Quarterly commentary | June 30, 2024
Series F

Mackenzie US All Cap Growth Fund

Fund snapshot

Inception date	07/15/2004
AUM (millions in CAD)	1676.9
Mangement Fee	0.80%
MER	1.05%
Benchmark	Russell 3000 Growth
CIFSC Category	US Equity
Risk Rating	Medium
Lead portfolio manager	Richard Bodzy
Investment exp. Since	2004
Target # of holdings	60-90

Strategy Overview

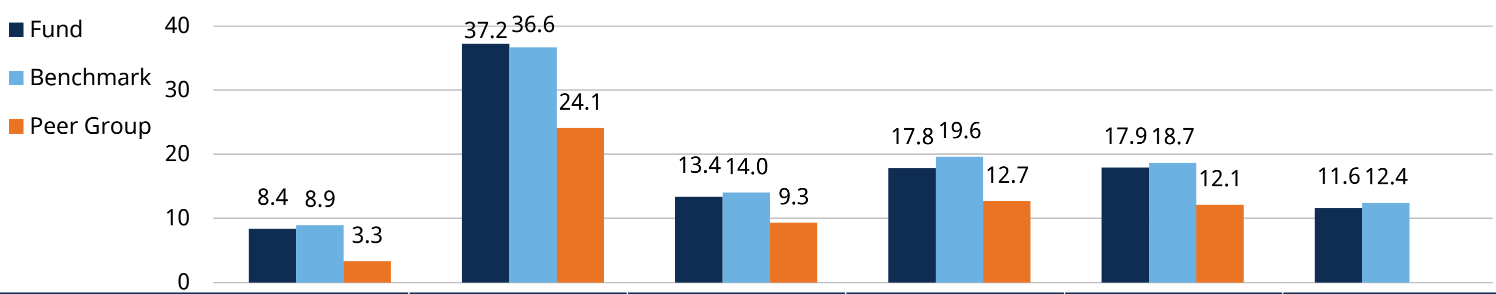
• The Fund seeks to achieve long-term growth of capital by investing primarily in common shares of U.S. companies of any size, from larger, well-established companies to smaller, emerging growth companies.

• The investment approach follows a growth investment style, by investing mainly in common stocks of U.S. companies of any size, with a focus on growth stocks.

• Growth stocks are issued by companies whose earnings are expected to grow faster than those of similar firms, and whose business growth and other characteristics may lead to an increase in stock price.

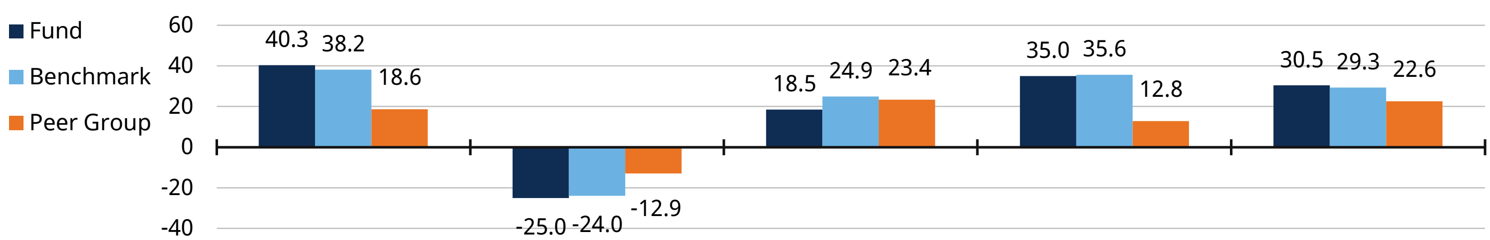
• Among other factors, a company’s valuation, financial strength, growth potential, competitive position in its industry, projected future earnings, cash flows and dividends are considered when deciding whether to buy or sell investments.

Trailing returns %



	3 Mth	1 Yr	3 Yr	5Yr	10Yr	SI
Excess return	-0.5	0.6	-0.6	-1.8	-0.8	-0.8
% of peers beaten	93	93	86	93	97	NA

Calendar returns %



	2023	2022	2021	2020	2019
Excess return	2.2	-1.0	-6.5	-0.6	1.2
% of peers beaten	95	11	13	91	92

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	62	1,494
% top 10 holdings	55.6	54.6
Weighted average market cap	1,853,494.4	1,979,638.7
EPS growth (FY E)	30.1	22.6
Dividend yield	0.4	0.6
FCF margin	24.2	4.9
P/E Trailing 12M	44.4	35.8
P/E (forecast)	35.4	30.2
Net debt/EBITDA	0.1	0.0
ROE (latest FY)	27.5	30.7

Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	5.0	5.7	-0.7
Energy	-	0.6	-0.6
Materials	0.6	0.8	-0.2
Industrials	7.9	5.7	2.2
Information Technology	42.8	45.9	-3.1
Communication Services	13.6	12.2	1.4
Utilities	-	0.1	-0.1
Consumer Staples	0.6	3.8	-3.2
Consumer Discretionary	13.3	13.9	-0.6
Real Estate	1.5	0.8	0.7
Health Care	11.9	10.6	1.3
Other	2.8	-0.1	2.9

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	18.3	17.7
Sharpe Ratio	0.6	0.6
Tracking Error	2.4	-
Information Ratio	-0.3	-
Alpha	-1.0	-
Beta	1.0	-
Upside Capture (%)	101.0	-
Downside Capture (%)	104.4	-

Country allocation

Country	Portfolio	Benchmark	RelativeWeight
United States	93.5	99.9	-6.4
Canada	1.3	0.1	1.2
United Kingdom	0.9	-	0.9
Switzerland	0.5	-	0.5
Netherlands	0.5	-	0.5
Ireland	0.5	-	0.5
Other	2.8	-	2.8

Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
United States	93.5	99.9	-6.4
International	2.4	0.0	2.4
Canada	1.3	0.1	1.2
Other	2.8	-	2.8

Currency exposure

Region	Gross	Benchmark
CAD	0.3	-
USD	97.8	100.0
Other	1.9	-

Top 10 holdings

Security name	Country	Sector	Weight
NVIDIA Corporation	United States	Information Technology	10.4
Microsoft Corporation	United States	Information Technology	9.1
Apple Inc.	United States	Information Technology	8.1
Amazon.com, Inc.	United States	Consumer Discretionary	7.4
Alphabet Inc. Class C	United States	Communication Services	4.8
Meta Platforms Inc Class A	United States	Communication Services	3.6
Broadcom Inc.	United States	Information Technology	3.6
Eli Lilly and Company	United States	Health Care	2.9
Mastercard Incorporated Class A	United States	Financials	2.1
Netflix, Inc.	United States	Communication Services	1.9

Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	NVIDIA Corporation	0.5	3.2
	Apple Inc.	-2.3	1.8
	Alphabet Inc. Class C	1.6	1.0
Detractors	Salesforce, Inc.	1.1	-0.3
	lululemon athletica inc.	0.6	-0.2
	DexCom, Inc.	0.8	-0.2

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Consumer Staples	-3.1	0.2	0.1	0.4
	Health Care	1.9	-0.1	0.3	0.2
	Consumer Discretionary	-0.5	0.0	0.1	0.1
Detractors	Real Estate	0.8	-0.1	-0.1	-0.2
	Information Technology	-3.3	-0.3	0.0	-0.3
	Communication Services	1.3	0.0	-0.4	-0.4

Commentary

The economic momentum of the first quarter of 2024 continued into the second. Initially, investors aggressively dialed back expectations for central bank rate cuts but as the quarter progressed the worst of these worries abated, and soft-landing hopes revived. Returns, however, remained concentrated in the largest US companies. In this environment, the strategy performed generally inline with its benchmark, the Russell 3000 Growth Index. Strong stock selection in industrials, health care, and consumer proved most additive. Positions within communication services as well as our modest underweight to the technology sector detracted from relative results.

For Q2 of this year, the funds gross return was 8.77%, slightly underperforming the benchmark's (Russell 3000 Growth Index) return of 8.93%. Stock selection in industrials, health care in conjunction with sector allocation to consumer staples contributed to relative performance while stock selection in communication services and sector allocation to industrials and information technology detracted performance.

Top contributors to relative outperformance included Broadcom (information technology) NVIDIA (information technology), and Fair Isaac (information technology). Our avoidance of Accenture (information technology), AbbVie (health care) and Caterpillar (industrials) also proved favorable.

Our underweight to strong performing Apple (information technology) and overweights to Salesforce (information technology), Dexcom (health care), and Lululemon (consumer discretionary) were among the top relative detractors.

Changes in the relative positioning of the strategy are primarily a result of our fundamental, bottom-up process of evaluating the opportunity and risk of individual stocks. As always, sector active weights remain reasonably tight in order to reduce unintended factor risks and accentuate stock-specific risk. Currently, we remain within +/-5% of all sectors. Our largest absolute position is information technology (we are generally in line with the Russell 1000 Growth Index here), followed by consumer discretionary. Consumer staples is our largest underweight at this time. We have no exposure to the energy or utilities sectors. For the strategy's geographic exposure, +95%, remains in U.S.- listed securities.

New positions during the quarter were Regeneron Pharmaceuticals (health care), Vertiv (industrials) and Copart(industrials). Top eliminated positions included Palo Alto (information technology) and Adobe (information technology).

U.S. markets rebounded in May, with the S&P 500 Index posting its strongest monthly performance since February. Renewed investor optimism about the economy supported most equities. Expectations for declining interest rates, combined with the continued strength of artificial intelligence-related themes within technology and utilities, boosted the Magnificent Seven mega-cap stocks relative to the rest of the S&P 500. Growth continued to lead value. With the exception of energy, all S&P 500 sectors posted gains. On the macroeconomic front, the U.S. economy remained in solid shape, but data released in May pointed to some signs of moderation.

June also brought gains for U.S. equities. Risk assets continued to be in favor for the month. Better-than-expected data on inflation and the narrative of a soft landing for the economy helped drive investor optimism. Growth led value as both the Nasdaq and Russell 1000 Growth Indexes outperformed their value-oriented counterparts. This bias toward growth was also evident in the strong performance of the information technology, consumer discretionary, and communication services sectors. The utilities, materials, and energy sectors declined for the month. On the macroeconomic front, inflation data came in lower than expected, with headline CPI for May coming in below forecasts at 3.3% year over year. After a string of hotter U.S. inflation readings for the first three months of the year, this reading was welcome news for markets. Also, the Federal Reserve at its June meeting held rates steady at 5.25% – 5.5%. The Fed's updated set of estimates pointed to one rate cut in 2024, down from the three cuts forecast at its March meeting.

For the quarter, U.S. equities, as measured by the S&P 500 Index, returned 4.28%. S&P 500 Index sectors that gained were information technology (13.80%), communication services (9.37%), utilities (4.69%), consumer staples (1.35%), and consumer discretionary (0.66%). Sectors posting losses were health care (–0.96%), real estate (–1.90%), financials (2.03%), Energy(–2.45%), industrials (–2.89%), and materials (–4.50%).

The aim of the mandate is to minimize the impact of economic fluctuations by investing in secular growers with defensible moats and high, sustainable returns. We will continue to focus our investments in companies with 1.) high and long-duration growth, 2.) high and/or improving capital returns, and 3.) an ownership culture. The growth profiles for many of the companies held in the strategy are supported by long-tailed themes, and we explicitly take prior-cycle downside capture into account within our risk framework. Our desire to own high-quality businesses with a narrow range of outcomes has benefited relative returns. This framework has served the strategy well in the past, and we expect it to continue to do so into the future.

Commentary

As far as what has occurred year to date, technology continues to lead the way though there has been a notable increase in breadth within the market (our expectation is this continues). What should continue to widen leadership going forward will be pockets or areas of earnings growth outside of mega cap technology names – including but not limited to Trane Technologies (industrials), Chipotle (consumer discretionary) and Boston Scientific (health care). Our thematic approach remains a critical part of our investment process and a distinct feature of the strategy. Our newest theme, added this past month, is subscriptions and consumables. This theme reflects the priority we place on revenue visibility, and our focus on recurring revenue. Two key strategies for generating recurring revenue are subscriptions — ongoing payments from customers, and consumables — products or services that must constantly be repurchased. Businesses in our portfolio that benefit from subscription revenue include streaming services such as Apple and Spotify, and technology subscriptions from firms such as Microsoft and Salesforce. For consumables, we own companies that sell mission-critical surgical instruments, as well as those that offer prescriptions, test kits, and other disposable supplies. A prime example in the portfolio today is Intuitive Surgical – a biotechnology company that develops and manufactures robotic-surgical systems and instruments.

Lululemon Athletica (LULU):

• Retailer Lululemon provides products and experiences for consumers seeking a healthy lifestyle.

• According to the CDC, the percentage of time spent on exercise expanded from 14% to 24% between 1998 and 2018. Lululemon, a leader in athletic apparel, should continue to benefit from this trend.

• The company is expanding its offerings, including footwear and men's apparel, and new categories such as hiking, golf, and tennis.

CoStar Group (CSGP):

• CoStar, the dominant information provider for the commercial real estate industry, offers data, tools, listings, and online marketplaces.

CoStar is used for 80% of all commercial real estate transactions.

• Its top-line growth has been in the mid- to high-teens (primarily organic), with projected earnings growth of 20% over the next two years.

• Its balance sheet has $4.5 billion in net cash earmarked for M&A.

• We have conviction in the durability of growth and underlying fundamentals of the business.

IDEXX Laboratories (IDXX):

• IDEXX is an animal health care company specializing in diagnostic testing, including in-office testing kits for veterinarians.

• The company has a 70% share of point-of-care veterinary facilities and has been growing its earnings at double-digit rates.

• IDEXX's testing kits, components, and supplies — many of which are disposable items — generate a healthy

level of recurring revenue.

• IDEXX operates in a three-player oligopoly market, and the company has spent more on R&D over the past five years than its competitors combined.

Danaher (DHR):

• Danaher manufactures and sells equipment, consumables, and services as part of its extensive health-care offerings. Next-generation therapeutics are becoming an increasingly larger part of its business and growth.

• Danaher is one of the few global life science tools companies able to offer differentiated end-to-end solutions for its customers.

• The company's offerings are especially beneficial as the biopharma industry evolves and the next generation of therapeutics come to market. These include cell/gene therapies, biosimilars, and mRNA vaccines/therapies.

• Many other qualities differentiate Danaher from its peers, such as its efficient operating system and its highly recurring revenue profile (more than 75% of revenue is recurring).

Commentary

Live Nation Entertainment (LYV):

• Live Nation promotes, operates, and manages ticket sales for live entertainment.

• The company sits in an enviable spot as the global leader and toll-taker in a market that grows materially every year.

• It has over 20 of the top 25 global tours, a secondary ticketing market, double-digit sponsorship and advertising growth, and on-site fan monetization opportunities.

• It was in the eye of the pandemic storm, but we expect it to emerge stronger, with a higher level of profitability and an even greater competitive moat.

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 June 30, 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.

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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 US Equity category and reflect the performance of the Mackenzie US All Cap Growth Fund for the 3-month, 1-, 3-, 5-, and 10-year periods as of June 30, 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 US Equity funds for Mackenzie Mackenzie US All Cap Growth Fund for each period are as follows: one year –1170; three years –1039 ; five years – 908 ; ten years – 537 .

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