

Mackenzie Canadian Small Cap Fund

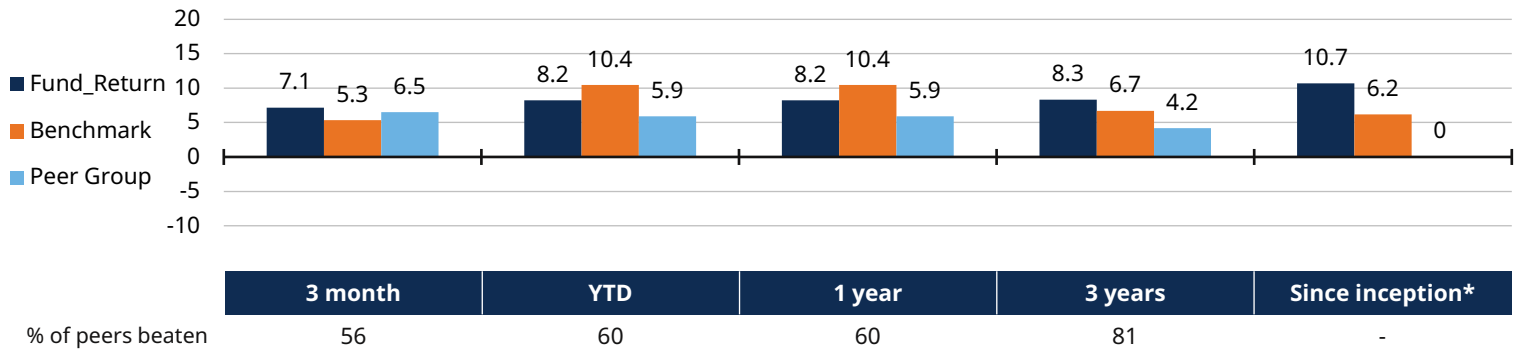
Strategy snapshot

Inception date	06/05/2009
AUM (millions in CAD)	161.8
Benchmark	S&P/TSX Completion
Lead portfolio manager	Scott Carscallen, Dongwei Ye
Investment exp. since	1994, 2003
Target # of holdings	-

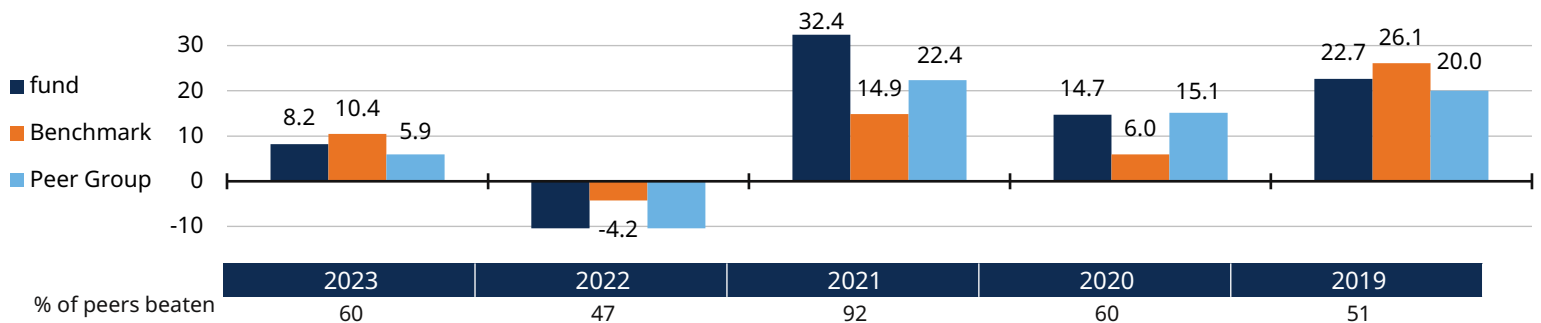
Strategy Overview

- Managed by an experienced investment team offering focused and specialized Canadian small cap expertise
- Small cap investment opportunities can enhance potential for returns and add diversity

Trailing returns %



Calendar returns %



Portfolio characteristics

	Portfolio	Benchmark
# of holdings	50.0	165.0
% top 10 holdings	33.6	22.0
Weighted average market cap	5,373.8	7,809.3
EPS growth (FY E)	0.0	-19.9
Dividend yield	1.6	2.5
FCF margin	9.6	3.9
P/E Trailing 12M	19.5	11.4
P/E (forecast)	17.3	12.3
Net debt/EBITDA	2.2	2.6
ROE (latest FY)	11.5	12.1

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	13.7	13.69
Sharpe Ratio	0.3	0.33
Tracking Error	8.7	-
Information Ratio	0.0	-
Alpha	1.0	-
Beta	0.8	-
Upside Capture (%)	82.6	-
Downside Capture (%)	76.7	-

Regional breakdown

Region	Weight	Relative weight
Canada	99.2	-0.8
United States	0.0	0.0

Sector allocation

Sector	Weight	Relative weight
Communication Services	0.0	-1.1
Consumer Discretionary	7.5	5.1
Consumer Staples	1.1	-1.9
Energy	11.6	-5.8
Financials	14.1	-1.0
Health Care	1.3	-0.3
Industrials	33.8	15.4
Information Technology	7.5	2.9
Materials	7.4	-11.7
Real Estate	14.9	5.2
Utilities	0.1	-7.4

Country allocation

Country	Weight	Relative weight
Canada	100	-0.8
United States	0	0.0

Currency exposure

Region	Gross	Benchmark
CAD	100.0	100.0
USD	0.0	0.0

Top 10 holdings

Security name	Country	Sector	Weight
Boyd Group Services Inc	Canada	Industrials	3.9
WSP Global Inc.	Canada	Industrials	3.7
EQB Inc	Canada	Financials	3.6
Stantec Inc	Canada	Industrials	3.5
Element Fleet Management Corporation	Canada	Industrials	3.4
Descartes Systems Group Inc.	Canada	Information Technology	3.3
ATS Corporation	Canada	Industrials	3.2
Savaria Corporation	Canada	Industrials	3.0
Dream Industrial Real Estate Investment Trust	Canada	Real Estate	2.9
Richelieu Hardware Ltd	Canada	Industrials	2.9

Security level contributors and detractors

	Security	Average Relative weight (%)	Allocation Effect (%)	% contribution to return
Contributors	goeasy Ltd.	1.7	0.64	0.9
	Colliers International Group Inc.	1.4	0.31	0.7
	Stantec Inc	1.3	0.19	0.7
Detractors	Enerplus Corporation	0.6	-0.14	-0.3
	Vermilion Energy Inc.	0.7	-0.2	-0.3
	Tamarack Valley Energy Ltd.	1.0	-0.28	-0.3

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)
Contributors	Industrials	15.4	0.3	0.2
	Financials	-1.0	0.0	0.4
	Real Estate	4.9	0.3	0.2
Detractors	Health Care	-0.3	0.0	0.0
	Energy	-5.9	0.8	-0.5

Commentary

For Q4 2023, the Mackenzie Canadian Small Cap Fund posted a gain of 7.4%, This compares with the S&P/TSX Completion Index gain of 5.3%.

Q4 was an exciting and stronger quarter for equities, with the markets responding positively to the Fed's pivot, as investors were expecting an advanced easing cycle. The shift in market sentiment has sent many beaten down names to soar in December. Rate sensitive sectors were favored by investors who flew into risk assets as Financials and Real Estate names were the largest beneficiaries of the rally. The expectation of rate cuts in 2024 also boosted the outlook for gold names. Both macro and geopolitical uncertainties were the key drivers for bullion prices.

Lower energy prices and a warm winter did not support a strong thesis for the energy sector. Rising US production and fears of weaker demand weighed on commodity prices making energy the worst performing sector for the quarter. Defensive sectors like utilities and healthcare lagged the performance of their cyclical peers. Consumer discretionary stocks were out of favor as Canadian consumers were disproportionately burdened with higher mortgage payments and rent vs US consumers, impacting all names related to discretionary spending.

During the quarter we added Jamieson Wellness to the fund. During the quarter we sold B2Gold, Boralex, K92 Mining and Pan American Silver from the Fund.

Despite a volatile year dominated by non-stop headline risks including the US Banking crisis, impact of the relentless rate hikes, regional wars and conflict, the equity markets reversed all previous losses in the last two months. The drastic course change was supported by a swift shift in interest rate expectations and clear evidence that inflation has been tamed while the job market continues to hold up nicely. Small caps reacted favorably on risk-on days, closing the gap with its large cap peers. Based on recent earnings reports, many small caps are demonstrating resilience in an environment of high interest rates and slowing economic activities. As we entered the new year, the debate shifted towards when and how much the Fed would cut rates, and if the economy can have a soft landing, a best-case scenario. We have seen evidence of improving breadth in the small cap space as inflation continues to moderate. While valuations in many pockets have come up sharply off lows, they are still cheap by historical measures. Financials and names related to consumer spending are more sensitive to rate changes and thus will benefit from any potential rate cuts. In the short term, the market might take a break from the year end rally, and we view any pullback as temporary. In the long run, beaten down consumer and financial sectors will rebound as we are approaching the pivot point, especially with valuations at current levels. Companies that emphasize a conservative capital allocation strategy and generate lots of free cash flow have proven to be winners in the long run.

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 December 31, 2023 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 Canadian Small/Mid Cap Equity category and reflect the performance of the Mackenzie Canadian Small Cap F for the 3-month, 1-, 3-, 5-, and 10-year periods as of December 31, 2023 . 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 Small/Mid Cap Equity funds for Mackenzie Canadian Small Cap F for each period are as follows: one year -184; three years -175 ; five years - 159 ; ten years - 118 .

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