

# Mackenzie US Mid Cap Opportunities Fund

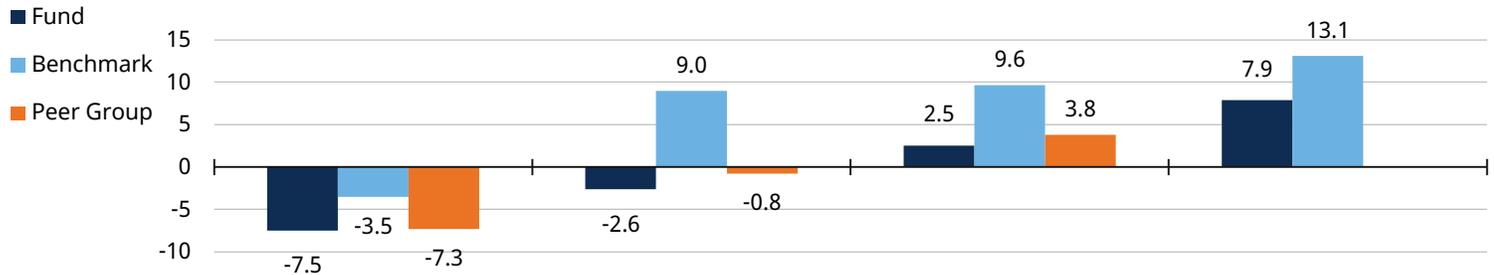
## Fund snapshot

Inception date	05/27/2020
AUM (millions in CAD)	1652.5
Management Fee	0.80%
MER	1.05%
Benchmark	Russell Mid Cap
CIFSC Category	US Small/Mid Cap Equity
Risk Rating	Medium
Lead portfolio manager	Phil Taller
Investment exp. Since	1991
Target # of holdings	25-50

## Strategy Overview

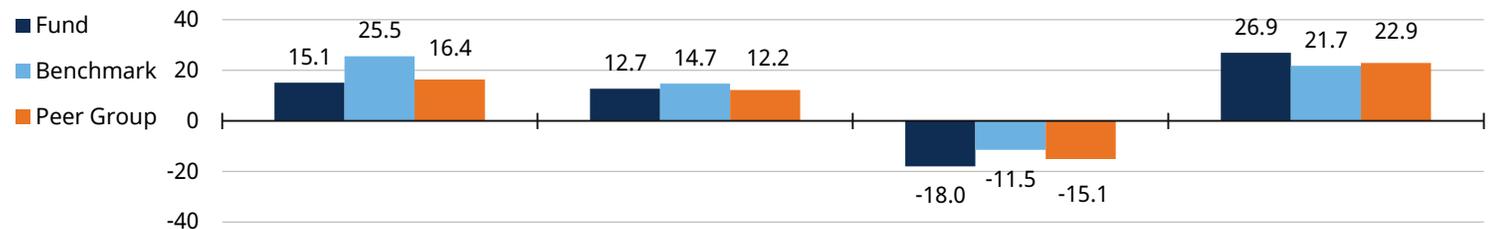
- The Fund seeks to provide long-term capital growth and a reasonable rate of return by investing primarily in equity securities of mid-capitalization companies in the United States.
- The Fund seeks companies with strong management, good growth prospects and attractive financial metrics.
- Emphasis is also placed on paying reasonable prices for the growth that companies in the portfolio are expected to achieve.

## Trailing returns %



	3 Mth	1 Yr	3 Yr	SI
Excess return	-4.0	-11.6	-7.1	-5.2
% of peers beaten	49	38	35	NA

## Calendar returns %



	2024	2023	2022	2021
Excess return	-10.4	-2.0	-6.5	5.1
% of peers beaten	48	47	31	75

## Portfolio characteristics

	Portfolio	Benchmark
# of holdings	35	808
% top 10 holdings	46.7	6.7
Weighted average market cap	27,477.4	41,968.0
EPS growth (FY E)	7.4	10.1
Dividend yield	0.4	1.6
FCF margin	17.1	14.1
P/E Trailing 12M	29.2	20.7
P/E (forecast)	19.4	17.5
Net debt/EBITDA	3.1	1.4
ROE (latest FY)	16.0	15.9

## Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	15.8	16.4
Sharpe Ratio	-0.1	0.3
Tracking Error	5.6	-
Information Ratio	-1.3	-
Alpha	-6.6	-
Beta	0.9	-
Upside Capture (%)	83.0	-
Downside Capture (%)	110.0	-

## Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
United States	96.5	99.5	-3.0
Canada	-	0.2	-0.2
Emerging Markets	-	0.3	-0.3
Other	3.5	-	3.5

## Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	8.7	16.9	-8.2
Energy	-	5.9	-5.9
Materials	-	5.3	-5.3
Industrials	22.7	16.2	6.5
Information Technology	28.5	13.4	15.1
Communication Services	-	3.7	-3.7
Utilities	-	6.2	-6.2
Consumer Staples	2.4	5.1	-2.7
Consumer Discretionary	0.3	10.1	-9.8
Real Estate	5.1	7.9	-2.8
Health Care	28.9	9.3	19.6
Other	3.5	-	3.5

## Country allocation

Country	Portfolio	Benchmark	Relative Weight
United States	96.5	99.5	-3.0
Argentina	-	-	-
Brazil	-	0.3	-0.3
Canada	-	0.2	-0.2
Other	3.5	-	3.5

## Currency exposure

Region	Gross	Benchmark
CAD	19.2	-
USD	80.9	100.0

## Top 10 holdings

Security name	Country	Sector	Weight
CoStar Group, Inc.	United States	Real Estate	5.1
SS&C Technologies Holdings, Inc.	United States	Industrials	4.8
Vontier Corp	United States	Information Technology	4.8
Cirrus Logic, Inc.	United States	Information Technology	4.7
Akamai Technologies, Inc.	United States	Information Technology	4.7
DexCom, Inc.	United States	Health Care	4.3
Jack Henry & Associates, Inc.	United States	Financials	4.3
Charles River Laboratories International, Inc.	United States	Health Care	4.2
MAXIMUS, Inc.	United States	Industrials	4.0
Keysight Technologies Inc	United States	Information Technology	4.0

## Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	Progressive Corporation	3.6	0.6
	SS&C Technologies Holdings, Inc.	4.8	0.5
	CoStar Group, Inc.	4.8	0.5
Detractors	Charles River Laboratories International, Inc.	4.3	-0.9
	Exact Sciences Corporation	3.6	-0.9
	e.l.f. Beauty, Inc.	2.9	-1.9

## Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Industrials	5.1	-0.2	1.5	1.3
	Financials	-8.0	-0.1	1.1	1.0
	Consumer Discretionary	-9.7	0.5	0.2	0.7
Detractors	Information Technology	13.4	-0.8	0.1	-0.7
	Consumer Staples	-1.8	-0.2	-2.0	-2.2
	Health Care	20.8	0.1	-3.1	-3.1

## Commentary

### 1) QFR Highlights

In the first quarter of 2025, the fund returned -7.23%.

The quarter was characterized by increased volatility and market corrections spurred by the uncertainty around the tariffs and government spending cuts introduced by the current United States administration."

### 2) Market Overview

During the first quarter of 2025, the broad US market (S&P 500) returned -4.4%, while the Russell Midcap Index returned -3.53%. There is some speculation that there will be negotiations on the tariff front, as exemplified by comments about Vietnam from the White House. Uncertainty is slightly diminished, but not by much, and we all know that markets do not like uncertainty. We did speak to many of our companies leading up to this period. We do think most of our companies have pricing power since they have intellectual property or a unique competitive position. We do believe that most can deal relatively effectively with the tariff situation as it evolves - for example, Dexcom has manufacturing in Malaysia and Arizona which might offer opportunities to serve the US market domestically and the rest of the world from outside the US.

### 3) Fund Performance

"For Q1 of 2025, the fund's gross return was -7.23%, underperforming the benchmark (Russell Midcap Index) return of -3.53%.

Stock selection in Financials (1.08%) and Industrials (1.46%) contributed to relative performance, while stock selection within Health Care (-3.13%) and Consumer Staples (-1.97%) detracted. "

### 4) Security Contributors

The top security contributors in Q1 of 2025 were Progressive Corporation, SS&C Technologies Holdings and CoStar Group.

#### Progressive Corporation:

- The Progressive Corporation operates as an insurance company that writes insurance for personal autos and special lines products
- They have continued to become sharper on pricing and analytics than their competitors and continue to gain market share.

#### SS&C Technologies Holdings:

- It's a provider of financial accounting and valuation software to asset managers including a lot of hedge funds.
- They have benefited from the organic growth within the asset management and hedge fund industry.

#### CoStar Group Inc

- CoStar Group is a leading provider of commercial real estate data, analytics, and online marketplaces.
- The company has entered the residential market vertical through its HomeSnap and Homes.com acquisitions.
- CoStar customers include CRE brokers, building owners, government agencies, real estate investment trusts, corporate land surveyors, apartment owners, property managers, loan officers, land appraisers and finance professionals.
- Core non-residential market starting to make a comeback.

## Commentary

### **5) Security Detractors**

The top security detractors in Q1 of 2025 were e.l.f. Beauty, Exact Sciences Corporation and Charles River Laboratories International.

#### e.l.f. Beauty:

- The beauty and cosmetics market has been under pressure this quarter. The level of excitement has been dampened in recent years.
- However, e.l.f. Beauty is savvy at product innovation and marketing which holds them in good stead going forward.

#### Exact Sciences

- The company has commercialized a test for colorectal cancer - a disease which when caught early can be treated successfully
- This is a repurchase of a company we held many years ago when it was first entering the market
- After several years of elevated expenses for both the Cologuard test and new products the company is entering a phase of profitability and high free cash flow generation
- There is a fear that new entrants are coming, however we believe that Exact has a large commercial headstart and the market remains less than 50% penetrated
- Exact Sciences introduced new tests in the MRD (Minimal Residual Disease) market, helping therapists detect residual cancer and monitor recurrence. Additionally, their MCED (Multi-Cancer Early Detection) blood test screens for multiple types of cancer from a single blood draw. Neither of these advancements have been priced in yet in our view.

### **6) Portfolio Activities**

Over the first quarter of 2025, the fund added to and increased positions within the Information Technology, Health Care and Industrials sectors, while decreasing positions in the Real Estate sector.

### **7) Outlook, Positioning**

"While there has been a lot of uncertainty with corrections in the markets, we increased the cyclical exposure of our portfolio during the first quarter. This approach is aligned with our investment philosophy, enabling us to identify and capitalize on promising growth opportunities. Core & Main was added to the fund in the same vein.

Core & Main is a leading distributor of water, wastewater, storm drainage, and fire protection products. Their focus on providing innovative solutions for new construction and aging infrastructure supports the growth of city infrastructure. We aim to capitalize on the aging US water infrastructure and increasing demand for sustainable infrastructure.

We recently met with the management of our holding Cognex, which is a machine vision company that helps its customers automate factories and warehouses. After a period of digestion for their logistics customers that area has returned to growth. Eventual reacceleration in their Consumer Electronics and Automotive markets should raise the growth rate in the future. Reshoring of manufacturing capacity back to the United States or other developed markets would also benefit the company. In addition, Cognex has a newer sales strategy based upon their new easier-to-install AI-based products that may open up smaller customers to the company's products.

The Department of Government Efficiency (DOGE) had recently sparked market anxiety with its mandate to cut government spending. This development has raised concerns among companies that rely heavily on government contracts.

Maximus, however, is a key player in social security and healthcare services, whose operations fall within legally mandated spending areas, much of what they do are in areas that really can't be cut too much. In fact, Maximus has proposed several cost-saving measures aimed at reducing government expenditure.

We continue to position our funds towards long term growth opportunities while being cognizant of current market conditions."

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