

Mackenzie Global Small-Mid Cap Fund

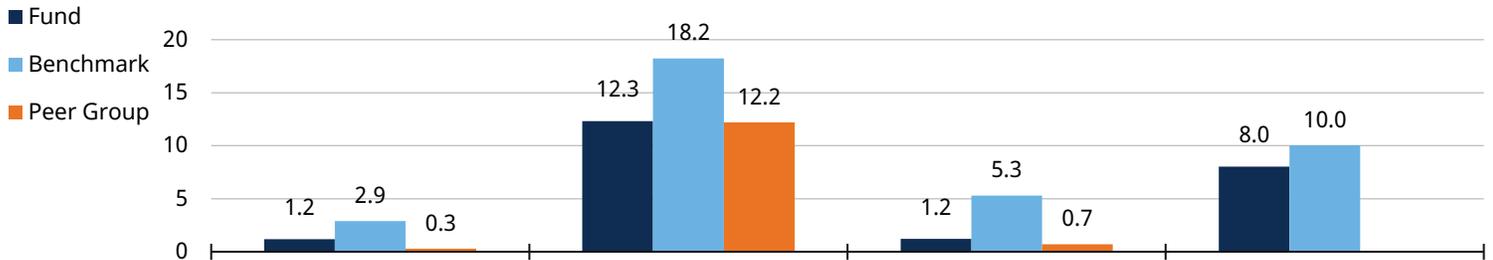
Fund snapshot

Inception date	02/26/2020
AUM (millions in CAD)	1018.3
Management Fee	0.80%
MER	1.04%
Benchmark	MSCI ACWI SMID Cap
CIFSC Category	Global Small/Mid Cap Equity
Risk Rating	Medium
Lead portfolio manager	Phil Taller
Investment exp. Since	1991
Target # of holdings	100-170

Strategy Overview

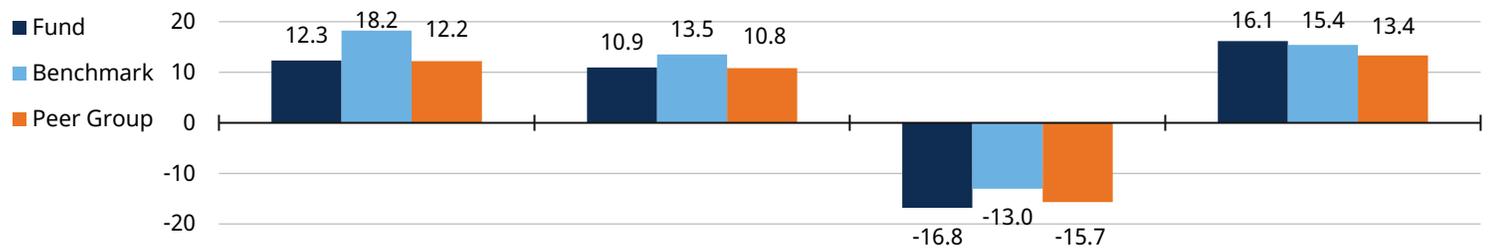
- The Fund seeks to provide long-term capital growth by investing primarily in equity securities of global small- to mid-capitalization companies.
- The Fund seeks companies with strong management, good growth prospects and attractive financial metrics.
- Emphasis is also placed on paying reasonable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

Trailing returns %



	3 Mth	1 Yr	3 Yr	SI
Excess return	-1.7	-5.9	-4.1	-2.0
% of peers beaten	52	49	54	-

Calendar returns %



	2024	2023	2022	2021
Excess return	-5.9	-2.6	-3.8	0.7
% of peers beaten	49	44	47	61

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	168	7,572
% top 10 holdings	28.7	2.5
Weighted average market cap	21,026.7	18,777.4
EPS growth (FY E)	12.8	15.3
Dividend yield	1.4	2.1
FCF margin	12.3	-83.0
P/E Trailing 12M	21.6	16.9
P/E (forecast)	18.2	16.3
Net debt/EBITDA	-0.3	1.7
ROE (latest FY)	12.0	12.6

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	13.3	14.3
Sharpe Ratio	-0.2	0.1
Tracking Error	4.3	-
Information Ratio	-1.0	-
Alpha	-3.9	-
Beta	0.9	-
Upside Capture (%)	85.5	-
Downside Capture (%)	104.2	-

Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
Emerging Markets	8.1	13.9	-5.8
United States	57.0	54.8	2.2
International	32.4	28.2	4.2
Canada	-	3.1	-3.1
Other	2.6	-	-2.6

Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	10.4	15.8	-5.4
Energy	1.2	4.2	-3.0
Materials	3.0	7.4	-4.4
Industrials	20.3	19.2	1.1
Information Technology	20.5	12.9	7.6
Communication Services	2.6	4.0	-1.4
Utilities	1.3	4.7	-3.4
Consumer Staples	5.8	4.9	0.9
Consumer Discretionary	5.2	11.4	-6.2
Real Estate	5.9	6.8	-0.9
Health Care	21.3	8.7	12.6
Other	2.5	-	2.5

Country allocation

Country	Portfolio	Benchmark	RelativeWeight
United States	57.0	54.8	2.1
Japan	9.2	8.8	0.4
United Kingdom	6.9	3.6	3.3
Australia	3.7	2.7	1.0
India	2.7	3.1	-0.5
Germany	2.1	1.7	0.3
Other	18.4	19.9	-1.5

Currency exposure

Region	Gross	Benchmark
CAD	6.2	3.1
USD	54.0	55.6
Other	39.8	41.3

Top 10 holdings

Security name	Country	Sector	Weight
DexCom, Inc.	United States	Health Care	3.3
Akamai Technologies, Inc.	United States	Information Technology	3.0
SS&C Technologies Holdings, Inc.	United States	Industrials	2.9
Vontier Corp	United States	Information Technology	2.9
Bio-Techne Corporation	United States	Health Care	2.8
CoStar Group, Inc.	United States	Real Estate	2.8
Charles River Laboratories International, Inc.	United States	Health Care	2.8
Cirrus Logic, Inc.	United States	Information Technology	2.7
HealthEquity Inc	United States	Health Care	2.5
Hologic, Inc.	United States	Health Care	2.4

Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	ExlService Holdings, Inc.	2.7	0.7
	DexCom, Inc.	2.9	0.6
	HealthEquity Inc	2.4	0.6
Detractors	Hologic, Inc.	2.4	-0.1
	MAXIMUS, Inc.	2.3	-0.4
	Cirrus Logic, Inc.	2.5	-0.4

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Health Care	11.9	-0.6	1.0	0.8
	Materials	-4.5	0.3	0.1	0.4
	Consumer Staples	0.7	0.0	0.2	0.1
Detractors	Consumer Discretionary	-5.9	0.0	-0.1	-0.3
	Information Technology	7.4	0.4	-1.5	-1.0
	Financials	-5.1	-0.3	-0.9	-1.3

Commentary

Global SMID

1) QFR Highlights

- For Q4 of 2024, the fund returned 1.46%.
- We continue to maintain an overweight in the Technology and Health Care sectors. We believe that the secular growth available in those sectors will serve us well.
- Within Europe there has been political turmoil in some of the major countries like France and Germany. Germany continues to see a slowdown in manufacturing which is also not being helped by weakening Chinese demand for German goods.
- Asian equity markets had a mixed performance in Q4 2024. While some markets showed resilience, most faced declines due to various economic, geopolitical, or domestic factors.

2) Fund Performance

- The fund returned 1.46% in the fourth quarter of 2024, underperforming the benchmark (MSCI ACWI Small Mid Cap) return of 2.90%.
- Stock selection within Health Care, and an underweight allocation to materials along with an overweight allocation to Information Technology contributed to relative performance, while stock selection in Information Technology and Financials in conjunction with an overweight allocation to Health Care detracted.
- On a geographical level, stock selection in China contributed to relative performance while stock selection within Japan and the United States detracted.

3) Security contributors

- The top security contributors in Q4 of 2024 were ExlService Holdings, Inc., DexCom, Inc. and HealthEquity Inc.

4) Security detractors

- The top security detractors in Q4 of 2024 were Cirrus Logic, Inc. and MAXIMUS, Inc.

5) Portfolio activities

- Over the fourth quarter of 2024, new positions were opened across Information Technology, Communication Services, Industrials among others while also closing a few positions among these sectors. Overall we increased positions in Information Technology and Health Care while decreasing positions in Industrials, Materials and Consumer Discretionary.

6) Market overview

United States:

- The fourth quarter in 2024 gave steady returns in the US markets with the broader market (S&P 500) returning 9.05% while the Russell 2500 Index returned 7.15%. The election results gave markets a positive stimulus based on various policy expectations, the quarter however ended on a cautious note as a result of the relatively hawkish message sent by Jerome Powell at the latest Federal Reserve meeting suggesting that further interest rate cuts are no longer guaranteed given the recent data, be it employment-related or inflation related.

Europe:

- This quarter saw another interest rate cut from the European Central Bank (ECB) in this cycle, with a further 25 basis point cut to the deposit rate announced in October. The European economy continued to show signs of sluggishness, led by further weakness in German manufacturing coupled with the fact that Chancellor Olaf Scholz lost a vote of confidence, ending his fractious coalition government at a time of strain for the Eurozone's largest economy. France's worsening political situation caused Moody's to downgrade France's credit rating as it expects the country's incoming government to struggle to tackle its deficit.

Commentary

6) Market overview

Asia:

- Asian equity markets had a mixed performance in Q4 2024. While some markets showed resilience, most faced declines due to various economic, geopolitical, or domestic factors.
- A steepening of the US Treasury yield curve and strengthening US dollar hurt ASEAN equity markets which have to withstand higher borrowing costs and risks to capital outflows.
- The election of Donald Trump as US president and the threat of higher tariffs put negative pressure on exporters and countries which are trade dependent.
- The Chinese government continued to emphasise a stronger fiscal support without the detail that investors required. Chinese equities fell from their early October peak with A-shares more resilient than Hong Kong listed stocks.
- Korean equities were helped by an Artificial Intelligence (AI) inspired boost to the DRAM industry but had to endure great political instability. President Yoon surprisingly declared martial law but soon after was impeached by the National Assembly and is longer President.
- Indian equities corrected, especially mid-caps, as government CAPEX was temporarily diverted to increased entitlement spending.
- The semiconductor sector continued to perform as the mega-cap US giants commit to higher AI spending.

7) Outlook and Positioning

United States:

- We have continued to overweight Healthcare, non-cyclical Industrials, and Information Technology sectors. Sector allocations are generally a residual of the security selection process. As a growth team we are typically more invested (and thus overweight) in the sectors where sustainable growth is more easily found – information technology, health care and industrials. These sectors have been long-term winners in the market. We try to diversify outside these areas by deliberately looking for companies that satisfy our criteria in other sectors.
- We do believe that many of our companies offer high value-added products and services, and this should give them reasonable pricing power. This power may serve them well if we undergo another period of inflation.
- In 2022 and 2023, the drug life sciences and supply chain industry experienced a slow down in spending after the surge that it had gone through in 2020 and 2021 because of the covid-19 pandemic. This period of destocking may be close to an end entering 2025. Our holdings in this industry like Bio-Techne Corporation, Waters Corporation and Charles River Laboratories International are suppliers to the drug industry. They offer services, instruments, and consumables to the industry but are not drug companies themselves, which we usually avoid due to the binary risk of drug development.
- Additionally, we recently acquired shares of Inari, a medical device company that helps patients suffering from vascular disease. This is an example of a business that we believe has differentiated intellectual property (IP).
- Elsewhere, a lot of market euphoria from Gen AI has continued from 2024 on to this year. It was interesting to see how this first caused a negative price dislocation in our holding, EXL Services, which was first perceived as a firm whose services would be replaced by AI. However, in 2024 the firm has been pivotal to AI implementation for businesses highlighted by its initiative to create enterprise-wide data and AI applications for insurance, banking, healthcare and retail.
- As one can see by the recent additions to the portfolios, and the current positioning of our largest weightings, we own many businesses that could do reasonably well regardless of the economic environment. These allocations and changes have maintained a relatively low beta against our benchmark, which may prove beneficial if the global economies struggle from higher interest costs and sticky levels of inflation.

Commentary

7) Outlook and Positioning

Europe:

- The geopolitical environment is a major source of uncertainty for Europe. Much of this centers around trade and the decisions to be taken by the incoming Trump Administration. In Europe, a German snap election has been called for the end of February. The Alternative for Germany (AfD) far-right party has been gaining in the polls but a coalition government including the AfD seems, at this point, very unlikely. We think a new coalition government with different leadership than Olaf Scholtz is likely to see increased deficit spending, which will be favorable for Germany and the European Union as a whole. The weaker Euro should also be supportive of European exports even in the face of higher tariffs, should the US pursue this trade policy. An end to the war in Ukraine, whenever it materializes, will likely boost demand for reconstruction, in which European companies can participate, though it remains to be seen if and when cheap Russian gas will again flow to European economies as freely as it did before the war. In the UK, the Labour government's start has not been a smooth one, and the Chancellor's autumn budget including a rise in employer social insurance taxes, has undermined confidence in the economy and is a source of inflation as this gets passed onto consumers. While the ECB is in a favorable position to continue to cut interest rates, there are some question marks over how much easing the Bank of England can undertake while inflation remains elevated.
- Over the quarter we reduced our exposure to Health Care, Consumer Staples and Materials while increasing our exposures to Consumer Discretionary, Industrials and Information Technology. The European sleeve is most overweight Consumer Discretionary, Staples and Energy while being most underweight in Industrials and Financials.

Asia:

- The threat of higher tariffs from the US has been hanging over Asian equity markets throughout 2024. There is a strong possibility President Trump will have to partially dial back this threat if he wants to control inflation and bring down long-term interest rates.
- This outcome would be US dollar bearish and good for Asian equities. During 2024 we increased our exposure to Australia while trimming our export heavy markets like Japan, Korea, and Taiwan.
- We remain overweight Japan and Korea which are both going through programs to increase corporate profitability and shareholder returns with Japan making much progress.
- With weaker earnings growth and high valuations, the Fund is tactically underweight India although the long-term story is attractive.
- From a sector standpoint, we remain overweight in consumer staples and technology. We are bullish on the technology sectors in Korea and Japan as we continue to believe that the AI CAPEX spend will continue through 2025 as no US technology giant can afford to lose out in this transformational period. While we are underweight consumer discretionary and industrials with continued pressure on consumers and high interest rates suppressing industrial activity.

8) Stock stories

Eink:

- E-Ink has a very strong technological leadership in ePaper display with 95% market share.
- Electronic Shelf Label (ESL) will be the main application going forward, as penetration rate is still less than 10% in global retailers. ESL will replace paper price tags.
- Rising wages will drive the ESL adoption for store automation. With ESL, shelf maintenance time will drop by approximately 50%.
- Potential TAM for ESL will range from \$6bn to \$18bn by 2027, forecasted by 3rd-party research institutions. That compares to E-Ink current sales scale of \$1bn.
- More ePaper applications are coming, given its low-power consumption. Outdoor signage products for displaying advertisements will be launched in 3Q24.
- Structural shift of sales from consumer electronics, like eBooks, to industrial applications is driving margin and ROIC upward, as ESL generates over 50% gross margin, vs. consumer application's only 40%.

Commentary

8) Stock stories

Bio-Techne Corp

- Bio-Techne is a leading supplier of high quality and innovative tools for Life Science Research, Therapeutic Manufacturing and Clinical Diagnostics.
- The company reports in two segments, protein sciences (75% of revenue), and diagnostics and genomics (25%). The protein-focused segment makes equipment and associated consumables for protein characterization and analysis and sells antibodies for research and clinical purposes.
- In diagnostics, Bio-Techne provides controls and calibrators for diagnostic manufacturers and has a portfolio of diagnostic oncology assays.
- Bio-techne manufactures and distributes some of the world's high-quality proteins and reagents used in healthcare research and drug development. The company has expanded their portfolio in recent years to include fast growing areas like Cell & Gene Therapy, Spatial Biology, Liquid Biopsy, Molecular Diagnostics etc.

Vontier Corp

- Vontier serves the retail fueling (69% of revenue), auto repair (22%), telematics (7%), and traffic control (2%) markets
- Next time you go to the gas station to fill up the car, the chances the fueling system and integrated POS system at the store belonging to Vontier are very high.
- A secondary business that they run is a car repair mobile service. The business is called Matco, they provide vans equipped with all the tools to repair cars on the go.

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 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.

This document may contain forward-looking information which reflect our or third party current expectations or forecasts of future events. Forward-looking information is inherently subject to, among other things, risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed herein. These risks, uncertainties and assumptions include, without limitation, general economic, political and market factors, interest and foreign exchange rates, the volatility of equity and capital markets, business competition, technological change, changes in government regulations, changes in tax laws, unexpected judicial or regulatory proceedings and catastrophic events. Please consider these and other factors carefully and not place undue reliance on forward-looking information. The forward-looking information contained herein is current only as of . There should be no expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.

The content of this commentary (including facts, views, opinions, recommendations, descriptions of or references to, products or securities) is not to be used or construed as investment advice, as an offer to sell or the solicitation of an offer to buy, or an endorsement, recommendation or sponsorship of any entity or security cited. Although we endeavour to ensure its accuracy and completeness, we assume no responsibility for any reliance upon it.

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 category and reflect the performance of the for the 3-month, 1-, 3-, 5- and 10-year periods as of . 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 category funds for for each period are as follows: one year - 0 ; three years - 0 ; five years - 0 ; ten years - 0.

© Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Morningstar data is shown as of the most recent reporting period by each fund family. Allocations may not equal 100% and will vary overtime. Assets contained within "Other" category are not classified by Morningstar. All information presented in this tool is for informational purposes only and is not intended to be investment advice. The information is not meant to be an offer to sell or a recommendation to buy any investment product. Unless otherwise noted, performance is shown before sales charge. For more fund information, click the POS Documents link.

All information is historical and not indicative of future results. Current performance may be lower or higher than the quoted past performance, which cannot guarantee results. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes. Performance may not reflect any expense limitation or subsidies currently in effect. Short-term trading fees may apply. To obtain the most recent month-end performance, visit Morningstar.com.

This material is for informational and educational purposes only. It is not a recommendation of any specific investment product, strategy, or decision, and is not intended to suggest taking or refraining from any course of action. It is not intended to address the needs, circumstances, and objectives of any specific investor. Mackenzie Investments, which earns fees when clients select its products and services, is not offering impartial advice in a fiduciary capacity in providing this sales and marketing material. This information is not meant as tax or legal advice. Investors should consult a professional advisor before making investment and financial decisions and for more information on tax rules and other laws, which are complex and subject to change.