Mackenzie Ivy Canadian Fund

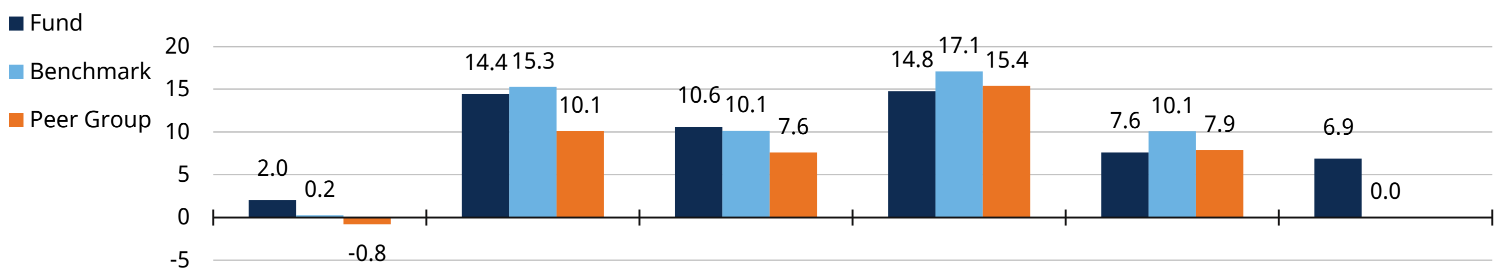
Fund snapshot

Inception date	12/06/1999
AUM (millions in CAD)	726.5
Management Fee	0.75%
MER	0.98%
Benchmark	60% TSX Comp + 30% S&P500 + 10% EAFE
CIFSC Category	Canadian Focused Equity
Risk Rating	Low to Medium
Lead portfolio manager	James Morrison
Investment exp. Since	2005
Target # of holdings	35-55

Strategy Overview

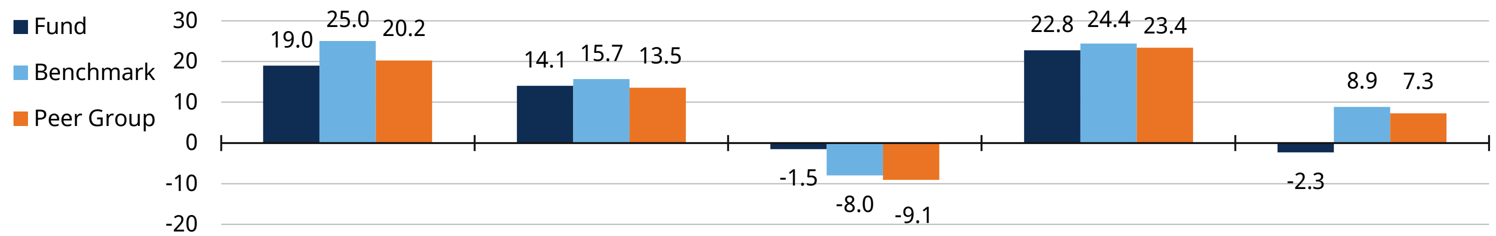
- Seeks to provide long-term capital appreciation by investing in a select group of high-quality companies
- Suitable as a long-term Canadian equity holding with lower-volatility characteristics and downside capture in volatile markets, the hallmark of Ivy's investment approach
- Diversifies outside Canada including into sectors and businesses not well represented domestically

Trailing returns %



	3 Mth	1 Yr	3 Yr	5Yr	10Yr	SI
Excess return	1.8	-0.9	0.5	-2.3	-2.5	6.9
% of peers beaten	88	84	83	43	50	NA

Calendar returns %



	2024	2023	2022	2021	2020
Excess return	-6.0	-1.6	6.5	-1.6	-11.2
% of peers beaten	50	59	85	46	14

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	42	1,415
% top 10 holdings	40.8	22.2
Weighted average market cap	371,006.4	449,844.8
EPS growth (FY E)	12.0	13.2
Dividend yield	2.3	2.4
FCF margin	14.8	11.3
P/E Trailing 12M	24.9	20.8
P/E (forecast)	18.4	16.5
Net debt/EBITDA	2.8	1.8
ROE (latest FY)	16.2	14.6

Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	24.1	26.0	-1.9
Energy	8.5	11.8	-3.3
Materials	4.8	9.3	-4.5
Industrials	12.4	11.7	0.7
Information Technology	10.3	15.3	-5.0
Communication Services	5.6	4.7	0.9
Utilities	7.3	3.5	3.8
Consumer Staples	8.3	5.0	3.3
Consumer Discretionary	9.7	6.0	3.7
Real Estate	-	2.0	-2.0
Health Care	7.8	4.7	3.1
Other	1.2	-	1.2

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	10.6	13.0
Sharpe Ratio	0.6	0.5
Tracking Error	4.8	-
Information Ratio	0.1	-
Alpha	1.9	-
Beta	0.8	-
Upside Capture (%)	82.9	-
Downside Capture (%)	69.4	-

Country allocation

Country	Portfolio	Benchmark	RelativeWeight
Canada	66.9	60.0	6.9
United States	24.9	30.0	-5.1
United Kingdom	4.6	1.5	3.1
Germany	1.2	1.0	0.2
Switzerland	1.2	1.0	0.2
Australia	-	0.7	-0.7
Other	1.2	5.8	-4.6

Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
International	7.0	10.0	-3.0
Canada	66.9	60.0	6.9
United States	24.9	30.0	-5.1
Other	1.2	-	1.2

Currency exposure

Region	Gross	Benchmark
CAD	66.8	60.0
USD	26.2	30.2
Other	7.0	9.8

Top 10 holdings

Security name	Country	Sector	Weight
Intact Financial Corporation	Canada	Financials	5.2
Brookfield Corporation	Canada	Financials	4.9
Toronto-Dominion Bank	Canada	Financials	4.3
Visa Inc. Class A	United States	Financials	4.2
Microsoft Corporation	United States	Information Technology	3.9
Restaurant Brands International, Inc.	Canada	Consumer Discretionary	3.9
Emera Incorporated	Canada	Utilities	3.8
Alimentation Couche-Tard Inc.	Canada	Consumer Staples	3.8
CCL Industries Inc. Class B	Canada	Materials	3.3
Williams Companies, Inc.	United States	Energy	3.1

Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	Intact Financial Corporation	4.1	0.6
	Toronto-Dominion Bank	1.5	0.5
	Emera Incorporated	3.4	0.5
Detractors	Brookfield Corporation	3.0	-0.4
	Microsoft Corporation	2.1	-0.4
	Alphabet Inc. Class C	2.9	-0.6

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Information Technology	-6.0	0.7	0.4	1.1
	Utilities	4.0	0.2	0.7	0.8
	Consumer Discretionary	3.5	-0.3	1.0	0.7
Detractors	Consumer Staples	3.0	0.1	-0.2	-0.1
	Communication Services	1.3	0.0	-0.3	-0.4
	Materials	-4.3	-0.7	-0.5	-1.2

Commentary

QFR Highlights

The fund returned 2.0% (Series F) during the quarter. This compares to the index benchmark (60% S&P/TSX Composite + 30% S&P 500 + 10% MSCI EAFE) which returned 0.2% over the same period.

Market Overview

Since the U.S. election, markets have been dominated by a dizzying pace of policy initiatives, marking a new world order in which virtually every country has had to re-evaluate its relationship with the world's largest economy and military superpower. Although Canada was singled out early in the trade discourse, the TSX proved relatively resilient—up 1.5% versus a -4.4% decline for the S&P 500 (C$) —due in part to its heavier exposure to precious metals, which benefited from a flight to safety. Despite the relative calm on the surface, there was considerable volatility underneath, which the Mackenzie Ivy Canadian Balanced Fund navigated well.

Much of this strength stemmed from our exposure to durable businesses with limited sensitivity to trade, including Intact Financial (+13%), Emera (+14%) and Visa (+11%). While we participated modestly in the gold rally through our position in Franco-Nevada, a high-quality streaming company with a strong capital allocation track record, our underweight to the sector represented our largest relative detractor. Over the long term, very few businesses in the mining sector have consistently generated returns above their cost of capital, and we're content to forgo periodic rallies in favour of more durable capital compounders.

Trading activity picked up meaningfully during the quarter. With volatility comes opportunity for those prepared, and our relative outperformance allowed us to lean into several dislocations. We recycled capital out of holdings that benefited from the flight to safety, such as Metro and Dollarama, and redeployed it into less crowded areas where we believe short-term noise has overshadowed long-term value.

The materials, energy and utilities sectors were the strongest within the equity benchmark over the quarter, while the information technology, financials and industrials sectors were the weakest.

Fund Performance

The fund returned 2.0% (Series F), outperforming the benchmark return of 0.2%. An underweight allocation and stock selection in information technology, along with stock selection in utilities and consumer discretionary contributed to fund performance. An underweight allocation and stock selection in materials along with stock selection in communication services detracted from the fund's performance. From a country perspective, stock selection and holdings in the United States along with stock selection in Canada contributed to fund performance. An underweight allocation in France detracted to fund's performance.

Security Contributors

On an absolute basis, positions in Intact Financial, TD Bank, Emera, Visa and Williams Companies were the largest contributors over the quarter. On a relative basis, positions in Intact Financial, Emera, Visa and Williams Companies were the top contributors to the fund performance over the quarter. Not holding NVIDIA also contributed to fund performance.

Security Detractors

On an absolute basis, positions in Alphabet, Microsoft, Brookfield Corporation, Alimentation Couche-Tard and ATS Corporation were the largest detractors over the quarter. On a relative basis, positions in Alphabet, ATS Corporation, Onex Corporation and Brookfield Corporation were the top detractors from fund performance over the quarter. Not holding Agnico Eagle Mines also detracted to fund performance.

Portfolio Activities

During the quarter, we neither initiated new positions nor exited any existing ones. Largest increases in weight were TD Bank, Alimentation Couche-Tard and Microsoft. Largest decreases in weight were Royal Bank, Williams Companies and Bank of Nova Scotia.

Our concentrated, long-term approach enables us to move decisively when opportunities arise. One advantage of our process is our direct access to company management, which often gives us the clarity needed to act with conviction. CGI is a case in point. The company, a high-quality IT services provider based in Montreal, came under pressure after being named by the U.S. Department of Government Efficiency (DOGE) as one of several vendors subject to enhanced scrutiny for potential cost savings. While headlines suggested this was a threat to CGI's U.S. federal contracts, our conversations with management, peers, and industry experts confirmed that CGI's U.S. government work is largely mission critical in nature. Publicly disclosed data from the Government supports this view, with CGI experiencing an insignificant amount of contract losses to date and substantially less than peers. While DOGE may present a near-term headwind, we believe its longer-term objectives align with CGI's strengths—namely, helping clients achieve efficiency and cost reduction. This view gave us the confidence to add to our position during the recent pullback.

Outlook, Positioning

Looking ahead, uncertainty remains a defining feature of the investment landscape. Questions around the durability of the economic cycle, the threat of tariffs, and heightened geopolitical tensions are unlikely to dissipate anytime soon. While volatility can be uncomfortable, it also creates opportunity for those prepared to act. Ivy Canadian's strong relative performance this quarter reflects both our discipline and our willingness to lean in when sentiment diverges from fundamentals. The portfolio remains grounded in resilient, high-quality businesses, and we continue to see a growing set of opportunities as market dislocations emerge. We don't claim to know how the macro picture will unfold, but we're confident the portfolio is well positioned—resilient enough to weather further turbulence and well placed to benefit our clients as conditions improve.

Alimentation Couche-Tard (ATD)

- Alimentation Couche-Tard has grown organically and through disciplined acquisitions to become one of the largest convenience store chains globally.

- We are supportive of the acquisition given the company's history as a disciplined acquirer and the opportunistic nature of the bid. The company has mergers and acquisitions (M&A) ingrained into its culture and we believe any potential deal would come with significant synergies and adhere to management's long-stated return hurdles. We also believe the weak environment is a cyclical phenomenon that will improve in time.

- At the company's recent investor day, management laid out a plan to achieve a 12% compounded growth in earnings before interes, taxes, depreciation and amortization (EBITDA) over the next 5 years. As we look forward, we believe the company has multiple avenues to grow and achieve their targets. In the meantime, the stock has been driven by news flow around the deal – we have used our long-term approach to take advantage of the volatility and add to our position.

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Percentile rankings are from Morningstar Research Inc., an independent research firm, based on the Canada Fund Canadian Focused Equity category and reflect the performance of the Mackenzie Ivy Canadian 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 Canadian Focused Equity category funds for Mackenzie Ivy Canadian Fund for each period are as follows: one year - 488 ; three years - 475 ; five years - 459 ; ten years - 323.

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