

Mackenzie Bluewater Global Growth Fund

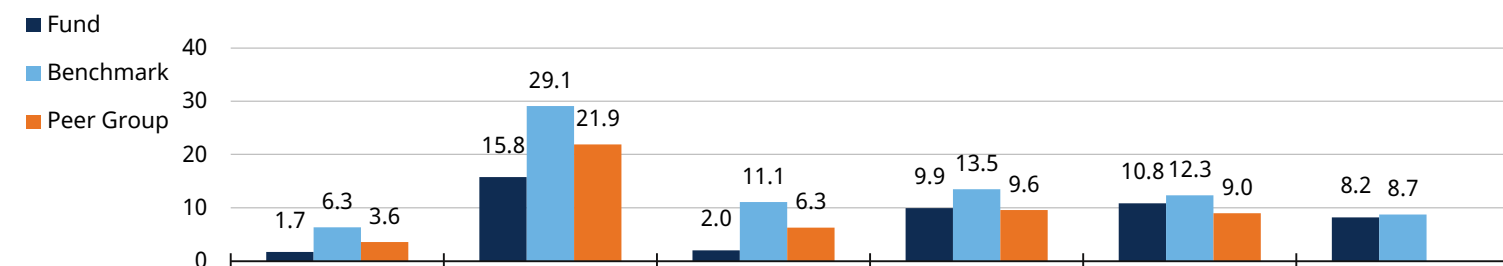
Fund snapshot

Inception date	05/14/2004
AUM (millions in CAD)	1003.8
Management Fee	0.80%
MER	1.06%
Benchmark	MSCI World
CIFSC Category	Global Equity
Risk Rating	Medium
Lead portfolio manager	David Arpin
Investment exp. Since	1995
Target # of holdings	40-45

Strategy Overview

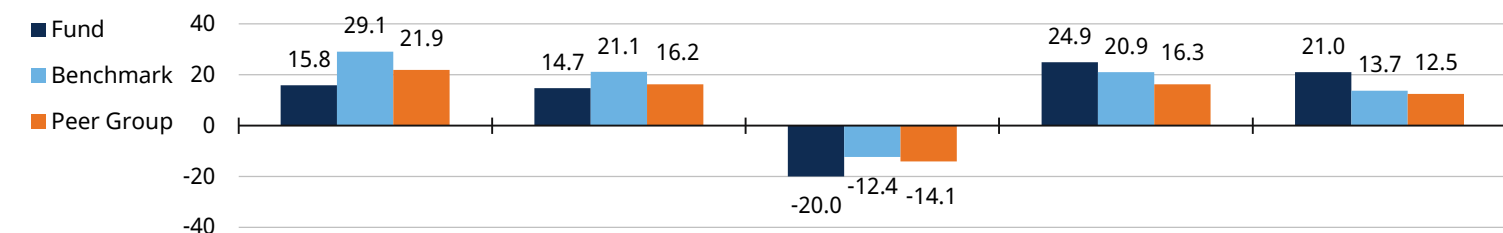
- The Fund seeks capital growth over the longer term by investing primarily in a broad range of global equity securities.
- The investment approach follows a company-focused investment style, seeking companies with strong management, good growth prospects and a solid financial position.
- Emphasis is placed on paying reasonable prices for the free cashflow growth that companies in the portfolio are expected to achieve.

Trailing returns %



	3 Mth	1 Yr	3 Yr	5Yr	10Yr	SI
Excess return	-4.6	-13.3	-9.1	-3.6	-1.5	-0.5
% of peers beaten	26	21	8	60	80	NA

Calendar returns %



	2024	2023	2022	2021	2020
Excess return	-13.3	-6.5	-7.6	4.0	7.3
% of peers beaten	21	48	18	95	88

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	47	1,395
% top 10 holdings	36.5	26.3
Weighted average market cap	757,439.2	1,169,877.4
EPS growth (FY E)	12.8	15.8
Dividend yield	0.8	1.7
FCF margin	20.3	18.6
P/E Trailing 12M	37.1	23.7
P/E (forecast)	31.3	20.7
Net debt/EBITDA	1.0	0.9
ROE (latest FY)	20.8	18.9

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	16.0	12.7
Sharpe Ratio	-0.1	0.6
Tracking Error	6.1	-
Information Ratio	-1.5	-
Alpha	-10.4	-
Beta	1.2	-
Upside Capture (%)	87.0	-
Downside Capture (%)	139.5	-

Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
United States	72.3	73.9	-1.6
International	26.4	23.1	3.3
Canada	-	3.0	-3.0
Other	1.3	-	1.3

Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	12.4	16.0	-3.6
Energy	-	3.7	-3.7
Materials	5.9	3.2	2.7
Industrials	23.9	10.6	13.3
Information Technology	26.5	26.2	0.3
Communication Services	3.5	8.1	-4.6
Utilities	-	2.5	-2.5
Consumer Staples	2.8	6.1	-3.3
Consumer Discretionary	11.9	11.1	0.8
Real Estate	-	2.1	-2.1
Health Care	11.9	10.4	1.5
Other	1.3	-	1.3

Country allocation

Country	Portfolio	Benchmark	RelativeWeight
United States	72.3	73.9	-1.6
United Kingdom	7.4	3.4	4.0
France	7.3	2.6	4.7
Switzerland	4.2	2.2	2.0
Netherlands	3.1	1.1	2.1
Italy	2.2	0.7	1.5
Other	3.5	16.1	-12.6

Currency exposure

Region	Gross	Benchmark
CAD	22.8	3.0
USD	57.1	74.3
Other	20.1	22.7

Top 10 holdings

Security name	Country	Sector	Weight
Apple Inc.	United States	Information Technology	4.3
Microsoft Corporation	United States	Information Technology	4.2
Amazon.com, Inc.	United States	Consumer Discretionary	3.8
Aon Plc Class A	United States	Financials	3.7
Roper Technologies, Inc.	United States	Information Technology	3.5
Compass Group PLC	United Kingdom	Consumer Discretionary	3.5
Schneider Electric SE	France	Industrials	3.5
Waste Connections, Inc.	United States	Industrials	3.4
Alcon AG	Switzerland	Health Care	3.3
Stryker Corporation	United States	Health Care	2.9

Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	Amazon.com, Inc.	0.3	0.6
	Apple Inc.	-1.0	0.5
	Netflix, Inc.	1.3	0.5
Detractors	Atlas Copco AB Class A	1.4	-0.3
	Thermo Fisher Scientific Inc.	2.3	-0.3
	Alcon AG	3.3	-0.4

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Real Estate	-2.2	0.2	0.0	0.2
	Utilities	-2.6	0.2	0.0	0.2
	Consumer Staples	-3.1	0.2	-0.1	0.2
Detractors	Consumer Discretionary	0.4	0.0	-0.6	-0.8
	Materials	2.9	-0.4	-0.4	-0.8
	Information Technology	0.7	0.0	-1.4	-1.1

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

The fund returned 1.9% over the quarter compared to its benchmark which returned 6.3%. Stock selection in Communication services, Industrials and no allocation to energy sector contributed to returns whereas stock selection in Information technology and Financials detracted from performance. From a geographic standpoint, security selection United Kingdom and Netherlands contributed to performance whereas stock selection in United States detracted from performance.

Security contributors

There were a few holdings in Communication services and Industrials that added meaningful returns to the fund. Netflix, Cadence Design system and Copart were top contributors to the funds return.

Cadence Design Systems: is a leading provider in the electronic design automation (EDA) industry. They offer software, hardware, and intellectual property (IP) for the design and verification of advanced semiconductors. Their tools and services are essential for designing integrated circuits and electronic systems used in a wide range of devices, from smartphones to autonomous vehicles. A significant portion of their revenue comes from recurring sources such as software subscriptions, maintenance, and support services.

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

Copart: is a global provider of online vehicle auction and remarketing services. They connect buyers and sellers of various types of vehicles through their 100% online auction platform. The company generates a significant portion of its revenue from auction-related fees, which are recurring in nature. These fees come from the regular auctions they hold for vehicles, including those from insurance companies, rental car companies, and other sellers

Security detractors

Although the overall market rose, a few holdings declined. Alcon, Thermo Fisher scientific in healthcare and Linde in Materials being the major detractors from relative performance.

Portfolio activities

We recently initiated a new position in Stryker across Bluewater portfolios. Stryker is a leading medical technology company specializing in robotic tools and surgical equipment, with a focus on orthopedic surgery for knees and hips. Our investment thesis in Stryker is predicated on an increased focus on free cash flow by the management team which is a rare trait within the Healthcare sector and a core tenet of the Bluewater investment philosophy. Further, a strong organic growth profile, improved pricing power, and a market structure that is consolidated with large barriers to entry and increasing market share positions the company well for future success. The business is underpinned by the large secular trend around the adoption of robotic tools being applied to medical surgeries where penetration rates continue to rise due to quicker patient recovery times from less invasive surgery. We continue to see a long runway for surgeons to be trained on performing surgery with robotic tools, and we believe Stryker is a material beneficiary of this secular transition.

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, Positioning

Bluewater's current portfolio positioning reflects a strategic alignment with the prevailing economic conditions. Bluewater focuses on conservative growth, seeking companies that are growing at or above market rates but not at extremely fast rates. These businesses typically deliver faster growth rates, in the low to mid-teens.

Bluewater focuses on a small subset of global businesses that are truly unique – global leaders in attractive industries with defensible moats and secular growth tailwinds. This results in a diversified high active share portfolio that provides favourable characteristics for long-term compounding, but in a more diversified way from the current market structure. These characteristics allow the companies targeted to grow their free cash flow at above-market rates in a more stable fashion compared to the overall market through a full cycle.

Acquiring such high-quality businesses at reasonable valuations imparts downside protection to the portfolios, allowing them to more effectively navigate through economic cycles and inherent drawdowns and volatility. The team has added value by preserving capital through market drawdowns while compounding returns for clients, resulting in superior risk-adjusted returns over the long term.

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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 Global 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 Global Growth Fund for each period are as follows: one year - 1785 ; three years - 1530 ; five years - 1282 ; ten years - 648.

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