

# Mackenzie Bluewater Canadian Growth Fund

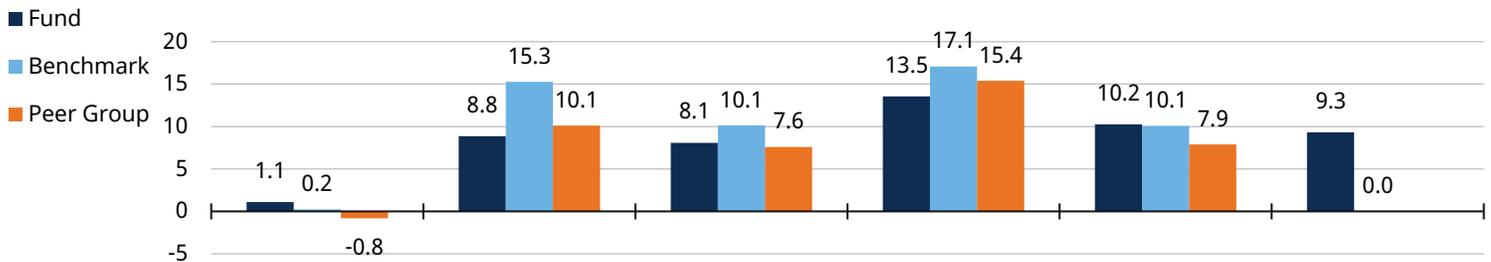
## Fund snapshot

Inception date	12/06/1999
AUM (millions in CAD)	5062.3
Management Fee	0.75%
MER	1.01%
Benchmark	60% TSX Comp + 30% S&P500 + 10% EAFE
CIFSC Category	Canadian Focused Equity
Risk Rating	Medium
Lead portfolio manager	Shah Khan
Investment exp. Since	2010
Target # of holdings	40- 45

## Strategy Overview

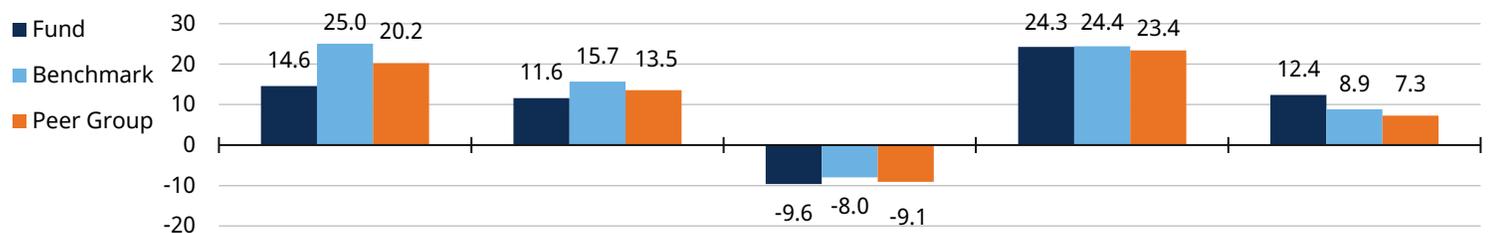
- The Fund invests mainly in Canadian equity securities issued by Canadian corporations to achieve long-term capital growth and provide a reasonable rate of return.
- The investment approach follows a company-focused investment style, seeking companies with strong management, good growth prospects and a solid financial position.
- Emphasis is placed on paying reasonable prices for the free cash flow growth that companies in the portfolio are expected to achieve.

## Trailing returns %



	3 Mth	1 Yr	3 Yr	5Yr	10Yr	SI
Excess return	0.9	-6.5	-2.0	-3.6	0.1	9.3
% of peers beaten	78	41	60	27	88	NA

## Calendar returns %



	2024	2023	2022	2021	2020
Excess return	-10.5	-4.1	-1.6	-0.2	3.5
% of peers beaten	14	44	44	64	97

## Portfolio characteristics

	Portfolio	Benchmark
# of holdings	39	1,415
% top 10 holdings	42.4	22.2
Weighted average market cap	359,359.9	449,844.8
EPS growth (FY E)	13.4	13.2
Dividend yield	1.3	2.4
FCF margin	19.5	11.3
P/E Trailing 12M	31.8	20.8
P/E (forecast)	24.5	16.5
Net debt/EBITDA	1.7	1.8
ROE (latest FY)	13.6	14.6

## Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	12.4	13.0
Sharpe Ratio	0.3	0.5
Tracking Error	5.0	-
Information Ratio	-0.4	-
Alpha	-1.3	-
Beta	0.9	-
Upside Capture (%)	86.3	-
Downside Capture (%)	90.5	-

## Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
Canada	55.2	60.0	-4.8
International	4.7	10.0	-5.3
United States	38.4	30.0	8.4
Other	1.7	-	1.7

## Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	31.7	26.0	5.7
Energy	-	11.8	-11.8
Materials	2.1	9.3	-7.2
Industrials	24.4	11.7	12.7
Information Technology	17.4	15.3	2.1
Communication Services	-	4.7	-4.7
Utilities	-	3.5	-3.5
Consumer Staples	5.0	5.0	0.0
Consumer Discretionary	5.5	6.0	-0.5
Real Estate	2.4	2.0	0.4
Health Care	9.8	4.7	5.1
Other	1.7	-	1.7

## Country allocation

Country	Portfolio	Benchmark	RelativeWeight
Canada	55.2	60.0	-4.8
United States	38.4	30.0	8.4
Switzerland	2.3	1.0	1.3
United Kingdom	1.5	1.5	-0.1
France	1.0	1.2	-0.2
Germany	-	1.0	-1.0
Other	1.6	5.3	-3.7

## Currency exposure

Region	Gross	Benchmark
CAD	68.8	60.0
USD	28.7	30.2
Other	2.5	9.8

## Top 10 holdings

Security name	Country	Sector	Weight
Stantec Inc	Canada	Industrials	5.1
Royal Bank of Canada	Canada	Financials	5.1
Intact Financial Corporation	Canada	Financials	4.5
Aon Plc Class A	United States	Financials	4.3
Roper Technologies, Inc.	United States	Information Technology	4.0
Loblaw Companies Limited	Canada	Consumer Staples	3.9
TMX Group Ltd.	Canada	Financials	3.9
Waste Connections, Inc.	Canada	Industrials	3.9
Brookfield Asset Management Ltd. Class A	Canada	Financials	3.8
Thomson Reuters Corporation	Canada	Industrials	3.2

## Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	TMX Group Ltd.	3.2	0.6
	Intact Financial Corporation	3.3	0.5
	Waste Connections, Inc.	2.4	0.5
Detractors	Apple Inc.	0.7	-0.3
	Microsoft Corporation	1.5	-0.4
	Brookfield Asset Management Ltd. Class A	3.8	-0.4

## Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Financials	5.1	0.1	1.2	1.1
	Consumer Discretionary	-1.8	0.1	0.6	0.8
	Industrials	12.5	-0.1	0.7	0.5
Detractors	Real Estate	0.7	0.0	-0.2	-0.2
	Energy	-11.6	-0.4	0.0	-0.4
	Materials	-6.4	-1.0	-0.1	-1.2

## Commentary

### **1) QFR Highlights**

During the quarter the fund returned 1.35% outperforming the blended benchmark by 1.12%. The story of the quarter was the new Trump administration in the United States. From a portfolio standpoint, our direct exposure to tariff risk remains limited. Our investment philosophy continues to emphasize businesses with durable economic moats, solid balance sheets, and operational agility.

### **2) Market Overview**

The blended benchmark of (60% S&P/TSX Composite + 30% S&P500 + 10% MSCI EAFE) returned 0.23% in the quarter. After a strong 2024, global equity markets provided mixed performance in the first quarter of 2025. The Canadian market was flat, the U.S. market sold off, while European markets were up sharply. The story of the quarter was unquestionably the new Trump administration in the United States. North American equity markets—and corporate management teams—had generally viewed Trump's election in late 2024 as a positive. As increasingly disruptive economic policies began to be first threatened and then erratically implemented, markets and managements have become more cautious.

### **3) Fund Performance**

During the quarter the fund returned 1.35% outperforming the blended benchmark by 1.12%. Stock selection in the financials, consumer discretionary, and industrials sectors contributed to relative performance while underweight allocation to the materials and energy sectors detracted. From a geographic standpoint, stock selection in United States and Canada contributed to performance while stock selection in France and the United Kingdom detracted.

### **4) Security Contributors**

#### TMX Group

TMX Group is a Canadian financial services company that operates multiple exchanges providing platforms for equities, fixed income, derivatives, and energy markets. It offers a range of services such as trading, clearing, settlement, depository facilities, and market data, catering to the global financial community.

TMX has a range of recurring revenue streams (55% of revenues), the cash and derivatives trading business (40% of revenues) are a beneficiary of volatility driving higher volumes, and exposure to capital markets' sensitive listings revenues is limited (only 7% of revenues).

#### Roper Technologies

Roper Technologies is a diversified industrial technology company, specializing in software and engineered products across various sectors, including healthcare, transportation, and construction. It operates through a portfolio of businesses, providing innovative solutions such as diagnostic informatics, freight matching networks, and business management software.

The focus on compounding free cash flow growth and acquiring businesses with wide moats aligns well with the Bluewater philosophy. Their decentralised approach also allows for agility and specialists to run each businesses unit.

### **5) Security Detractors**

#### Brookfield AM

Brookfield Corporation's stock has underperformed this year, in part due to a report by the Financial Times, which spotlighted concerns around the company's complex organizational structure. The spin-out of the asset management arm in late 2022 created a significantly simplified entity, one that aligns more closely with the attributes we value: a capital-light model, strong free cash flow generation, and a clean balance sheet.

Meanwhile, rising interest rates have put additional pressure on capital-intensive sectors such as commercial real estate. The prospect of renewed tariff policies under a potential Trump administration has further clouded the outlook, undermining the visibility and policy stability required for long-term capital deployment in real assets.

#### Gartner

Gartner is a global research and advisory firm that provides unbiased research to assist businesses in strategic decision making.

Our thesis is based on a highly recurring, high-retention revenue model with strong pricing power, minimal disruption risk, and inherent operating leverage from scalable content. Its trusted brand, global scale, and lack of real competition position it to compound free cash flow at double-digit rates over time. No allocation to Agnico Eagle Mines and Wheaton Precious Metals Group in the materials sector also meaningfully detracted from relative performance during the period.

### **6) Portfolio Activities**

Descartes Systems Group is a recent addition to the Canadian Growth portfolio that stands out as a quietly compounding force in the global logistics and supply chain technology ecosystem. The company delivers mission-critical solutions through its Global Logistics Network (GLN), a cloud-based platform that facilitates the movement of goods and information across modalities, geographies, and regulatory frameworks. Its offerings span transportation management, customs and regulatory compliance, warehousing, and global trade content—essential infrastructure in an increasingly complex and digitized supply chain environment.

Another recent addition is TD Bank. We exited our position in 2022 due to concerns around leadership shortcomings and the resulting erosion in corporate culture, employee morale, and client experience. These issues were compounded by poor capital allocation decisions—most notably the proposed acquisition of First Horizon, which we viewed as lacking both strategic and financial merit—and persistent operational missteps, including material Anti-Money Laundering (AML) deficiencies.

Since then, the investment case has materially evolved. We now view the bank as undergoing a meaningful inflection. The appointment of a new CEO, accompanied by a comprehensive reshaping of the executive team and board composition, signals a fresh strategic direction. Importantly, the global resolution of the AML issues has cleared a critical overhang, paving the way for a more focused and accountable operating environment. With legacy challenges largely addressed and a revitalised leadership structure in place, we believe TD is poised to unlock internal efficiencies and drive sustainable value creation.

### **7) Outlook and Positioning**

From a portfolio standpoint, our direct exposure to tariff risk remains limited. We have deliberately avoided sectors highly dependent on U.S. exports, focusing instead on businesses driven by secular, idiosyncratic growth drivers that operate independently of macroeconomic cycles. These types of companies have historically proven more resilient during periods of geopolitical or policy-driven uncertainty and are well-positioned to adapt should trade tensions escalate further. Additionally, many of our holdings are either services-oriented (e.g., Thomson Reuters, Aon), domestically focused, or structured with localized supply chains—providing further insulation from global trade disruptions. Our investment philosophy continues to emphasize businesses with durable economic moats, solid balance sheets, and operational agility.

Bluewater concentrates on a select group of global businesses that are truly differentiated—market leaders in structurally attractive industries, backed by durable competitive advantages and long-term secular growth drivers. This targeted approach results in a high active share portfolio that is meaningfully diversified from the broader market structure, positioning it well for long-term compounding in a more resilient and consistent manner.

By focusing on companies with the ability to grow free cash flow at above-market rates across cycles, and acquiring them at disciplined valuations, we embed downside protection into the portfolio. This enables us to better manage through macroeconomic uncertainty, market volatility, and drawdowns. The strategy has consistently added value by preserving capital during challenging periods while compounding returns for clients—ultimately delivering superior risk-adjusted performance over the long term.

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.

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Percentile rankings are from Morningstar Research Inc., an independent research firm, based on the Canada Fund Canadian Focused Equity category and reflect the performance of the Mackenzie Bluewater Canadian Growth 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 Focused Equity category funds for Mackenzie Bluewater Canadian Growth Fund for each period are as follows: one year - 488 ; three years - 475 ; five years - 459 ; ten years - 323.

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