Mackenzie Canadian Dividend Fund

Strategy snapshot

Inception date	08/20/2002
AUM (millions in CAD)	2342.8
Benchmark	80% TSX Div (Linked) + 20% MSCI World
Lead portfolio manager	Tim Johal, Darren McKirernan
Investment exp. since	2000, 1995
Target # of holdings	-

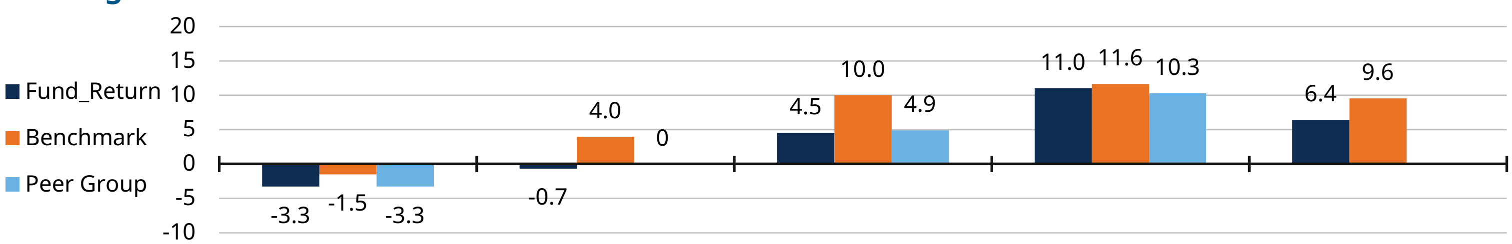
Strategy Overview

• Dividends can be an important component of total return over the long term.

• When a company can consistently increase its dividend over a long period of time, it is often a signal that the business is able to generate strong free cash flows through a variety of market environments.

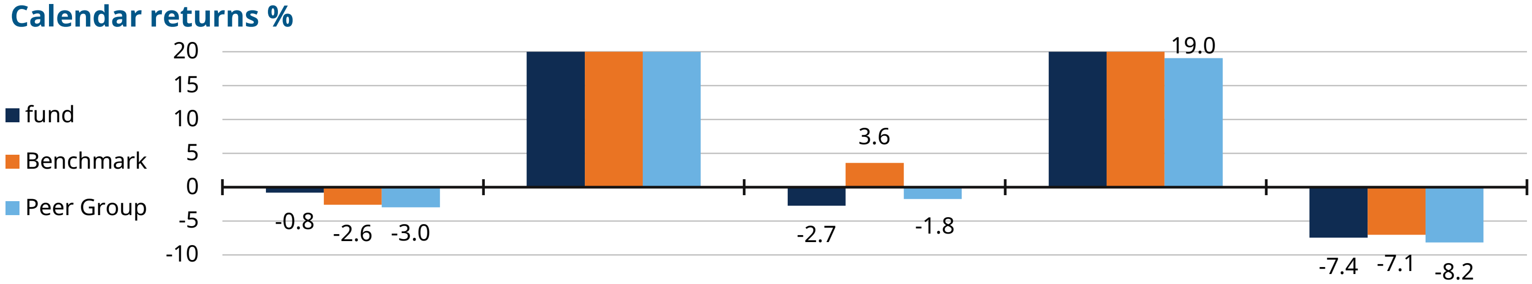
• Two experienced management teams focusing on their specific geographies of expertise.

Trailing returns %



	3 month	YTD	1 year	3 years	Since inception*
% of peers beaten	46	63	49	41	-

Calendar returns %



	2022	2021	2020	2019	2018
% of peers beaten	75	54	59	74	71

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	141.0	1,608.0
% top 10 holdings	42.4	30.4
Weighted average market cap	146,281.5	167,252.4
EPS growth (FY E)	7.9	15.3
Dividend yield	3.9	3.3
FCF margin	23.0	20.6
P/E Trailing 12M	14.7	15.1
P/E (forecast)	13.2	13.7
Net debt/EBITDA	3.2	2.5
ROE (latest FY)	16.7	16.3

Sector allocation

Sector	Weight	Relative weight
Communication Services	6.8	2.1
Consumer Discretionary	3.6	-1.7
Consumer Staples	4.7	-0.4
Energy	17.6	0.9
Financials	35.2	5.8
Health Care	2.4	-0.3
Industrials	8.9	-4.2
Information Technology	4.8	-1.8
Materials	6.2	-3.7
Real Estate	2.0	-0.5
Utilities	6.4	2.4

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	12.5	13.1
Sharpe Ratio	0.9	0.8
Tracking Error	4.8	-
Information Ratio	0.3	-
Alpha	2.4	-
Beta	0.9	-
Upside Capture (%)	93.7	-
Downside Capture (%)	78.6	-

Country allocation

Country	Weight	Relative weight
Canada	83.9	3.2
United States	11.9	-2.1
United Kingdom	0.6	-0.3
Germany	0.5	0.1
France	0.4	-0.3
Japan	0.3	-0.9
Other	2.5	100.2

Regional breakdown

Region	Weight	Relative weight
Canada	83.9	3.2
United States	11.9	-2.1
International	2.6	-2.8
Emerging Markets	0.2	0.2

Currency exposure

Region	Gross	Benchmark
CAD	84.9	80.6
USD	12.3	14.0
Other	2.8	5.4

Top 10 holdings

Security name	Country	Sector	Weight
Royal Bank of Canada	Canada	Financials	6.6
Toronto-Dominion Bank	Canada	Financials	5.6
Bank of Montreal	Canada	Financials	4.9
Canadian Natural Resources Limited	Canada	Energy	4.4
Sun Life Financial Inc.	Canada	Financials	3.8
TELUS Corporation	Canada	Communication Services	3.7
Intact Financial Corporation	Canada	Financials	3.6
TC Energy Corporation	Canada	Energy	3.5
Enbridge Inc.	Canada	Energy	3.0
Bank of Nova Scotia	Canada	Financials	2.8

Security level contributors and detractors

	Security	Average Relative weight (%)	% contribution to return
Contributors	Canadian Natural Resources Limited	1.3	0.7
	Suncor Energy Inc.	0.5	0.4
	ARC Resources Ltd.	0.6	0.2
Detractors	Royal Bank of Canada	1.4	-0.4
	TC Energy Corporation	1.9	-0.4
	TELUS Corporation	2.6	-0.5

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)
Contributors	Energy	1.0	0.1	-0.6
	Health Care	0.2	0.0	0.1
Detractors	Communication Services	2.0	-0.1	-0.1
	Financials	5.7	0.0	-0.1
	Utilities	2.2	-0.2	-0.2

Commentary

For Q3 2023, Mackenzie Canadian Dividend Fund returned -3.3% for the period. This compares with a return of -1.5% for its blended benchmark index comprising 80% S&P/TSX Composite Dividend Total Return Index and 20% MSCI World Index CAD.

The Fund's stock selection in the energy, utilities and communication services were negative for performance, offset somewhat by positive selection in the materials sector.

Canadian Natural Resources (CNQ) is a large producer of oil and natural gas primarily within Western Canada. Production within Q3 was steady despite challenges presented by wildfires in Alberta. CNQ stock outperformed within the quarter based on this consistent production along with a rally in crude oil prices driven by persistent global demand growth and announcements by OPEC to restrict oil supply to global markets. We continue to see significant upside to our CNQ target price and like the company's fundamentals including their strong financial position and growing distribution of excess company free cash flow back to shareholders via growing dividends and share buybacks.

Arc Resources is a significant producer of natural gas in the Deep Basin and Montney regions within AB and BC. Arc outperformed within the quarter based on the announcement of sanctioning the 1st phase at their Attachie development project in BC which appears to be economic at low commodity prices. We continue to target significant upside to our target price and believe the stock has an attractive reward to risk profile. The company has a sizeable land position at Attachie, combined with an unlevered balance sheet, which should help drive meaningful further production growth beyond the recently sanctioned phase. We expect continued dividend growth from the company.

Telus is a leading Canadian telecom, healthcare, and digital experience provider. Telus shares underperformed during the quarter along with its telecommunication peers as the market sold stocks of companies perceived to be more interest rate sensitive. In addition, investors became increasingly concerned over a heightened competitive market in the Canadian wireless space this quarter. Finally, Telus is the majority owner of Telus International (TI) whose shares also underperformed in the quarter as they are experiencing a slowdown in customer spend in areas such as content moderation and digital customer experiences. We still have high conviction in owning Telus shares as they have attractive competitive positioning in wireless, wireline, and unique growth attributes with Telus International, Telus Health, and its agriculture business. Given their improving capital spending profile going forward, we expect free cash flow generation to provide a solid backbone for continued return of capital to shareholders with sustainable dividend growth for the Funds.

TC Energy is a North American natural gas pipeline transmission and distribution company. TC Energy shares underperformed in the quarter as market interest rates increased and investors sold those companies perceived to be more interest rate sensitive. In addition, anticipated asset sales from the company were announced at lower than expected prices and provided less balance sheet relief than most were expecting. We believe the stock is significantly undervalued and we expect to be rewarded well for the given level of risk in the investment. There is significant value within the company's natural gas business and expect further opportunities stemming from growth in North American liquified natural gas (LNG) exports.

Emera is primarily a regulated electric and natural gas utility with assets in Florida, New Mexico, Nova Scotia and the Caribbean. Emera underperformed within the quarter given it is also perceived to be more interest rate sensitive in a rising interest rate environment. We still see an attractive investment opportunity in Emera and believe their interest rate risk is manageable as a significant portion can be passed along to customers through future rate cases, the stock's dividend (over 6%) is sustainable and will continue to grow.

The portfolio management team continues to seek out the best overall reward to risk opportunities within our Canadian investment universe which led to some changes in the portfolio in the quarter. The changes were driven primarily by stock specific opportunities which resulted in increased positions in the materials and consumer staples sectors, while positions in the financial services and industrials sectors were reduced. Overall, the changes resulted in two new positions being added and two positions eliminated. The Canadian portion of the portfolio ended the period with 47 unique stock positions.

In the communication services space, we added to our position in **Telus**. The sell-off in the name has provided an increasingly attractive reward to risk opportunity while we expect the company to significantly reduce financial leverage over the next few years. To fund these purchases we sold our position in **BCE**, as the name had weaker growth prospects and potential upside. We continue to remain overweight the communication services sector.

Commentary

Within the materials sector, we added to our position in **Barrick Gold**. The company continues to trade at an attractive valuation and has a diversified portfolio of sizeable gold and copper projects. We continue to remain underweight the materials sector.

In the energy sector, we added to our position in **Enbridge.** The company announced an attractive deal to buy the gas distribution assets from Dominion Energy who was forced to sell due to leverage concerns. We added to our position in the name when the company announced a capital raise to pay for part of the acquisition. Within the upstream producers, we reduced our overweight position in **Arc Resources** as the stock outperformed. We have reduced our overweight position in the sector and are now more neutrally positioned within energy.

Within the consumer staples sector we added significantly to our position in **Loblaw**. The company continues to perform well as consumers continue to shop at the company's discount banner stores to save on food costs. With these purchases, we have reduced our underweight within the staples sector.

In the real estate sector, we continued to add to **Granite REIT and Choice Properties REIT.** High interest rates have pressured sector valuation and given the sell-off in the names we added to our positions. Both REITs should continue to perform well through an uncertain environment based on their balance sheet strength, high financial liquidity, and more resilient growth profiles. With these adds we have reduced our underweight in the real estate sector.

In financial services, we reduced our position in banks, namely Toronto-Dominion Bank. This was somewhat offset by increasing our position in Bank of Montreal where we see a more favorable reward to risk profile mostly related to expected synergies from its recent acquisition. We added to our positions in **Brookfield Asset Management** while concurrently selling positions in **Brookfield Corp** as we wanted to increase our exposure to the asset management business while reducing our exposure to their commercial real estate operations. We continue to remain overweight banks as well as insurers (both life and property & casualty) within the sector.

Within the industrial sector we reduced our position in **CAE Inc**. While we are positive on future aircraft deliveries (and their accompanying need to train pilots), the stock outperformed in the quarter and we reduced our position. We redeployed some of these proceeds into **Toromont Industries**. We remain underweight the industrials sector.

Consistent with our previous view, the portfolio management team maintains a cautiously optimistic outlook on Canadian equity markets. We expect equity market volatility to persist as driven by significant uncertainty in the economic outlook and the effect on corporate earnings. With this backdrop, our equity market return expectations for the next twelve months remain modest. We continue to believe this market environment favors stocks with strong cash flow, low to moderate leverage and sustainable and growing dividend payments. In addition, because our expectations for forward equity returns have moderated, it is likely that dividends will represent a larger portion of total return in the period ahead. The Fund is well positioned for a return to this trend.

We remain impressed by the resiliency of employment levels in both Canada and the US to support the repayment of loan obligations. Home prices in the US and Canada have increased since the spring based on lower inventory levels in both countries and continued strong immigration into Canada.

Longer-term bond yields increased meaningfully in the quarter, reflecting stronger economic growth expectations and in anticipation of an increase in the supply of longer term treasuries to fund growing budget deficits. Given the persistency of higher rates, there will be continued focus on the Canadian housing market and the ability for borrowers to adequately service their mortgage debt obligations. As mortgages come up for renewal or reach "trigger" rates, borrowers continue to make lump sum payments to keep obligations current and/or integrating higher monthly payments into their budgets. Consumer deposit levels (which remain above pre-pandemic levels) are supporting these efforts. We note these higher interest rates are crimping household cash flow levels, which we expect will have some impact on the discretionary retailers.

Given the pace of slower consumer spending expected in Canada, the Bank of Canada likely will be facing pressure to hold and then reduce interest rates in the new year. We note that the Federal Reserve is now "proceeding carefully" on whether to raise rates further considering the rise in longer-term bond yields, which has also tightened financial conditions. Should interest rates start to stabilize or decline from current levels, it is likely that the equity markets would re-rate higher.

We continue to monitor our investment universe for opportunities as markets remain volatile. Positioning in the Fund is well balanced between cyclical and defensive sectors and primarily driven by stock selection and where we see appropriate return to risk profiles. We remain focused on investing in quality stocks with a margin of safety to our estimate of fair value.

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 September 30, 2023 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. This document may contain forward-looking information which reflect our or third party current expectations or forecasts of future events. Forward-looking information is inherently subject to, among other things, risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed herein. These risks, uncertainties and assumptions include, without limitation, general economic, political and market factors, interest and foreign exchange rates, the volatility of equity and capital markets, business competition, technological change, changes in government regulations, changes in tax laws, unexpected judicial or regulatory proceedings and catastrophic events. Please consider these and other factors carefully and not place undue reliance on forward-looking information. The forward-looking information contained herein is current only as of September 30, 2023. There should be no expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.

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.

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 Dividend & Income Equity category and reflect the performance of the Mackenzie Canadian Dividend A for the 3-month, 1-, 3-, 5-, and 10-year periods as of September 30, 2023 . 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 Dividend & Income Equity funds for Mackenzie Mackenzie Canadian Dividend A for each period are as follows: one year –420; three years –390 ; five years – 357 ; ten years – 219 .

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.

All information is historical and not indicative of future results. Current performance may be lower or higher than the quoted past performance, which cannot guarantee results. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes. Performance may not reflect any expense limitation or subsidies currently in effect. Short-term trading fees may apply. To obtain the most recent month-end performance, visit Morningstar.com.

This material is for informational and educational purposes only. It is not a recommendation of any specific investment product, strategy, or decision, and is not intended to suggest taking or refraining from any course of action. It is not intended to address the needs, circumstances, and objectives of any specific investor. Mackenzie Investments, which earns fees when clients select its products and services, is not offering impartial advice in a fiduciary capacity in providing this sales and marketing material. This information is not meant as tax or legal advice. Investors should consult a professional advisor before making investment and financial decisions and for more information on tax rules and other laws, which are complex and subject to change.