

Mackenzie Bluewater Next Gen Growth Fund

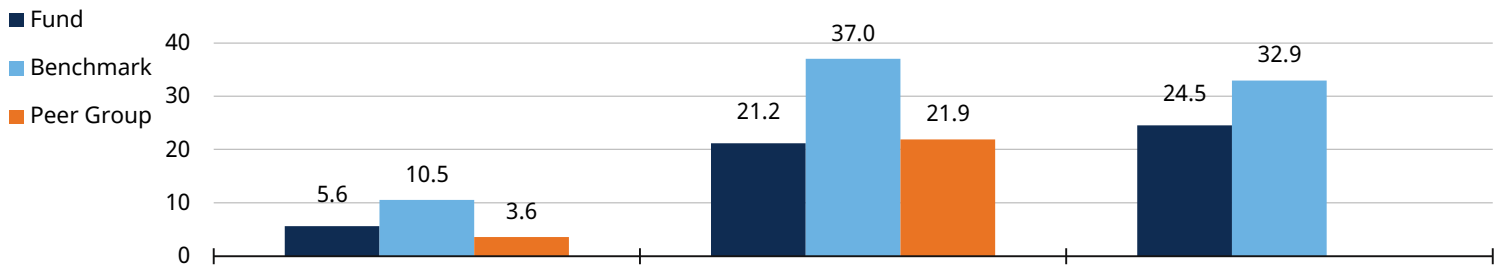
Fund snapshot

Inception date	10/17/2022
AUM (millions in CAD)	49.3
Management Fee	0.80%
MER	1.06%
Benchmark	MSCI World Growth
CIFSC Category	Global Equity
Risk Rating	Medium
Lead portfolio manager	Tyler Hewlett
Investment exp. Since	2001
Target # of holdings	25 - 40

Strategy Overview

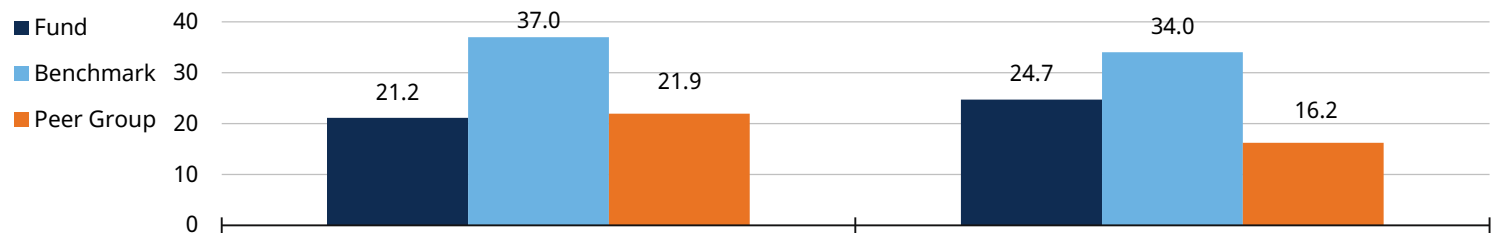
- Seeks dominant businesses underpinned by next-generation products, services and business models, with the goal of creating a long runway of superior growth
- Diversify portfolios with a concentrated, company-focused portfolio of accelerated free cash flow growing businesses from anywhere in the world
- Leverage the strength of the award-winning Mackenzie Bluewater team's investment philosophy and years of investment experience

Trailing returns %



	3 Mth	1 Yr	SI
Excess return	-4.9	-15.8	-8.4
% of peers beaten	79	48	NA

Calendar returns %



	2024	2023
Excess return	-15.8	-9.3
% of peers beaten	48	91

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	33	586
% top 10 holdings	42.5	50.0
Weighted average market cap	937,225.0	2,036,606.8
EPS growth (FY E)	14.8	22.3
Dividend yield	0.5	0.7
FCF margin	22.4	22.9
P/E Trailing 12M	42.1	36.3
P/E (forecast)	36.3	31.7
Net debt/EBITDA	0.1	-
ROE (latest FY)	21.5	23.2

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	-	-
Sharpe Ratio	-	-
Tracking Error	-	-
Information Ratio	-	-
Alpha	-	-
Beta	-	-
Upside Capture (%)	-	-
Downside Capture (%)	-	-

Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
International	9.0	21.8	-12.8
United States	80.9	75.3	5.6
Canada	6.3	2.8	3.5
Other	3.8	-	3.8

Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	10.9	6.6	4.3
Energy	-	0.8	-0.8
Materials	-	2.0	-2.0
Industrials	12.1	9.3	2.8
Information Technology	44.2	42.6	1.6
Communication Services	5.1	11.5	-6.4
Utilities	-	0.4	-0.4
Consumer Staples	1.9	3.8	-1.9
Consumer Discretionary	10.5	14.7	-4.2
Real Estate	-	0.4	-0.4
Health Care	11.6	8.1	3.5
Other	3.8	-	3.8

Country allocation

Country	Portfolio	Benchmark	Relative Weight
United States	80.9	75.3	5.5
Canada	6.3	2.8	3.5
France	4.8	2.6	2.2
Italy	2.9	0.3	2.5
Netherlands	1.4	1.4	-
New Zealand	-	0.1	-0.1
Other	3.8	17.5	-13.7

Currency exposure

Region	Gross	Benchmark
CAD	34.4	2.8
USD	60.9	75.8
Other	4.8	21.3

Top 10 holdings

Security name	Country	Sector	Weight
Amazon.com, Inc.	United States	Consumer Discretionary	5.1
Microsoft Corporation	United States	Information Technology	4.9
Apple Inc.	United States	Information Technology	4.6
Amphenol Corporation Class A	United States	Information Technology	4.4
Roper Technologies, Inc.	United States	Information Technology	4.1
Cadence Design Systems, Inc.	United States	Information Technology	4.0
Copart, Inc.	United States	Industrials	3.9
Thermo Fisher Scientific Inc.	United States	Health Care	3.6
ServiceNow, Inc.	United States	Information Technology	3.2
Descartes Systems Group Inc.	Canada	Information Technology	3.2

Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	Amazon.com, Inc.	-1.1	0.9
	Shopify, Inc. Class A	2.0	0.9
	ServiceNow, Inc.	2.9	0.8
Detractors	IDEXX Laboratories, Inc.	1.6	-0.3
	Danaher Corporation	2.5	-0.4
	Thermo Fisher Scientific Inc.	3.6	-0.5

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Materials	-2.3	0.4	0.0	0.5
	Consumer Staples	-2.0	0.2	0.1	0.5
	Industrials	3.0	-0.2	0.3	0.4
Detractors	Financials	3.2	0.1	-1.0	-0.6
	Information Technology	4.8	0.1	-1.4	-1.3
	Consumer Discretionary	-3.6	-0.4	-1.5	-1.9

Commentary

QFR Highlights

US equities held their gains in the fourth quarter amid continued economic data, interest rate cuts from the Federal Reserve, and optimism regarding policy shifts after the recent election. As a result, the S&P 500 ended the year up over 20%, significantly outperforming other international markets as well as domestic small and mid-caps. Mega-cap tech stocks led the S&P 500 to dominate global markets yet again. The 'Magnificent Seven' stocks rose 48% while the other 493 stocks in the S&P 500 rose just 10%.

Bluewater's investment philosophy includes focusing on identifying key enablers of change. These companies are expected to benefit regardless of which specific technologies or companies ultimately succeed. By focusing on companies that enable the energy transition and digitization, Bluewater aims to capitalize on these structural shifts while mitigating the risks associated with investing in rapidly evolving technologies.

Fund Performance

During the quarter the fund returned 5.8% whereas the MSCI World growth index which returned 10.5%. Stock selection drove performance during the period, with holdings in Industrials and Consumer Staples contributing most to relative returns. While stock selection in consumer discretionary and Information technology detracted from returns.

Security contributors

The largest contributors to returns in the portfolio were Shopify, Netflix and ServiceNow Inc

Shopify: an enterprise software company that essentially takes manual processes, workflows and automates them by applying artificial intelligence to allow their customers to effectively scale their businesses. This process of digitizing manual tasks represents a significant technological shift as there is an endless supply of manual tasks in large organizations.

ServiceNow Inc: is a perfect fit with its recurring revenue business model, partnership with industry chip designer Nvidia as well as Microsoft, 20% plus growth rates, AI leadership, 98% customer retention, and a tremendous opportunity to continue growing its business with minimal competitive threats.

Netflix Inc: is a leader in the streaming industry, Netflix has a competitive edge with its vast content library and global reach. Netflix has introduced an advertising tier and cracked down on password sharing, both of which have boosted revenue. Netflix continues to add millions of subscribers each quarter which has driven growth in its revenue and profitability

Security Detractors

The largest detractors in the quarter were stocks that we did not own namely Tesla and Nvidia Other detractors during the quarter include Thermo Fisher, Danaher and Roper Technologies.

Portfolio activities

During the quarter we added positions in Financials and Information technology and exited a position in Consumer discretionary.

In mid-October 2024, we initiated a new position in Shopify. After spending months refreshing our views on the company, we believe the company is uniquely positioned to grow at 20% plus rates for many years to come. Mostly notable to the Bluewater team, was how the company underwent a strategic shift in the business in 2022 and 2023, where they exited the capital heavy logistics business, pulled back on headcount and ROI generative marketing initiatives, flexed its pricing power for the first time, focused the business on AI, rolled out new marketing tools for its merchants, and positioned the company for success with both its core merchant customers and larger enterprises. The result of this transformation is a product that is more entrenched with its customers and a business that is capable now of growing free cash flow which represents an important inflection point for the business.

Commentary

Market Overview

Global equity markets remained buoyant in 2024 and Bluewater is strategically positioned to navigate what we believe will be a mixed economic landscape in 2025.

From a macro economic standpoint, while conditions in Europe and China remain pressured, the US economy remains broadly supportive of equity markets as we look forward into 2025. Unemployment continues to be at low levels, which provides support for consumer spending, while central banks are expected to continue to loosen policy which aids both consumers and businesses. In the United States, considerable pent-up demand exists in the housing market, as prospective buyers have been deferring purchases due to high mortgage rates. If we see a significant drop in interest rates in response to Federal Reserve policy easing, the cyclical housing sector would be expected to experience a rebound.

In addition, the global economy is undergoing two significant structural changes: the energy transition and digitization, rapidly advanced by artificial intelligence (AI). The energy transition is a massive undertaking, transforming how energy is produced, distributed, and consumed. Companies critical in enabling this transition will benefit from a multi-year growth tailwind, driving superior business performance in the coming decade. Digitization, encompassing technologies such as cloud computing, cybersecurity, and AI, is rapidly transforming industries. AI, in particular, is driving innovation and creating new possibilities for businesses and society.

Outlook and Positioning

The Next Gen Growth strategy specifically targets and weights higher growth companies than traditional Bluewater. Businesses that are tied to powerful secular trends and that are focused on delivering innovative products, services, and business models. Most importantly, we have removed the worst parts of innovative growth investing that are often associated with higher risk and volatility, this includes no concept stocks, no unproven businesses, no speculating on fads that come and go. In short, investing in innovation that lets us all sleep at night.

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.

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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 Next Gen Growth 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 Global Equity category funds for Mackenzie Bluewater Next Gen Growth Fund for each period are as follows: one year - 1785 ; three years - 1530 ; five years - 1282 ; ten years - 648.

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