6
Materials	4.0	2.5	1.5
Real Estate	-	1.5	-1.5
Utilities	-	1.6	-1.6
Other	0.6	4.9	-4.3

## Country allocation

Country	Weight	Benchmark (%)	Active weight (%)
United States	53.7	58.7	-5.0
Canada	18.9	3.3	15.5
France	7.3	4.1	3.2
Netherlands	3.4	1.6	1.8
Switzerland	2.6	1.9	0.7
Sweden	2.2	0.6	1.6
Other	11.9	29.9	82.1

## Asset allocation



	Portfolio (%)
Equity	64.9
Fixed Income	31.3
Cash	3.8

## Top 10 equity holdings

Security name	Country	Sector	Weight
Microsoft Corporation	United States	Information Technology	3.0
Aon Plc Class A	United States	Financials	2.9
Roper Technologies, Inc.	United States	Information Technology	2.7
Schneider Electric SE	France	Industrials	2.6
Linde plc	United States	Materials	2.6
Trane Technologies plc	United States	Industrials	2.4
Accenture Plc Class A	United States	Information Technology	2.3
Thermo Fisher Scientific Inc.	United States	Health Care	2.1
Progressive Corporation	United States	Financials	1.9
S&P Global, Inc.	United States	Financials	1.9

## Equity - Attribution

	Sector	Portfolio Average Weight (%)	Portfolio Contribution to Return (%)
Contributors	Industrials	11.6	1.6
	Information Technology	20.4	1.4
	Financials	8.1	1.1
Detractors	-	-	-

## Fixed Income - Attribution

	Sector	Portfolio Average Weight (%)	Portfolio Contribution to Return (%)
Contributors	Corporate	16.6	0.19
	Bank Loan	0.4	0.01
Detractors	Government	14.5	-0.25

## Commentary

### QFR Highlights

The U.S. Stock market had a great start to 2024 as optimism over the economy and interest rate cuts along with exuberance about business prospects in Artificial intelligence favoured positive momentum. The big economic backdrop question facing markets at this point is whether we are at the dawn of a new economic cycle, with a multi-year period of strong, synchronized global GDP growth ahead of us. We continue to believe that this favourable set-up is highly unlikely, as most major economies have yet to reset from the prior cycle.

### Fund Performance

During the period the fund underperformed its benchmark .Security selection in Information technology and Consumer discretionary detracted from performance while stock selection in Industrials and Materials added to performance. From a geographic standpoint, security selection in Italy and Netherlands contributed to performance whereas security selection in U.S. detracted from performance.

### Security contributors

There were a few holdings in the Financial, Information technology and Industrial sector that added meaningful returns to the fund.

Trane technologies offers a wide range of HVAC offerings. Its strong performance is attributed to robust organic bookings signalling growth across all segments.

Progressive Corporation is one of the largest motor insurance carrier in the U.S. The company insures passenger vehicles, motorcycles, RVs, trailers, boats, PWC, and commercial vehicles. The company has delivered double digit revenue and strong Free cash flow growth.

ASML Holdings specializes in the development and manufacturing of photolithography machines used to produce computer chips. They provide chipmakers with hardware, software, and services for mass producing patterns on silicon through lithography. The company delivered strong revenue growth in the period.

### Security detractors

Although the overall market rose, a few holdings declined. Apple , Nike and ON Semi Conductor detracted from performance.

### Portfolio activities

We exited our position in Synopsys and ON Semi Conductor Corp and added new positions in Communication Services and Information technology

### 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, Positioning

#### Equity

During the quarter, the fund has held positions in companies that have demonstrated resilience to economic slowdown and have underlying growth drivers. We added a position in Information technology and Communication services during the quarter.

Investment-wise, while AI offers promising prospects, in many cases the businesses attached to it carry inherent risks within rapidly evolving landscapes. The team's investment approach hinges on identifying key change enablers, businesses that are software and services focussed with a level of recurring revenue that avoids the cyclicality typically associated with hardware type businesses.

#### Fixed Income

The first quarter saw a notable shift in interest rate expectations, initially forecasting significant cuts but tapering to more moderate adjustments by March. Higher inflation early in the year, coupled with strong economic indicators, led to bearish sentiment in bonds. Riskier fixed-income assets like high yield and leveraged loans outperformed, while U.S. Treasuries faced negative returns. The quarter ended with credit spreads tightening across sectors, reflecting positive sentiment. Amidst economic resilience and inflation still above central banks' target of 2%, TIPS outperformed nominal bonds as expected. We maintain our strategic position in long-dated TIPS, anticipating that inflation, while potentially peaking, will remain above historical norms for an extended period. Global economies faced inflation shocks due to pandemic disruptions, followed by restoration of supply chains and energy price declines that moderated inflation. Variations in recovery pace and potential growth between regions, like the robust U.S. expansion versus Eurozone struggles, influenced central bank policies and market performance. European sovereign bonds outperformed U.S. Treasuries, driven by country-specific dynamics and differing inflation trends.

Our duration strategy includes positive stances in North America, especially Canada, and cautious approaches in regions with expected rate hikes like Japan. EM local rates are favored for carry and potential rate declines in Latin America. As Q1 ends and Q2 begins, rate volatility is expected to continue, guiding our opportunistic approach while closely monitoring global indicators and geopolitical events to manage risks and seize opportunities. 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.

### Stock Stories

**Aon Plc** :Aon is a professional services firm in the areas of insurance and risk mitigation for corporate clients. It is one of two large companies who can service clients on a global basis. The company is a low-risk capital compounder, grows top line at 5%-6% with margin expansion.

**Accenture** represents one of the best ways to invest in the roll out of AI and digital transformation, as it is virtually impossible to implement any of these strategies without the assistance of sophisticated technology consultants and implementation teams. With decades of accumulated intellectual property and significant investments in AI --Accenture has widened its moat over consulting peers and is set to benefit as businesses digitize in almost all respects in the coming decade.

**Trane technologies** offers a wide range of HVAC offerings. It provides building technology and energy solutions for commercial and industrial applications. Its strong performance is attributed to robust organic bookings signalling growth across all segments. The company has been allocating significantly to research and development initiatives, continuing its commitment to innovation.

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.

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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 Global 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 Global Equity Balanced category funds for Mackenzie Global Growth Balanced Fund for each period are as follows: one year - 1,182; three years - 1,024; five years - 932; ten years - 490.

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