Quarterly commentary | June 30, 2024
Series F

Mackenzie Bluewater Global Growth Balanced Fund

Fund snapshot

Inception date	01/31/2019
AUM (millions in CAD)	803.5
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	David Arpin

Strategy overview

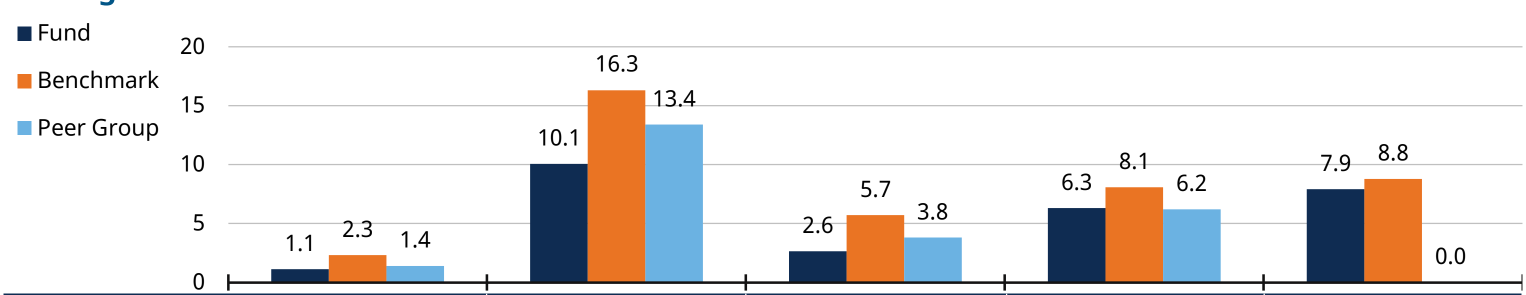
• The Fund seeks capital growth and current income by investing primarily in equity and/or fixed income securities anywhere around the world.

• 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.

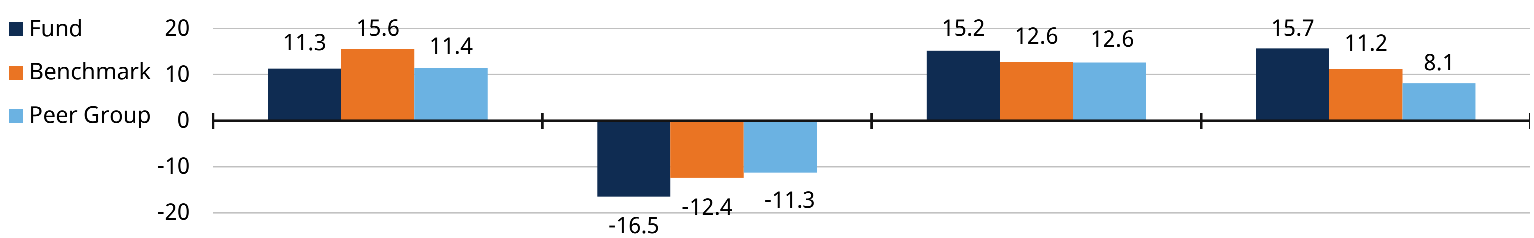
• The Fund may invest up to 100% of its fixed-income exposure in any one sector, and can invest in all of its fixed-income exposure in all types of fixed income securities from around the world, including, but not limited to, high-yield corporate and government bonds, which are bonds that have a credit 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 %



	3 Mth	1 Yr	3 Yr	5yr	SI
Excess return	-1.2	-6.2	-3.1	-1.8	-0.9
% of peers beaten	36	13	27	52	-

Calendar Returns %



	2023	2022	2021	2020
Excess return	-4.3	-4.1	2.6	4.4
% of peers beaten	49	7	83	99

Portfolio characteristics

	Portfolio	Benchmark
Overall yield	4.2	3.0
Equity		
P/E 12m forward	29.9	19.7
Dividend yield	0.9	1.8
Net debt/EBITDA	0.8	1.1
EPS growth (FY E)	13.6	25.5
P/B	7.0	3.3
Fixed income		
Yield	5.2	4.1
Duration	6.9	6.5
Average credit quality	A	AA

Sector allocation

Sector	Portfolio	Benchmark	Relative weight
Financials	7.8	9.7	-1.9
Energy	-	2.8	-2.8
Materials	3.6	2.4	1.2
Industrials	12.9	7.0	5.9
Information Technology	19.6	17.0	2.6
Communication Services	3.4	5.1	-1.7
Utilities	-	1.6	-1.6
Consumer Staples	3.8	4.1	-0.3
Consumer Discretionary	6.6	6.7	- 0.1
Real Estate	-	1.4	-1.4
Health Care	6.7	7.7	-1.0
Other	3.9	-	3.9

Performance metrics (3-year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	12.9	10.1
Sharpe Ratio	0.0	0.3
Tracking Error	4.4	-
Information Ratio	-0.7	-
Alpha	-3.6	-
Beta	1.2	-
Upside Capture (%)	107.8	-
Downside Capture (%)	134.2	-

Country allocation

Country	Weight	Benchmark (%)	Active weight (%)
United States	54.1	59.6	-5.5
Canada	19.1	3.3	15.8
France	6.5	3.8	2.7
Netherlands	3.4	1.6	1.8
Switzerland	2.6	1.8	0.8
Sweden	2.3	0.6	1.7
Other	12.0	29.3	-17.3

Credit breakdown

Rating	Portfolio	Benchmark
AAA	13.9	12.9
AA	34.5	50.3
A	16.5	22.9
BBB	26.8	13.9
BB	5.2	-
B	2.4	-
CCC & Below	0.3	-
NR	0.0	-

Asset allocation

	Portfolio (%)
Equity	64.4
Fixed Income	31.7
Cash	3.9

Top 10 equity holdings

Security name	Country	Sector	Weight
Microsoft Corporation	United States	Information Technology	3.1
Schneider Electric SE	France	Industrials	2.7
Roper Technologies, Inc.	United States	Information Technology	2.6
Aon Plc Class A	United States	Financials	2.5
Trane Technologies plc	United States	Industrials	2.5
Linde plc	United States	Materials	2.4
Apple Inc.	United States	Information Technology	2.3
Alphabet Inc. Class A	United States	Communication Services	2.3
Amazon.com, Inc.	United States	Consumer Discretionary	2.3
Accenture Plc Class A	United States	Information Technology	2.0

Equity - Attribution

	Sector	Portfolio Average Weight (%)	Portfolio Contribution to Return (%)
Contributors	Industrials	12.8	0.8
	Communication Services	3.1	0.5
	Information Technology	19.3	0.5
Detractors	Materials	3.8	-0.2
	Financials	7.9	-0.3
	Consumer Discretionary	6.6	-0.4

Fixed Income - Attribution

	Sector	Portfolio Average Weight (%)	Portfolio Contribution to Return (%)
Contributors	Corporate	16.0	0.2
	Government	14.7	0.0
	Bank Loan	0.3	0.0
Detractors	-	-	-

Commentary

QFR Highlights

The S&P500 continued to perform well in Q2, up 5.4%. 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 S&P 500 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 period the fund underperformed its benchmark. Security selection in Information technology and Consumer discretionary detracted from performance while stock selection in Industrials and Communication services added to performance. From a geographic standpoint, security selection in Canada contributed to relative performance whereas security selection in U.S. and France detracted from relative performance.

On the fixed income side, the Fund's underweight Japanese duration, overweight South African bonds, US curve flattening bias (via 30Y TIPS), underweight European duration, and overweight credit contributed to performance. The Fund's overweight Latin American local debt and detracted from performance.

Security Contributors

There were a few holdings in the Industrial and Communication Services sector that added meaningful returns to the fund. Alphabet Inc, Trane technologies and Schneider Electric were top contributors to the funds return.

Security Detractors

Although the overall market rose, a few holdings declined. Accenture, Aon and Gartner detracted from performance.

Portfolio Activities

We increased our position size in few holdings in Communication services sector and exited a position in Consumer discretionary

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 and Positioning

Equity

The team focuses on conservative growth, seeking companies that are growing at or above market rates but not at extremely fast rates. 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.

Fixed Income

Throughout the quarter, we observed a divergence in the inflation path between the US and other developed countries, influencing rate differentials across the G10. In countries like Canada and New Zealand, where the disinflation process continued, rate markets outperformed those in the US. Towards the end of the quarter, unexpected election outcomes in France, India, Mexico, and South Africa took center stage, causing a significant repricing in risk premiums for their assets before slightly recovering towards the end of June.

Emerging market local rate bonds faced headwinds in Q2 from a strengthening dollar, higher global yields, and election outcomes, reversing some of the gains made earlier in the year. Currencies such as the Mexican peso (MXN) and Brazilian real (BRL) posted negative returns due to the repricing of political risk and the unwinding of long EM carry trades.

Our duration positioning remains close to neutral. We maintain a positive duration stance in North America, particularly in Canada, where we see favorable conditions for fixed income. Conversely, we hold a significant underweight duration view in regions where rates are expected to rise further, notably Japan and the Eurozone. Our strategic position in long-dated TIPS remains unchanged, as we anticipate that US inflation, will stay elevated above historical norms for a prolonged period. We continue to favor long positions in EM local rates for their attractive carry and the potential for lower rates in Latin America.

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's 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. 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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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 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 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 Balanced category funds for Mackenzie Global Growth Balanced Fund for each period are as follows: one year - 1,176; three years - 1,022; five years - 918; ten years - 487.

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.

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