

Mackenzie Bluewater Next Gen Growth Fund

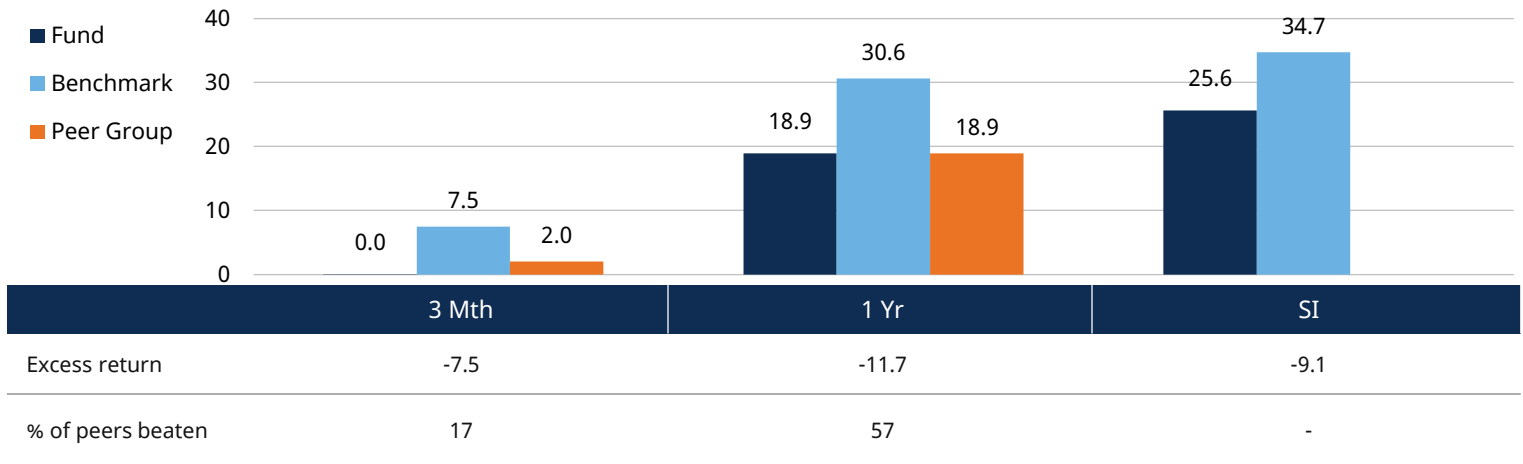
Fund snapshot

Inception date	10/17/2022
AUM (millions in CAD)	41.3
Management Fee	0.80%
MER	1.06%
Benchmark	MSCI World Growth
CIFSC Category	Global Equity
Risk Rating	Medium
Lead portfolio manager	Tyler Hewlett
Investment exp. Since	2001
Target # of holdings	25 - 40

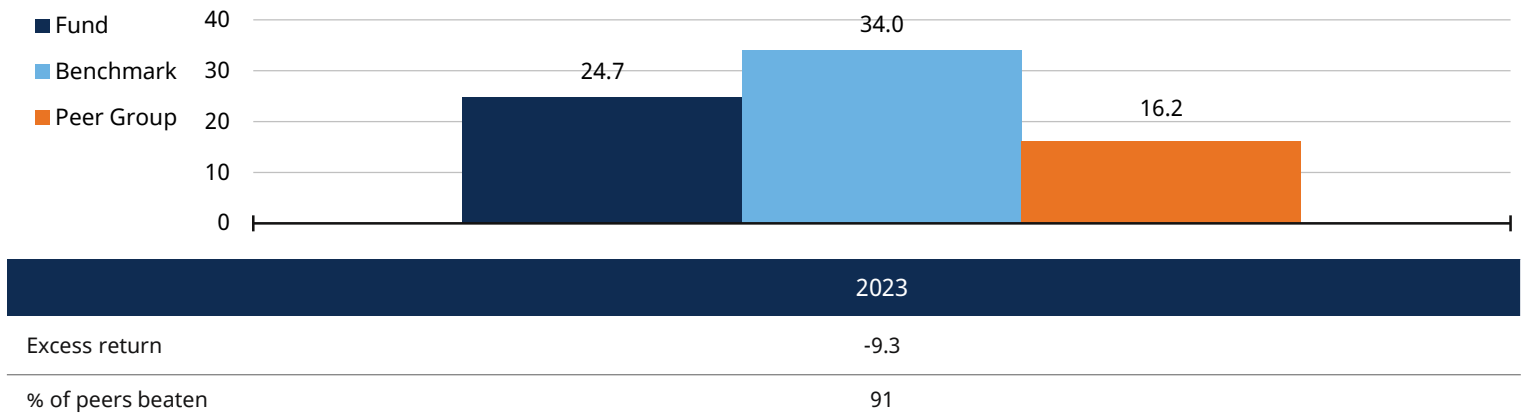
Strategy Overview

- Seeks dominant businesses underpinned by next-generation products, services and business models, with the goal of creating a long runway of superior growth
- Diversify portfolios with a concentrated, company-focused portfolio of accelerated free cash flow growing businesses from anywhere in the world
- Leverage the strength of the award-winning Mackenzie Bluewater team's investment philosophy and years of investment experience

Trailing returns %



Calendar returns %



Portfolio characteristics

	Portfolio	Benchmark
# of holdings	33	641
% top 10 holdings	39.8	46.1
Weighted average market cap	691,063.0	1,699,589.3
EPS growth (FY E)	14.8	22.5
Dividend yield	0.6	0.7
FCF margin	22.0	22.2
P/E Trailing 12M	39.4	33.9
P/E (forecast)	33.5	30.0
Net debt/EBITDA	0.2	0.2
ROE (latest FY)	23.5	24.5

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	-	-
Sharpe Ratio	-	-
Tracking Error	-	-
Information Ratio	-	-
Alpha	-	-
Beta	-	-
Upside Capture (%)	-	-
Downside Capture (%)	-	-

Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
United States	79.3	73.1	6.2
Canada	2.5	2.8	-0.3
International	15.7	24.1	-8.4
Other	2.6	-	2.6

Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	11.7	6.7	5.0
Energy	-	1.1	-1.1
Materials	-	2.3	-2.3
Industrials	12.3	9.9	2.4
Information Technology	43.2	40.7	2.5
Communication Services	4.0	11.0	-7.0
Utilities	-	0.3	-0.3
Consumer Staples	3.4	4.1	-0.7
Consumer Discretionary	11.4	13.3	-1.9
Real Estate	-	0.3	-0.3
Health Care	11.5	10.4	1.1
Other	2.6	-	2.6

Country allocation

Country	Portfolio	Benchmark	Relative Weight
United States	79.3	73.1	6.2
France	7.3	3.0	4.3
Netherlands	3.2	1.8	1.4
Italy	3.0	0.4	2.6
Canada	2.5	2.8	-0.3
Sweden	2.3	1.0	1.3
Other	2.6	17.9	-15.3

Currency exposure

Region	Gross	Benchmark
CAD	29.3	2.8
USD	61.1	73.3
Other	9.6	23.9

Top 10 holdings

Security name	Country	Sector	Weight
Roper Technologies, Inc.	United States	Information Technology	4.5
S&P Global, Inc.	United States	Financials	4.2
Microsoft Corporation	United States	Information Technology	4.2
Accenture Plc Class A	United States	Information Technology	3.8
Visa Inc. Class A	United States	Financials	3.7
Progressive Corporation	United States	Financials	3.7
Intuitive Surgical, Inc.	United States	Health Care	3.7
Amazon.com, Inc.	United States	Consumer Discretionary	3.7
Schneider Electric SE	France	Industrials	3.6
Amphenol Corporation Class A	United States	Information Technology	3.6

Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	Amphenol Corporation Class A	3.2	0.6
	Costco Wholesale Corporation	2.2	0.5
	Intuitive Surgical, Inc.	3.4	0.5
Detractors	Workday, Inc. Class A	1.6	-0.3
	Accenture Plc Class A	3.6	-0.5
	Fastenal Company	2.5	-0.5

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Consumer Staples	-1.4	0.1	0.5	0.6
	Materials	-2.4	0.3	0.0	0.3
	Energy	-1.2	0.1	0.0	0.1
Detractors	Health Care	2.1	0.0	-0.6	-0.6
	Consumer Discretionary	-1.9	0.1	-0.9	-0.8
	Information Technology	3.2	0.1	-5.8	-5.6

Commentary

QFR Highlights

The MSCI World Growth continued to perform well in Q2, up 7.5% with nearly 30% of the index represented by the Magnificent 7 stocks. Ongoing enthusiasm around AI continued to boost related companies amid some strong earnings and outlook statements. Materials and Industrials were the sectors that lagged. The MSCI World Growth Index commands a premium valuation due to its higher technology exposure. The healthier economy in the United States also suggests that monetary easing will be slower than markets expect, as the Federal Reserve sees less pressure to materially cut rates to stimulate growth. The view is that the economic boost from people returning to work post a recession-driven spike in unemployment is the single largest driver of above trend economic growth rates during the expansion phase of the economic cycle. With unemployment in North America at very low levels, that boost to growth will not be forthcoming. Instead, the team anticipates that global growth will continue to be fairly anemic which is an environment that tends to be supportive of the Bluewater investment process.

Fund Performance

During the quarter the fund underperformed the benchmark. Nvidia has single-handedly accounted for ~100% of the Information technology sector outperformance as a result of Nvidia appreciating another ~160% in the first half. Only 30% of tech stocks have outperformed, the lowest since 2002, where the sector significantly underperformed. Excluding the 10 largest technology stocks, the sector has underperformed the market by over 500 bps. Such concentration of performance poses a headwind to relative performance. Our stock selection in Consumer staples and no allocation to Materials contributed to relative performance whereas stock selection in information technology led to relative underperformance.

Security Contributors

Costco Wholesale Corp, Amphenol Corporation and Intuitive Surgical, Inc. contributed to relative performance during the quarter.

Amphenol Corporation is the largest provider of high-technology interconnect, sensor and antenna solutions. The company serves a wide range of markets including automotives, broadband communications, commercial aerospace, defense, industrial, data communications, mobile devices and mobile networks. The company's commitment to innovation makes it unique in the electronics industry.

Security Detractors

Although the overall market rose, a few holdings declined.

As highlighted above, no allocation to NVIDIA was a significant headwind to overall performance.

Portfolio Activities

During the quarter, we initiated a new position in Consumer discretionary and Information technology in USA and exited a position in Information technology in France.

Market Overview

Markets continued to show strength during the first half of 2024 as the rally that began in the fourth quarter of 2023. Equity markets have been buoyed by optimism that the Central Bank tightening cycle is behind us, and that a more accommodating monetary policy stance is forthcoming, with recent interest rate cuts from the Bank of Canada and the European Central Bank as evidence. We believe that path forward for monetary policy is more uncertain. The combination of sticky services inflation and global conflicts, which continue to support energy prices, suggest that monetary policy will remain tighter for longer than the market anticipates.

Outlook and Positioning

The team focuses on innovative growth, seeking companies that are growing at or above market rates with innovation in business models, service and product that provide them with a solid competitive advantage. The focus is on companies who are enablers of important secular changes and benefit from being global leaders in their respective areas. This has helped provide added value to investors by preserving capital through market drawdowns, while at the same time compounding returns for clients.

From a global GDP standpoint, economic growth continues to be uneven, with the United States showing mixed signals but still overall relatively healthy, while Canada, Europe, and Asia are generally softer. The economic health of global consumers also remains challenged, as we continue to see some strain from low-income level consumers, along with evidence that all income cohorts have been trading down for value as a result of years of inflationary pressures and higher interest rates. The healthier economy in the United States suggests that monetary easing will be slower than markets expect, as the Federal Reserve sees less pressure to materially cut rates to stimulate growth.

Commentary

Stock Stories

Microsoft Corporation : The company's investment in ChatGPT creator Open AI provides it with a significant advantage in the AI race. Azure, its cloud infrastructure platform, is a valuable partner for businesses seeking to harness AI. With this AI integration in products and services the focus is on capturing the corporate AI market. Beyond AI, Microsoft's strength lies in cloud services, commercial office software , professional networking and software development which account for its diverse revenue streams.

Roper technology : The company manufactures and distributes industrial equipment and operates through 3 segments : Application software, network software and technology enabled products. Roper utilizes a disciplined, analytical, and process-driven approach to redeploy its excess capital toward high-quality acquisitions. The company had a long term track record of compounding cash flow and shareholder value.

Schneider Electric : The company is a France based focused on providing a complete range of light switches, electrical sockets and boxes and is the world's largest provider of products and services tied to electrification. The company is positioned to be a clear beneficiary of the drive to build a more sustainable, efficient, and digital energy infrastructure. The current electricity grid operates on a "hub-and-spoke" type of model, the future involves a system that resembles more of a decentralized "mesh style" network involving wind farms, private solar systems and solar farms, battery storage and other forms of generation that are spread out across different areas of the network. Schneider uses advanced software and AI and is now in a highly advantageous position to act as a key enabler of the energy transition as the world moves into the next generation of electrification.

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 June 30, 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 Global Equity category and reflect the performance of the Mackenzie Bluewater Next Gen Growth Fund for the 3-month, 1-, 3-, 5-, and 10-year periods as of June 30, 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 funds for Mackenzie Mackenzie Bluewater Next Gen Growth Fund for each period are as follows: one year – 1744; three years – 1444 ; five years – 1263 ; ten years – 616 .

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