Mackenzie US All Cap Growth Fund

Strategy snapshot

Inception date	07/15/2004
AUM (millions in CAD)	1162.8
Management Fee	0.8%
MER	1.05%
Benchmark	Russell 3000 Growth
CIFSC Category	US Equity
Risk Rating	Medium
Lead portfolio manager	Richard Bodzy, Gregory McCullough
Investment exp. since	2004, 2008
Target # of holdings	60-90

Strategy Overview

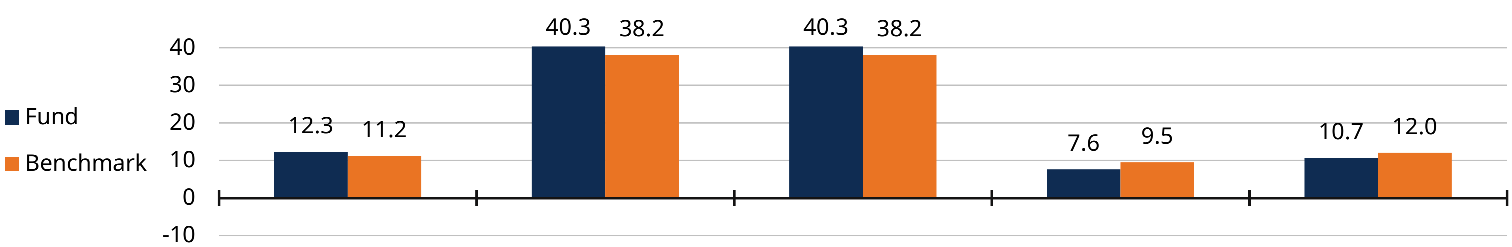
• The Fund seeks to achieve long-term growth of capital by investing primarily in common shares of U.S. companies of any size, from larger, well-established companies to smaller, emerging growth companies.

• 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.

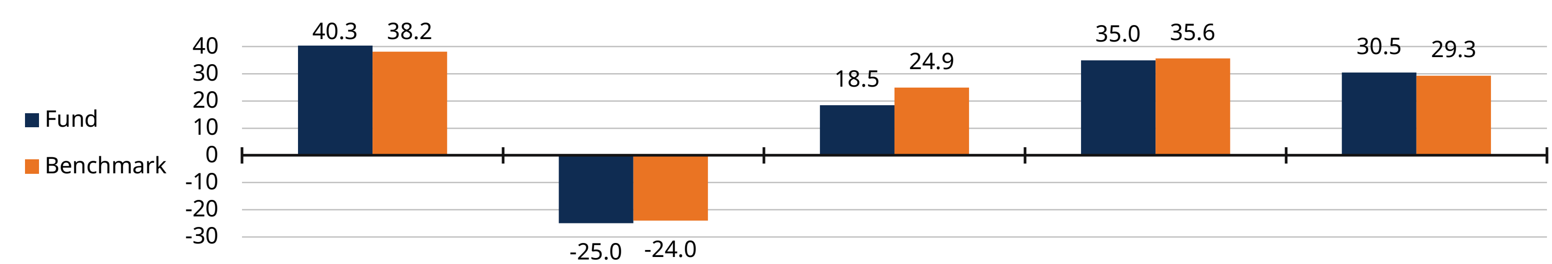
• Among other factors, a company's valuation, financial strength, growth potential, competitive position in its industry, projected future earnings, cash flows and dividends are considered when deciding whether to buy or sell investments

Trailing returns %



	3 month	YTD	1 year	3 years	Since inception*
% of peers beaten	95	95	95	37	-

Calendar returns %



	2023	2022	2021	2020	2019
% of peers beaten	95	11	13	91	92

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	63.0	1,517.0
% top 10 holdings	49.2	48.8
Weighted average market cap	1,273,158.9	1,385,337.5
EPS growth (FY E)	21.9	18.7
Dividend yield	0.5	0.7
FCF margin	22.6	-109.8
P/E Trailing 12M	42.0	33.7
P/E (forecast)	34.8	28.8
Net debt/EBITDA	0.3	0.2
ROE (latest FY)	25.9	26.6

Sector allocation

Sector	Weight	Relative weight
Communication Services	10.7	-0.3
Consumer Discretionary	16.1	0.6
Consumer Staples	1.7	-2.4
Energy	-	-0.7
Financials	5.8	-0.6
Health Care	11.3	0.1
Industrials	6.5	-0.1
Information Technology	42.2	-0.3
Materials	0.9	-
Real Estate	2.1	1.1
Utilities	-	-0.1

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	16.7	17.5
Sharpe Ratio	-0.1	0.4
Tracking Error	6.9	-
Information Ratio	-1.1	-
Alpha	-7.0	-
Beta	0.9	-
Upside Capture (%)	69.4	-
Downside Capture (%)	95.9	-

Country allocation

Country	Weight	Relative weight
United States	93.0	-6.8
Canada	1.5	1.5
United Kingdom	1.0	1.0
Netherlands	0.0	0.7
Ireland	0.4	0.4
France	0.4	0.4
Other	3.7	3.6

Regional breakdown

Region	Weight	Relative weight
United States	93.4	-6.8
International	2.7	2.7
Canada	1.5	1.5
Cash	2.7	2.7

Currency exposure

Region	Gross	Benchmark
CAD	0.2	-
USD	97.6	100.0
Other	2.3	-

Top 10 holdings

Security name	Country	Sector	Weight
Microsoft Corporation	United States	Information Technology	9.4
Apple Inc.	United States	Information Technology	9.0
Amazon.com, Inc.	United States	Consumer Discretionary	6.7
NVIDIA Corporation	United States	Information Technology	5.3
Alphabet Inc. Class C	United States	Communication Services	4.6
Broadcom Inc.	United States	Information Technology	3.2
Meta Platforms Inc. Class A	United States	Communication Services	2.5
Mastercard Incorporated Class A	United States	Financials	2.5
UnitedHealth Group Incorporated	United States	Health Care	2.3
Eli Lilly and Company	United States	Health Care	2.3

Security level contributors and detractors

	Security	Average Relative weight (%)	Allocation Effect (%)	% contribution to return
Contributors	Microsoft Corporation	-1.5	0.0	1.7
	Amazon.com, Inc.	0.9	0.0	1.1
	Apple Inc.	-2.2	0.1	1.0
Detractors	Oracle Corporation	1.3	-0.2	0.0
	Datadog Inc Class A	0.1	-0.1	-0.1
	Tesla, Inc.	-0.4	0.1	-0.1

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)
Contributors	Information Technology	0.8	0.1	0.4
	Consumer Discretionary	0.3	0.0	0.4
	Communication Services	0.6	0.0	-0.1
Detractors	Materials	0.0	0.0	0.1
	Energy	-0.8	0.2	0.0
	Utilities	-0.1	0.0	0.0

Commentary

For Q4, the Fund's gross return was 12.62%, overperforming the benchmark's (Russell 3000 Growth) return of 11.27%. U.S. equities posted significant gain in the fourth quarter, delivering both the strongest November in the S&P 500 since 1980 — despite ongoing uncertainty about Federal Reserve policy and the direction of interest rates.

Large-cap issues outperformed small and with respect to style, the Russell 3000 Growth outperformed the Russell 3000 Value by a significant margin. In this environment the strategy outperformed its benchmark led by stock selection within consumer discretionary, information technology, and industrials. Positions within financials and communication services modestly detracted from returns. Our avoidance of the weak energy sector also proved additive.

Top contributors to relative outperformance included Advanced Micro Devices (information technology), Broadcom (communication services), Fair Isaac (information technology), Lululemon (consumer discretionary), Uber (industrials), and American Tower (real estate).

Our out-of-benchmark position in AstraZeneca (health care), Canadian Pacific Kansas (industrials), and Liberty Media (communication services) as well as an overweight to Oracle (information technology) were among our top detractors.

We added new positions and increased existing ones in the Industrials and Consumer Discretionary sectors. While we also eliminated and decreased positions in the Consumer Staples sector.

U.S. equities gained for the fourth quarter, despite ongoing uncertainty about Federal Reserve policy and the direction of interest rates. All three major stock indexes gained. Stocks rallied in the latter part of the quarter and approached record highs, amid optimism that the Federal Reserve would begin cutting interest rates in 2024. U.S. equities began the quarter with a loss after struggling with concerns about inflation, recession, and geopolitical pressure from the growing conflict in the Middle East. A last-minute deal in Congress to avert a government shutdown lifted stocks briefly. Attacks on Israel and an escalating conflict with the Palestinian militant group Hamas in the Gaza Strip sent stocks plunging briefly and added to market volatility throughout the month. Stocks rebounded in November, lifted by easing inflation and stabilization in the job market. In general, third-quarter earnings reported by S&P 500 Index companies were strong. Several reports suggested the possibility of a recession, pushed the outlook further into 2024, lifting sentiment. At its November and December meetings, the Fed left the policy rate unchanged. Data showed growth slowed more than expected and the labor market had moderated. The unemployment rate remained low. Inflation continued to ease. Still, consumer prices remained above the central bank's target. Dovish comments by policymakers fueled a rally in equities. In addition, the Fed's outlook suggested policymakers anticipated three rate cuts in 2024. In the final week of trading, a report showed holiday retail sales grew 3.1% in December compared with a year ago, lifting stocks.

In this environment, U.S. equities, as measured by the S&P 500 Index, returned 11.69%.

S&P 500 Index sectors that gained were real estate (18.84%), information technology (17.17%), financials (14.02%), industrials (13.09%), consumer discretionary (12.33%), communication services (10.97%), materials (9.65%), utilities (8.33%), health care (6.41%), and consumer staples (5.54%). The energy sector recorded a loss (-6.95%).

Commentary

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 would expect it to continue to do so into the future.

We anticipate a reasonably slow-growth economy as we head into 2024 but we think our approach to investing in the growth space — seeking durable growth companies that can outperform in a variety of market conditions — holds up well when growth becomes scarcer in the economy in general because that's when you really see the benefit of businesses with strong competitive positions, high barriers to entry, healthy balance sheets, and a high margin structure. Our thematic approach remains a critical part of our investment process and a distinct feature of the strategy, and we continue to see exciting trends that we believe can drive sustained growth for many businesses we own. For the “experience economy,” we will lean on Taylor Swift and The Eras Tour to illustrate. We identified the experience economy as a key theme through analysis of personal consumption and expenditure data over a multidecade period. Live Nation not only has strong relationships with major venues across the globe, but its Ticketmaster business is at the forefront of the transformation toward digital tickets. These technological capabilities not only allow tickets to be shared and resold but also to ensure ticket authenticity for the paying consumer. Artists trust the company to organize the complex logistics necessary for a global tour, and this complexity can only be addressed through technological leadership.

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 +/-3% of all sectors. Today we are modestly overweight real estate and consumer discretionary sectors. The information technology sector remains the largest exposure (this is in line with our benchmark). Consumer staples is our largest underweights at this time. We have no exposure to the energy sector. The strategy's geographic exposure, +95%, remains in U.S.-listed securities.

Top new positions during the quarter included Trane Technologies (information technology) and DraftKings (consumer discretionary). Datadog (information technology), Inuit (information technology), and Johnson Controls (industrials) were among the top eliminated positions.

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 US Equity category and reflect the performance of the Mackenzie US All Cap Growth A 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 US Equity funds for Mackenzie Mackenzie US All Cap Growth A for each period are as follows: one year –1359; three years –1227 ; five years – 1020 ; ten years – 539 .

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