

Mackenzie Betterworld Canadian Equity Fund

Fund snapshot

Inception date	09/09/2021
AUM (millions in CAD)	14.1
Management Fee	0.75%
MER	0.99%
Benchmark	S&P/TSX Composite Fossil Fuel Reserves Free Index
CIFSC Category	Canadian Equity
Risk Rating	Medium
Lead portfolio manager	Andrew Simpson
Investment exp. Since	2001
Target # of holdings	45-55

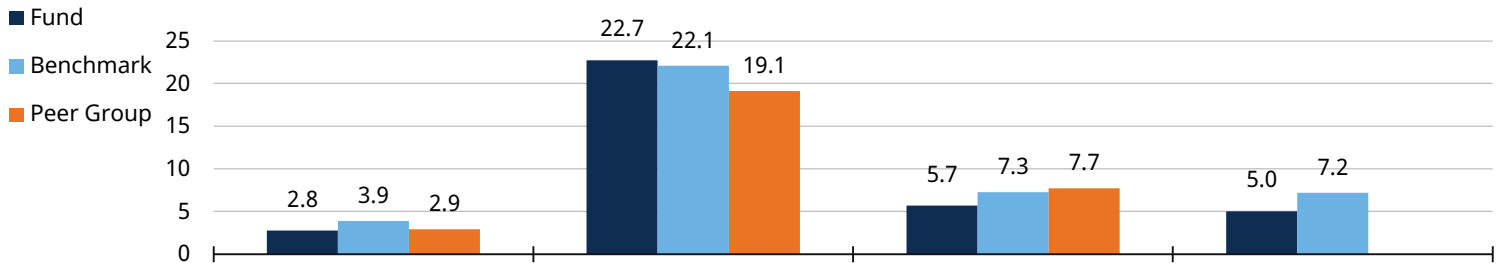
Strategy Overview

A core, diversified equity portfolio designed to deliver competitive returns and mitigate risk by investing in businesses with sustainable revenues that address the needs of all their stakeholders.

Canadian all cap strategy with a specific focus on large cap companies.

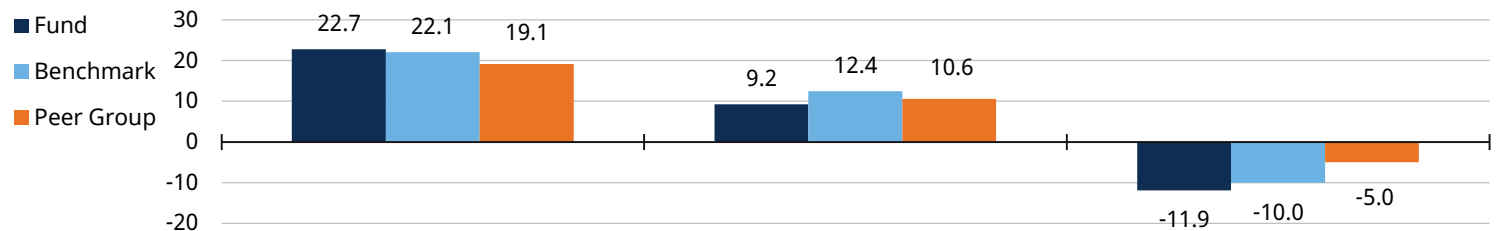
Expert team with decades of experience and a proprietary investment process that includes fundamental research and active engagement with companies.

Trailing returns %



	3 Mth	1 Yr	3 Yr	SI
Excess return	-1.1	0.6	-1.6	-2.2
% of peers beaten	40	90	14	NA

Calendar returns %



	2024	2023	2022
Excess return	0.6	-3.2	-1.9
% of peers beaten	90	31	4

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	46	190
% top 10 holdings	44.6	40.3
Weighted average market cap	72,408.4	81,357.8
EPS growth (FY E)	19.3	12.3
Dividend yield	1.9	2.7
FCF margin	6.8	8.0
P/E Trailing 12M	23.7	20.6
P/E (forecast)	19.1	16.8
Net debt/EBITDA	2.1	2.7
ROE (latest FY)	10.4	10.1

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	14.3	14.0
Sharpe Ratio	0.1	0.4
Tracking Error	5.1	-
Information Ratio	-0.7	-
Alpha	-3.1	-
Beta	1.0	-
Upside Capture (%)	85.4	-
Downside Capture (%)	97.6	-

Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
Canada	96.6	100.0	-3.4
United States	1.6	-	1.6
Other	1.8	-	1.8

Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	34.5	35.7	-1.2
Energy	-	9.9	-9.9
Materials	13.3	12.0	1.3
Industrials	19.3	13.9	5.4
Information Technology	11.5	11.2	0.3
Communication Services	0.5	2.6	-2.1
Utilities	1.9	4.2	-2.3
Consumer Staples	6.8	4.4	2.4
Consumer Discretionary	5.9	3.6	2.3
Real Estate	2.2	2.2	0.0
Health Care	2.2	0.3	1.9
Other	1.9	-	1.9

Country allocation

Country	Portfolio	Benchmark	Relative Weight
Canada	96.6	100.0	-3.4
United States	1.6	-	1.6
Other	1.8	-	1.8

Currency exposure

Region	Gross	Benchmark
CAD	98.4	100.0
USD	1.6	-

Top 10 holdings

Security name	Country	Sector	Weight
Royal Bank of Canada	Canada	Financials	8.0
Shopify, Inc. Class A	Canada	Information Technology	5.2
Bank of Montreal	Canada	Financials	4.5
Brookfield Corporation	Canada	Financials	4.0
Agnico Eagle Mines Limited	Canada	Materials	4.0
Canadian Imperial Bank of Commerce	Canada	Financials	3.9
Canadian Pacific Kansas City Limited	Canada	Industrials	3.8
National Bank of Canada	Canada	Financials	3.7
Constellation Software Inc.	Canada	Information Technology	3.3
Manulife Financial Corporation	Canada	Financials	3.3

Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	Shopify, Inc. Class A	-0.3	1.6
	Atkinsrealis Group Inc.	1.4	0.6
	Bank of Montreal	1.0	0.6
Detractors	Boardwalk Real Estate Investment Trust	1.0	-0.3
	Canadian Pacific Kansas City Limited	0.6	-0.4
	Teck Resources Limited Class B	1.3	-0.4

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Consumer Staples	1.1	0.0	0.5	0.6
	Communication Services	-0.9	0.2	0.1	0.3
	Financials	-1.4	0	0.3	0.3
Detractors	Real Estate	0.8	-0.1	-0.3	-0.4
	Energy	-9.8	-0.7	0.0	-0.7
	Utilities	-0.9	0.0	-0.8	-0.8

Commentary

QFR Highlights

The fund underperformed its prospectus benchmark (S&P/TSX Composite Fossil Fuel Reserves Free Index) during the quarter.

Fund Performance

The fund returned 2.8% during the quarter, underperforming the prospectus benchmark return of 3.9%. The largest detractors from performance were an underweight allocation to the energy sector and stock selection in utilities, real estate, materials, and information technology. Conversely, stock selection in consumer staples, financials, and health care contributed positively.

Security contributors

On an absolute basis, positions in Shopify, Atkinsrealis, Brookfield Corporation, Bank of Montreal, and Manulife Financial Corporation were the largest contributors over the quarter. On a relative basis, not holding TD, BCE, and Barrick Gold in the fund contributed positively to performance relative to the benchmark. Additionally, relative positions in Atkinsrealis and Wells Health Technologies were top contributors to fund performance versus the benchmark during the quarter.

Security detractors (ID to provide information on what contributed and detracted) (50 word limit)

On an absolute basis, positions in Teck Resources, Canadian Pacific Kansas City Limited, Northland Power, Boardwalk Real Estate Investment Trust, and Capstone Copper Corp were the five largest detractors over the quarter. On a relative basis, not holding Enbridge in the fund detracted from performance relative to the benchmark. Positions in Northland Power, Capstone Copper, Boardwalk Real Estate Investment Trust, and Teck Resources were the top detractors to fund performance versus the benchmark during the quarter.

Portfolio activities

During the quarter, we initiated four new positions: two in the consumer staples sector, one in the financials sector, and one in the materials sector. We exited seven positions: one each in the industrials, materials, communication services, consumer staples, real estate, financials, and utilities sectors. The largest increases in weight were in Shopify, Waste Connections, Wheaton Precious Metals, Bank of Montreal, and Agnico Eagle Mines. The largest decreases in weight were in Rogers, Intact Financial, EQB, Jamieson Wellness, and Loblaw.

Market overview

Despite ongoing economic and productivity challenges in Canada, financial markets finished the year with a respectable gain of over 20%, as measured by the S&P/TSX Composite Index. Canada is facing several challenges, including rising political risks and renewed trade tensions, particularly with the U.S. under President Trump. Additionally, the upcoming wave of Canadian mortgage renewals poses a significant challenge, potentially impacting consumer spending and economic stability. Despite these challenges, sectors like Information Technology, Energy, and Financials performed well, highlighting the market's resilience.

Outlook and Positioning

The Betterworld team concluded 2024 with impressive performance, ranking in the top quartile among peers. Despite a challenging year marked by geopolitical risks, US market concentration in the 'Magnificent 7,' volatility from central bank monetary policies, numerous national elections worldwide, and ongoing pressures on sustainability and net-zero commitments, the team navigated these obstacles successfully. The team's outlook for 2025 anticipates ongoing challenges, many of which are linked to the incoming US President Trump. Factors such as tax cuts, tariffs, immigration, inflation, climate change, and armed conflicts all contribute to economic uncertainty. Despite these challenges, 2025 US GDP estimates have been revised upwards, now exceeding 2%. Economists do not foresee any signs of a prolonged slowdown that would necessitate lower estimates. At these levels, the monetary policy easing cycle is expected to continue in 2025, with the Fed remaining vigilant for inflationary pressures. The team anticipates that Canada and Europe will progress further along the easing cycle than the US, which will maintain pressure on the euro and CAD dollar.

What the team appreciates about this environment is that strong business models are likely to continue thriving. Companies that offer reasonable valuations, attractive earnings growth, moderate debt levels, effectively balance stakeholder interests, and provide valuable products and services to their customers are well-positioned for success. The team is entering the year with the expectation that US economic growth will remain resilient while inflation continues to trend towards the Fed's 2% target. The portfolio is currently positioned to put greater emphasis on cyclical stocks such as Financials, Consumer Discretionary, Industrials, Technology, and Materials. On a final note, the team finds the potential for a broadening of market participation beyond the 'Magnificent 7' to be attractive.

Commentary

Stock stories

Agnico-Eagles Mines:

- Agnico Eagle is a senior gold producer with best-in-class ESG practices in areas such as community relations, GHG emissions, water management, and disclosures.
- Sustainability is strongly integrated into the company's business model and throughout its management structure.
- The company operates in low-risk jurisdictions, with the majority of its operations in Canada.
- Agnico has a suite of development projects that have the potential to contribute to growth in the coming years, with manageable mine site capital requirements.

Brookfield Corp.

- Brookfield Corp is an alternative asset manager with a global presence, deep expertise, and strong access to capital.
- The company has a successful track record of investing in a diverse portfolio of high-quality assets and businesses worldwide, supported by its deep investment and operational expertise.
- The Betterworld team believes that Brookfield's insurance business could be a key growth engine in the future.
- Brookfield has demonstrated substantial recent progress in this area, both organically and inorganically.
- The company also stands out from an ESG perspective as a leader in transition investing, supporting companies in decarbonizing in line with net-zero goals.

Canadian Pacific Kansas City Ltd.

- Canadian Pacific is a transcontinental railway operating across Canada, the United States, and Mexico, covering 20,000 route miles
- The rail industry provides a positive structural environment. There are six major Class 1 rail operators globally. Consequently, Canadian Pacific (CP) benefits from significant barriers to entry, a relatively inelastic customer base, cost advantages over trucking, and the ability to pass on cost increases, such as rising fuel prices.
- Rail is a much more environmentally friendly mode of transportation, providing higher fuel efficiency and lower greenhouse gas emissions thanks to its high carrying capacity.
- The Betterworld team views Canadian Pacific (CP) as a best-in-class railroad, especially after the transformative acquisition of Kansas City Southern (KCS), which significantly enhanced its network reach and provided a meaningful structural advantage over its peers.
- In addition to the new geographic footprint and incremental revenue streams, Canadian Pacific (CP) will also benefit from the diversification of its merchandise exposure.

Constellation Software

- Constellation Software is a global leader in providing market-leading software and services across various industries..
- The firm specializes in mission-critical vertical software for niche markets, which benefit from reduced competitive dynamics.
- Its business is bolstered by established scale and expertise, with a proven track record of creating value by rapidly compounding capital through acquisitions at attractive hurdle rates.

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, 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.

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 December 31, 2024. 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 Equity category and reflect the performance of the Mackenzie Betterworld Canadian Equity Fund for the 3-month, 1-, 3-, 5- and 10-year periods as of December 31, 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 Canadian Equity category funds for Mackenzie Betterworld Canadian Equity Fund for each period are as follows: one year - 609 ; three years - 553 ; five years - 469 ; ten years - 319.

© 2024 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

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.