

# Durable growth investing

## Event summary

The Mackenzie Bluewater team has crafted a distinctive strategy for success: targeting the steady growth of a select group of leading companies with limited competition. By investing in global leaders and prioritizing the growth of free cash flow above market rates, the team aims to deliver consistent returns throughout market cycles while ensuring downside protection.

### What advisors heard?

- Investment philosophy centered around businesses with strong free cash flow: The team looks for superior businesses that are steady, consistent compounders over time. On top of that they look for companies that are benefiting from significant structural change in their industry, which can lead to outsized returns over time. The objective is to invest in companies that exhibit consistent growth, surpassing GDP growth rates in a stable and predictable manner.
- Keeping up with hyper growth poses a challenge for active managers: There has been a dramatic rise in stock market concentration in the past few years — particularly the mega-cap technology names — which presents a challenge for active managers. This concentration risk, coupled with extreme valuations, may benefit Bluewater funds in the event of prolonged market volatility or a normalization in distribution of returns. The Mackenzie Bluewater funds are strategically aligned with current economic conditions, focusing on conservative growth and high-quality businesses with defensible moats and secular growth tailwinds.
- Investing in enablers of secular change is crucial for achieving long-term, sustainable growth. Two key areas that hold significant relevance are the energy transition and digitization. Bluewater's investment philosophy emphasizes identifying the primary drivers of these changes. The team focuses on investing in the key

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enablers of artificial intelligence, (AI), ensuring that the necessary infrastructure and expertise are in place to support this transformative technology. By targeting these enablers, the team aims to capitalize on durable growth in an evolving global landscape.

#### **What advisors can do about it:**

1. Bluewater's investment philosophy focuses 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.
2. The Mackenzie Bluewater Canadian Growth Fund is insulated from the impact of tariffs as it holds companies that are either service oriented or produce products more locally, without relying on extended supply chains.
3. The Mackenzie Bluewater Next Gen Growth Fund employs the Bluewater philosophy to invest in global businesses through an innovation lens. These companies share the characteristics valued by the Mackenzie Bluewater Team: established industry leaders, high levels of free cash flow and strong balance sheets.



## **For more information about the Mackenzie Bluewater Team, please speak to your Mackenzie sales team.**

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