Mackenzie Canadian Dividend Fund

Fund snapshot

Inception date	08/20/2002
AUM (millions in CAD)	2635.3
Management Fee	0.75%
MER	1.00%
Benchmark	7.5% MSCI WORLD & 7.5% SP500 & 85% TSX COMP DIV (LINKED TO TSX)
CIFSC Category	Canadian Dividend and Income Equity
Risk Rating	Medium
Lead portfolio manager	Tim Johal
Investment exp. Since	2000
Target # of holdings	40-45

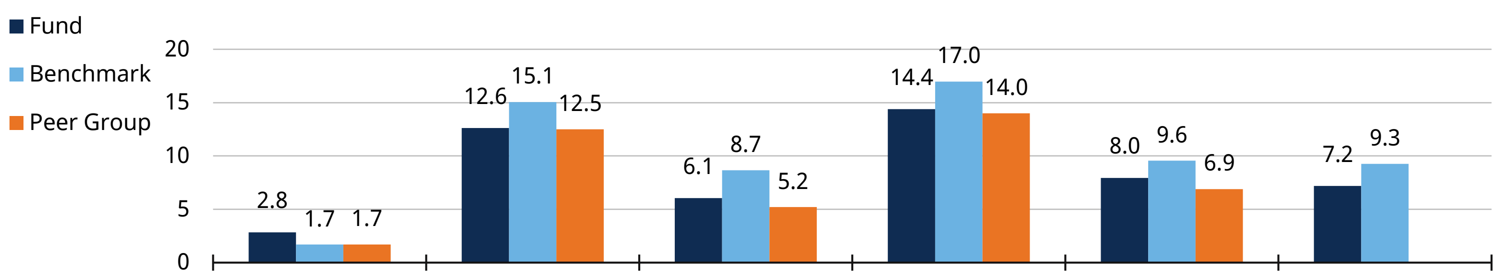
Strategy Overview

• Dividends can be an important component of total return over the long term.

• When a company can consistently increase its dividend over a long period of time, it is often a signal that the business is able to generate strong free cash flows through a variety of market environments.

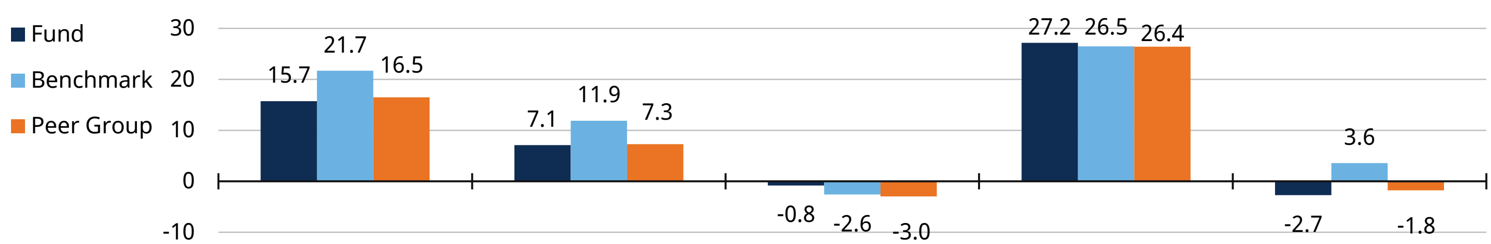
• Two experienced management teams focusing on their specific geographies of expertise.

Trailing returns %



	3 Mth	1 Yr	3 Yr	5Yr	10Yr	SI
Excess return	1.1	-2.5	-2.6	-2.6	-1.6	-2.1
% of peers beaten	75	56	73	59	79	NA

Calendar returns %



	2024	2023	2022	2021	2020
Excess return	-6.0	-4.8	1.8	0.7	-6.3
% of peers beaten	37	44	75	54	59

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	171	1,450
% top 10 holdings	37.8	29.3
Weighted average market cap	173,738.2	246,455.9
EPS growth (FY E)	9.5	11.6
Dividend yield	3.4	2.9
FCF margin	13.3	12.6
P/E Trailing 12M	19.0	19.9
P/E (forecast)	14.8	15.4
Net debt/EBITDA	3.0	2.5
ROE (latest FY)	12.9	13.1

Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	32.7	31.8	0.9
Energy	17.8	15.6	2.2
Materials	8.0	10.8	-2.8
Industrials	11.2	12.3	-1.1
Information Technology	3.5	7.9	-4.4
Communication Services	4.0	3.7	0.3
Utilities	6.9	4.0	2.9
Consumer Staples	5.8	4.7	1.1
Consumer Discretionary	4.2	4.8	-0.6
Real Estate	1.9	2.1	-0.2
Health Care	2.3	2.4	-0.1
Other	1.7	-0.1	1.8

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	11.9	12.6
Sharpe Ratio	0.2	0.4
Tracking Error	2.3	-
Information Ratio	-1.1	-
Alpha	-2.3	-
Beta	0.9	-
Upside Capture (%)	89.4	-
Downside Capture (%)	100.4	-

Country allocation

Country	Portfolio	Benchmark	RelativeWeight
Canada	83.8	80.6	3.1
United States	11.9	14.4	-2.5
United Kingdom	0.6	0.8	-0.2
Germany	0.5	0.5	-
Japan	0.4	1.1	-0.7
France	0.2	0.6	-0.4
Other	2.6	2.0	0.6

Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
Canada	83.8	80.6	3.2
International	2.4	5.0	-2.6
United States	11.9	14.4	-2.5
Other	1.9	-	1.9

Currency exposure

Region	Gross	Benchmark
CAD	85.2	80.6
USD	12.2	14.5
Other	2.6	4.9

Top 10 holdings

Security name	Country	Sector	Weight
Royal Bank of Canada	Canada	Financials	7.1
Toronto-Dominion Bank	Canada	Financials	5.3
Canadian Natural Resources Limited	Canada	Energy	3.9
Enbridge Inc.	Canada	Energy	3.5
Bank of Montreal	Canada	Financials	3.3
Sun Life Financial Inc.	Canada	Financials	3.0
Manulife Financial Corporation	Canada	Financials	2.9
Canadian Pacific Kansas City Limited	Canada	Industrials	2.9
Intact Financial Corporation	Canada	Financials	2.8
TC Energy Corporation	Canada	Energy	2.4

Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	Toronto-Dominion Bank	1.6	0.7
	Agnico Eagle Mines Limited	0.2	0.6
	Intact Financial Corporation	1.4	0.3
Detractors	Rogers Communications Inc. Class B	1.0	-0.2
	Bank of Nova Scotia	0.2	-0.3
	Royal Bank of Canada	1.1	-0.4

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Financials	2.2	-0.1	0.7	0.6
	Energy	2.0	0.0	0.4	0.4
	Information Technology	-4.4	0.5	-0.1	0.4
Detractors	Materials	-2.4	-0.4	-0.3	-0.7

Commentary

QFR Highlights

For Q1 2025, Mackenzie Canadian Dividend Fund returned 2.9%. This compares with a return of 1.7% for its blended benchmark index comprising 80% S&P/TSX Composite Dividend Total Return Index and 20% MSCI World Index CAD.

Market Overview

In early March, the U.S. administration imposed 25% tariffs on all Canadian goods, including a 10% tariff on Canadian energy exports. Although exemptions have since been granted, key exports of automobiles and auto parts, steel, aluminum, and energy remained impacted.

Heightened uncertainty in global markets led to significant drawdowns which had been quite indiscriminatory as sectors and companies which are less impacted by tariffs have also seen their stock prices come under pressure. Bank of Canada cut its key policy interest rate twice during the period – in response to economic slowdown and trade uncertainties.

Inflation concerns remain an issue given the possible impact of tariffs. Consumer and business confidence showing sharp declines amid tariff confusion.

Fund Performance

The Fund's stock selection in the financial, energy and utility sectors were positive for performance, partially offset by some negative stock selection and allocation effects from the materials sector.

Security Contributors

Toronto-Dominion Bank (TD) – is a diversified Canadian and US lender with operations in personal & commercial banking, wealth management, property & casualty insurance as well as capital markets operations. The stock outperformed in the quarter due to the accelerated announcement of a CEO change, newly announced strategic review, and capital redeployment actions which included the sale of the bank's 10% stake in Schwab Corp and commencement of a new stock buyback plan. We continue to maintain an overweight position in the stock given 1) expectations for improved operational performance in the future from the ongoing strategic review, 2) continued stock buybacks supported by a strong capital position and 3) an attractive valuation.

Brookfield Corp (BN) - is a global asset manager that primarily services institutional and sovereign clients. Brookfield Corporation owns significant controlling positions in several publicly traded operating companies, each focused on distinct and strategic asset classes such as real estate, renewable energy, infrastructure, insurance, private equity, and credit. The portfolio is underweight relative to the benchmark and BN underperformed in the quarter because of increased uncertainty regarding tariffs and trade, concerns regarding slower M&A transaction activity and a weaker outlook for fundraising. As an offset, the fund owns overweight positions in Brookfield Asset Management (BAM) and Brookfield Infrastructure Partners (BIP) which also underperformed within the quarter. With the sell-off of all Brookfield entities within Q1, we are re-evaluating our current weights with a view to increasing same given improved reward/risk ratios we observe in the securities.

Intact Financial (IFC) – is Canada's largest property and casualty insurer with operations in Canada, the US and the UK. The company provides insurance for personal and commercial auto and property, as well as providing specialty line insurance and brokerage services. The stock outperformed in the quarter as results continue to reflect strong underwriting performance in all geographies, improving costs in the auto repair market, low catastrophe (CAT) losses and a continued expectation of a hard pricing market for most categories of Intact's operations. We maintain an overweight position in the stock given our favorable fundamental view.

Security Detractors

Rogers Communications (RCI) – is a leading Canadian Wireless, Cable and Media provider. Rogers shares underperformed in the quarter given concerns on wireless subscriber loading trends worsening due to slower immigration policy, concerns with high debt levels, and uncertainty around the closing on their structured equity deal and a potential partner for their sports assets. We still find attractive upside in the stock as it executes on finding strategic partners that will help uncover value in their sports assets in addition to continued execution on operating efficiencies in both cable and wireless. We expect meaningful improvement in FCF growth in the coming years and see significant upside to our estimate of fair value.

Commentary

Wheaton Precious Metals (WPM) is a diversified precious metals streamer and royalty company which owns streams/royalties on gold, silver and primarily other precious metals assets. The company has a strong growth profile driven by numerous brownfield and greenfield expansion opportunities primarily within North and South America. The stock was a strong performer within the quarter due to strong gold price increases, but the fund was underweight the stock. We like the growth outlook of WPM and would look to increase our position within the name upon any weakness within the precious metals markets along with an improvement with the reward to risk profile of the stock.

Sun Life (SLF) – is a globally diversified financial services company with a strong weighting towards group insurance and asset management across Canada, the United States and Asia. The stock underperformed given Q4 results reflected an increase in costs within the company's stop-loss business in the US. We maintain an overweight position in the stock given management's ability to quickly re-price this business, along with a strong track record of capital allocation choices, lower risk business profile and significant and growing wealth platform resulting in an attractive reward to risk opportunity at current stock price levels.

Portfolio Activities

The portfolio management team continues to seek out the best overall reward to risk opportunities within our Canadian investment universe which led to some changes in the portfolio in the quarter.

The changes were driven primarily by stock specific opportunities which resulted in increased positions in the consumer staples, energy and industrials sectors, while positions in the financial services and communication sectors were reduced. Overall, the changes resulted in one new position being added, and one position being eliminated. The Canadian portion of the portfolio ended the period with 52 unique stock positions.

Within consumer staples we added to our position in Loblaws and another consumer staples holding. We continue to believe Loblaws has an attractive discount food offering relative to peers in an era of rising food prices. With the additions, we are now slightly overweight the consumer staples sector.

Within the energy sector, we added to our E&P position by increasing our holding in Cenovus Energy. The company has an improving free cash flow profile as additional projects come on stream, plus the stock's valuation continues to be attractive. We also added to our position in Pembina Pipeline Corp based on continued expected growth in NGLs and natural gas production in Western Canada. Offsetting these additions, we reduced our weightings in pipeline companies like Enbridge and TC Energy where potential returns were less favorable. With the transactions, we are slightly more overweight the energy sector.

Within the industrials sector, we continued to add to two of our holdings. We believe both companies have strong management, resilient earnings profiles and have the ability to continue to increase pricing to their customers even in softer-economic environments. With these adds, we are slightly less underweight the industrials sector.

In financial services, we further reduced our position in Bank of Montreal, Bank of Nova Scotia and Toronto-Dominion Bank. We felt the sector was not adequately pricing in potential risks of slowing economic growth from trade disputes. We also reduced our position in Sun-Life Financial after the stock had a strong return in 2024. As an offset, we added to our position in Royal Bank of Canada which we felt had better reward to risk ratio. With the changes we are slightly less overweight the financial services sector, and have a neutral position within the diversified banks.

Within the communication services we further reduced our position in Telus given our view that new immigration targets announced by the Canadian government would have negative implications for the sector. The shares rallied within the quarter based on falling interest rates, and we took the opportunity to reduce our position. With the sales we are now slightly less overweight the sector.

Within the REIT sector, we added a new position to Boardwalk REIT. The valuation of multi-family focused REITs have sold off considerably in Q4 and Q1, which presented an attractive time to enter a position in Boardwalk to take advantage of the positive inter-provincial migration into Alberta and resulting support for residential rents and occupancy. To fund the position, we sold our entire position of Choice Properties REIT which had an inferior upside and flat growth profile. We retain a neutral position within the REIT sector.

Outlook, Positioning

In the more recent period of increased market volatility, the portfolio management team remains opportunistic in its approach. Equity markets are expected to remain volatile over the coming weeks as policy announcements are considered by market participants and company management teams.

The Trump administration's "Liberation Day" tariff announcements could have profound implications for the global economy and was more severe than the market had expected. Although the administration has walked back much of the reciprocal tariffs, significant uncertainty remains on how the global trade war progresses and what impact they may have on the global economy and on inflation and product prices.

Commentary

Over the medium to longer term, we believe this shift in landscape of global trade is likely to benefit the Canadian economy. The Trump tariffs have forced politicians and the public at large to reconsider Canada's commitment to our natural resource sectors and to focus on new markets for our goods and products outside of the US. A change in policy here could result in a resurgence in domestic and foreign investment in Canada which would be welcomed and positive for long term economic growth.

While the direct impacts of new tariffs on the Canadian economy are relatively limited, Canada will not escape the effect of a US or global economic slowdown in the near term. Equity markets have quickly priced in a global recession with many indices including the S&P/TSX index now close bear market territory. There remain several unknown factors with regards to the announced tariffs including most importantly: 1) the duration tariffs will remain in place and; 2) if the Trump administration is willing to negotiate on terms and postpone tariff implementation. These two factors will be important for equity markets which have already priced in much of the negative aspects – any incremental positives should be good for equity markets.

Our investment style and philosophy focuses on investing in quality companies. This approach is expected to perform well in volatile markets. Recently, the significant drawdowns in the market have been quite indiscriminatory as sectors and companies which are less impacted by tariffs and the economy have also seen stock price pressure. We expect this to normalize over time as selling pressure subsides.

We remain true to our investment process and continue to seek out and invest in the most attractive reward to risk opportunities in the market. The market situation remains fluid, and we will take advantage of market dislocations for the longer-term benefit of our unitholders.

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 March 31, 2025 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 March 31, 2025. 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 Dividend & Income Equity category and reflect the performance of the Mackenzie Canadian Dividend Fund for the 3-month, 1-, 3-, 5- and 10-year periods as of March 31, 2025 . 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 Dividend & Income Equity category funds for Mackenzie Canadian Dividend Fund for each period are as follows: one year - 412 ; three years - 387 ; five years - 359 ; ten years - 247.

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.