

# Mackenzie Canadian Small Cap Fund

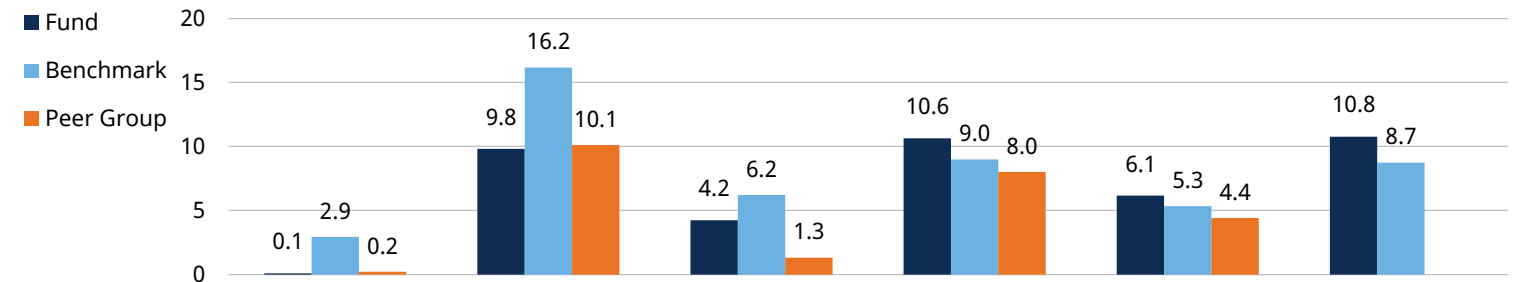
## Fund snapshot

Inception date	06/05/2009
AUM (millions in CAD)	163.8
Management Fee	0.75%
MER	0.99%
Benchmark	S&P/TSX Completion
CIFSC Category	Canadian Small/Mid Cap Equity
Risk Rating	Medium
Lead portfolio manager	Scott Carscallen
Investment exp. Since	1994
Target # of holdings	50-80

## Strategy Overview

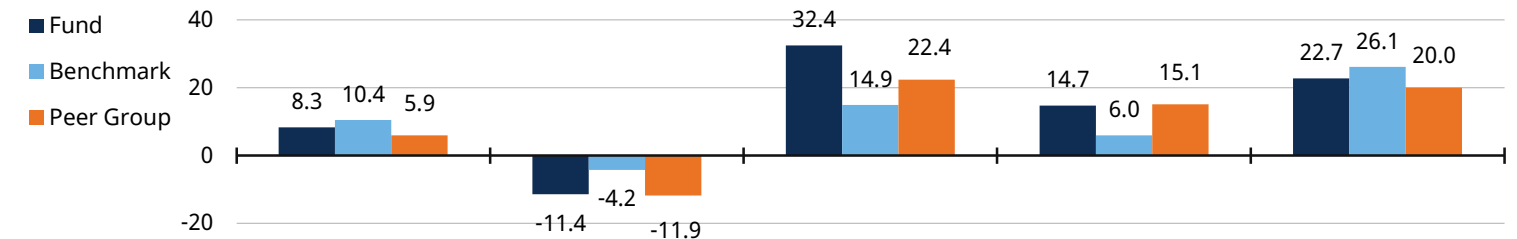
- Managed by an experienced investment team offering focused and specialized Canadian small cap expertise
- Small cap investment opportunities can enhance potential for returns and add diversity

## Trailing returns %



	3 Mth	1 Yr	3 Yr	5Yr	10Yr	SI
Excess return	-2.8	-6.4	-2.0	1.6	0.8	2.1
% of peers beaten	50	41	63	74	74	-

## Calendar returns %



	2023	2022	2021	2020	2019
Excess return	-2.2	-7.2	17.6	8.8	-3.4
% of peers beaten	60	47	92	60	51

## Portfolio characteristics

	Portfolio	Benchmark
# of holdings	51	166
% top 10 holdings	35.3	23.4
Weighted average market cap	4,886.7	9,064.2
EPS growth (FY E)	55.2	32.3
Dividend yield	1.5	2.3
FCF margin	9.4	-0.5
P/E Trailing 12M	22.1	14.9
P/E (forecast)	16.2	13.5
Net debt/EBITDA	2.1	2.8
ROE (latest FY)	10.9	10.1

## Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	14.4	13.9
Sharpe Ratio	0.1	0.2
Tracking Error	7.3	-
Information Ratio	-0.3	-
Alpha	-1.7	-
Beta	0.9	-
Upside Capture (%)	91.9	-
Downside Capture (%)	100.6	-

## Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
Canada	99.2	100.0	-0.8
Other	0.8	-	0.8

## Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	15.3	15.5	-0.2
Energy	14.7	17.5	-2.8
Materials	7.9	20.9	-13.0
Industrials	31.5	18.7	12.8
Information Technology	8.3	5.0	3.3
Communication Services	-	0.9	-0.9
Utilities	-	7.0	-7.0
Consumer Staples	1.0	3.0	-2.0
Consumer Discretionary	7.8	2.3	5.5
Real Estate	10.3	7.8	2.5
Health Care	1.2	1.4	-0.2
Other	2.0	-	2.0

## Country allocation

Country	Portfolio	Benchmark	Relative Weight
Canada	99.2	100.0	-0.8
Other	0.8	-	0.8

## Currency exposure

Region	Gross	Benchmark
CAD	100.0	100.0
USD	-	-

## Top 10 holdings

Security name	Country	Sector	Weight
Element Fleet Management Corporation	Canada	Industrials	3.9
Descartes Systems Group Inc.	Canada	Information Technology	3.8
EQB Inc	Canada	Financials	3.7
Definity Financial Corp.	Canada	Financials	3.6
Savaria Corporation	Canada	Industrials	3.5
Boyd Group Services Inc	Canada	Industrials	3.5
Stantec Inc	Canada	Industrials	3.4
goeasy Ltd.	Canada	Financials	3.3
Trisura Group Ltd.	Canada	Financials	3.3
Colliers International Group Inc.	Canada	Real Estate	3.1

## Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	Park Lawn Corporation	1.5	0.9
	goeasy Ltd.	2.5	0.6
	Cargojet Inc.	1.8	0.5
Detractors	Ag Growth International Inc.	2.2	-0.4
	Boyd Group Services Inc	2.6	-0.4
	Pollard Banknote Limited	2.5	-0.6

## Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Financials	-1.1	0.0	0.5	0.5
	Health Care	-0.2	0.1	0.1	0.2
	Communication Services	-1.0	0.1	0.0	0.1
Detractors	Energy	-3.8	0.0	-0.5	-0.5
	Real Estate	3.0	-0.4	-0.2	-0.6
	Industrials	13.3	-0.2	-0.8	-1.0

## Commentary

### Fund Performance

For Q2 2024, the Mackenzie Canadian Small Cap Fund posted a gain of 0.3%. This compares with the S&P/TSX Small Cap Total Return Index gain of 0.6%.

### Security contributors

Park Lawn Corp was taken private by Birch Hill Equity Partners at a significant premium, it's a core holding of the portfolio.

Some Financial stocks including Goeasy and EQB has delivered strong earnings growth despite concerns of credit loss increases. Stronger guidance for H2 has lifted investor's confidence.

Expectations of monetary easing and rate cuts have boosted gold prices, hitting new records. Falling OPEC oil output also supported a rebound of oil prices. Both materials and energy sectors were strong performers for the quarter.

### Security detractors

The shift to fewer and later rate hike expectations has put pressure on interest sensitive sectors, creating headwinds for real estate names. The portfolio has higher weight in real estate than the index.

Portfolio has lower weights in gold names, it was a slight negative as better stock selection partially offset the underweight.

Seasonality has worked against many consumer and industrial names, a few key holders like Boyd Group, First Service, Adentra were under pressure due to earnings miss.

### Portfolio activities

During the quarter we added Advantage Energy, Cargojet, Freehold Royalties and iShares S&P/TSX Capped Energy ETF to the fund.

During the quarter we sold iShare S&P/TSX COMPLETION ETF from the Fund.

### Outlook, Positioning

Second quarter of 2024 turned out to be a volatile quarter, it started with a shift in rate cut expectations, as the rate cutting timeline has cooled investment sentiment, coupled with seasonality and softer Canadian economic data. Most of the Canadian small cap sectors have printed negative returns, all the growth was from resource sectors. Almost all core holdings in the Industrial and Financial space delivered less rosy earnings reports, the longer the interest rates stay higher, the greater the risk of an accident. Following the reset of expectations, and cooling inflation numbers, since mid-May, most stocks have recovered. Depressed public market valuations have also drawn interest for potential buys, we have seen some small cap names being taken out and/or going private at significant premiums.

In a higher for longer interest rate environment, it appears that small caps will likely lag mid and large caps. Recent unemployment and CPI data in the US has pointed to cooling activity levels, but it's still premature to call for any aggressive Fed rate cuts. The Canadian economy had a slow start for the year and will likely continue to expand at a slower rate. On a positive note, we have seen pockets of attractive value and the recent pullback in the space is making many names look even more attractive. We continued to add certain micro-cap positions to differentiate the fund, all of which have held up well recently.

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 Canadian Small/Mid Cap Equity category and reflect the performance of the Mackenzie Canadian Small Cap 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 Canadian Small/Mid Cap Equity funds for Mackenzie Canadian Small Cap Fund for each period are as follows: one year – 180; three years – 174; five years – 157; ten years – 115.

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