

# Mackenzie Bluewater Global Growth Fund

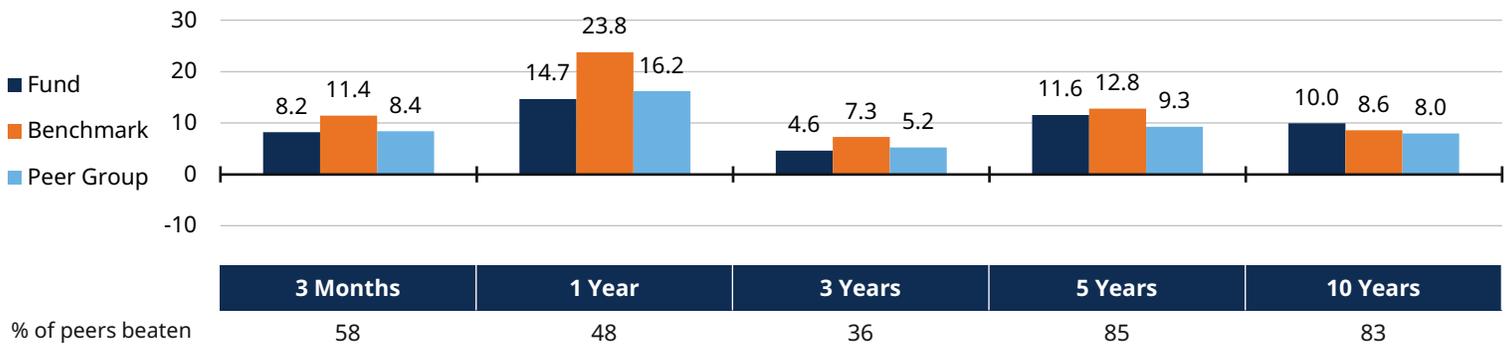
## Strategy snapshot

Inception date	05/14/2004
AUM (millions in CAD)	950.7
Management Fee	0.80%
MER	1.07%
Benchmark	MSCI World
CIFSC Category	Global Equity
Lead portfolio manager	Dina DeGeer, David Arpin
Investment exp. since	1985, 1995
Target # of holdings	40 - 45

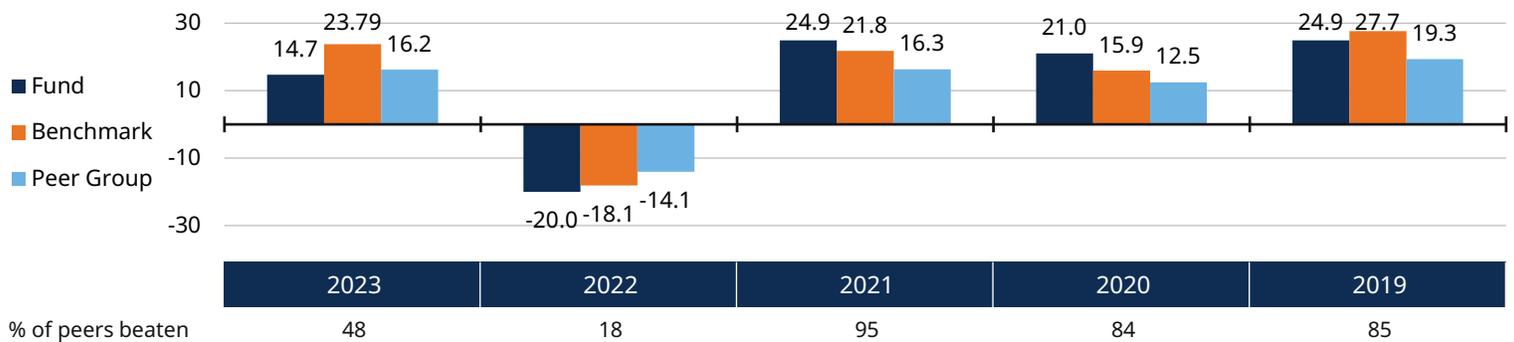
## Strategy Overview

- The Fund seeks capital growth over the longer term by investing primarily in a broad range of global equity securities.
- The investment approach follows 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 are expected to achieve.

## Trailing returns %



## Calendar returns %



## Portfolio characteristics

	Portfolio	Benchmark
# of holdings	42	1,480
% top 10 holdings	37.4	20.5
Weighted average market cap	498,785.3	673,005.2
EPS growth (FY E)	9.5	12.9
Dividend yield	0.9	1.9
FCF margin	19.1	16.8
P/E Trailing 12M	33.6	19.5
P/E (forecast)	28.4	18.5
Net debt/EBITDA	1.0	1.2
ROE (latest FY)	23.2	18.3

## Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	16.6	12.6
Sharpe Ratio	0.2	0.4
Tracking Error	9.6	-
Information Ratio	-0.6	-
Alpha	-5.5	-
Beta	1.2	-
Upside Capture (%)	90.6	-
Downside Capture (%)	100.1	-

## Regional breakdown

Region	Weight	Relative weight
United States	69.7	-0.2
International	30.3	3.4
Canada	-	-3.2

## Sector allocation

Sector	Weight	Relative weight
Communication Services	2.3	-4.9
Consumer Discretionary	9.3	-1.6
Consumer Staples	8.8	1.9
Energy	-	-4.5
Financials	11.2	-4.0
Health Care	11.3	-0.9
Industrials	16.1	5.0
Information Technology	31.4	8.4
Materials	4.9	0.8
Real Estate	-	-2.5
Utilities	-	-2.6

## Country allocation

Country	Weight	Relative weight
United States	69.7	-0.2
France	9.7	6.5
Switzerland	4.5	1.8
Netherlands	4.1	2.9
Sweden	3.6	2.7
Italy	2.1	1.4
United Kingdom	1.6	-2.4
Other	-	-17.4
Cash	4.7	4.7

## Currency exposure

Region	Gross	Benchmark
CAD	26.7	3.2
USD	55.3	70.1
Other	18.0	26.7

## Top 10 holdings

Security name	Country	Sector	Weight
Schneider Electric SE	France	Industrials	4.2
Microsoft Corporation	United States	Information Technology	4.2
Roper Technologies, Inc.	United States	Information Technology	4.0
Linde plc	United States	Materials	3.7
Accenture Plc Class A	United States	Information Technology	3.7
Aon Plc Class A	United States	Financials	3.6
Alcon AG	Switzerland	Health Care	3.3
S&P Global, Inc.	United States	Financials	3.0
Thermo Fisher Scientific Inc.	United States	Health Care	2.9
Apple Inc.	United States	Information Technology	2.9

## Security level contributors and detractors

	Security	Average Relative weight (%)	% contribution to return
Contributors	Gartner, Inc.	2.7	0.7
	Schneider Electric SE	3.7	0.7
	Microsoft Corporation	-0.3	0.7
Detractors	Aon Plc Class A	3.3	-0.4
	ON Semiconductor Corporation	1.9	-0.4
	Rentokil Initial plc	0.8	-0.8

## Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)
Contributors	Energy	-4.9	0.8	0.0
	Consumer Staples	2.3	-0.2	0.5
	Materials	2.0	-0.0	0.2
Detractors	Consumer Discretionary	-1.8	0.1	-0.4
	Healthcare	-0.5	0.0	-0.3
	Financials	-4.2	-0.0	-0.4

## Commentary

U.S markets delivered some strong gains in the final quarter of the year, buoyed by expectations that interest rate cuts may be approaching. The S&P 500 index ended the year just short of its record high set in early 2022. Top performing sectors were those most sensitive to interest rates, including information technology, real estate and consumer discretionary. The energy sector posted a negative return with crude oil prices weaker over the quarter.

As the impact of rate increases work their way through the economy, the companies that we invest in should perform better due to the less cyclical and more resilient nature.

### Fund performance

The fund underperformed the benchmark slightly. Stock selection in consumer staples and allocation to information technology contributed to returns whereas stock selection in healthcare detracted from performance.

At the end of the quarter our largest overweight position was in Information technology (+7.9%) and largest underweight position was in Communication Services (-5.9%).

The weight in Financials and consumer discretionary were increased and weight in healthcare was reduced. Most of the activity was on the US component of the fund.

### Contributors

Gartner Inc, Microsoft Corporation, Schneider Electric SE

### Detractors

Rentokil Initial plc, Aon Plc, ON Semiconductor Corporation

### Portfolio activities

We exited our position in Estee Lauder Companies Inc and Rentokil Initial plc. We added new positions in the consumer discretionary space.

### Market overview

Over the past three years, the global investment landscape has been heavily influenced by the trajectory of interest rates and inflation. It wasn't until late 2023 that the narrative pivoted towards the anticipation of a decline in policy rates. This shift signaled a reversal in the trajectory of interest rates, resulting in a subsequent upwards spike in stock prices. Investors began recalibrating their strategies as the prospect of easing monetary policy hinted at the possibility of a more favorable interest rate environment for equities. Another striking development was the concentration of returns within the S&P 500, where the "Magnificent 7" (Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta Platforms, and Tesla) contributed over 60% of index performance in 2023.

### Outlook and positioning

As we continue to transition into the post-pandemic era, we are seeing increasing evidence of the impact of higher interest rates on overall economic growth. Economic growth remains sluggish, particularly in China. The nation continues to grapple with challenges associated with transitioning to a more consumer-oriented economy amidst a complex demographic landscape. Despite near-term uncertainties, several longer-term opportunities remain on the horizon. The energy transition stands out as one of the most significant structural changes, requiring substantial investments over the next couple of decades. Additionally, digitization continues to reshape industries, driven by artificial intelligence, factory automation, and the Internet of Things.

Our investment strategy remains anchored in focusing on industry leaders that can enable these changes. In an environment marked by macroeconomic uncertainty, these companies are poised to thrive as they are positioned to capitalize on emerging opportunities.

## Stock Stories

**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.

**ON Semiconductor** -One of the key features of EV's is a much higher semiconductor content per vehicle than internal combustion vehicles which has driven considerable market expansion for ON. In addition, over the past decade, semiconductors based on materials other than silicon have begun to enter the mainstream. These new materials have with different properties than traditional semis. Semiconductors based on silicon carbide have proven to be far superior for high power applications like EV's, allowing for faster charging and greater battery range. ON is one of a small group of semiconductor companies that produce silicon carbide-based semis.

**Linde** - Is a global leader in the production of industrial gases, including hydrogen, oxygen, argon, and nitrogen, which are used across industry and healthcare. Linde co-locates an industrial gas facility with a major anchor customer, creating a guaranteed source of demand and return on Linde's capital. The facility is then used to also supply other, smaller, local customers as well as regional consumer demand for packaged gases. This creates a much higher overall return on capital plus strong free cash generation for Linde, as the incremental sales are highly profitable. Historically, Linde has growth above GDP through a combination of steady volume growth, plus pricing power.

We believe that hydrogen gas will be a key future fuel used for both decarbonization and for heavy transportation (trains, large trucks). From the perspective of Linde, any material expansion of hydrogen production globally will be additive to overall growth, as Linde will be a key global supplier.

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 December 31, 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.

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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 Global Gr F for the 3-month, 1-, 3-, 5-, and 10-year periods as of December 31, 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 Global Equity funds for Mackenzie Bluewater Global Gr F for each period are as follows: one year – 1920; three years – 1609; five years – 1422; ten years – 689.

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