Mackenzie Global Dividend Fund

Fund snapshot

Inception date	07/11/2007
AUM (millions in CAD)	6294.6
Management Fee	0.80%
MER	1.05%
Benchmark	MSCI World
CIFSC Category	Global Equity
Risk Rating	Low to Medium
Lead portfolio manager	Darren McKiernan
Investment exp. Since	1995
Target # of holdings	40-80

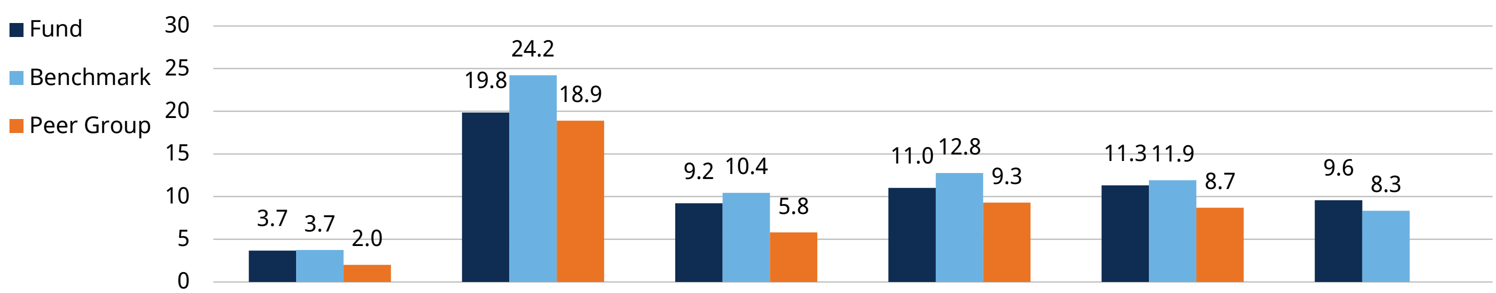
Strategy Overview

• Seeks to generate dividend income through owning industry leading businesses with growth potential

• Reinvested dividends can contribute substantially to overall equity performance

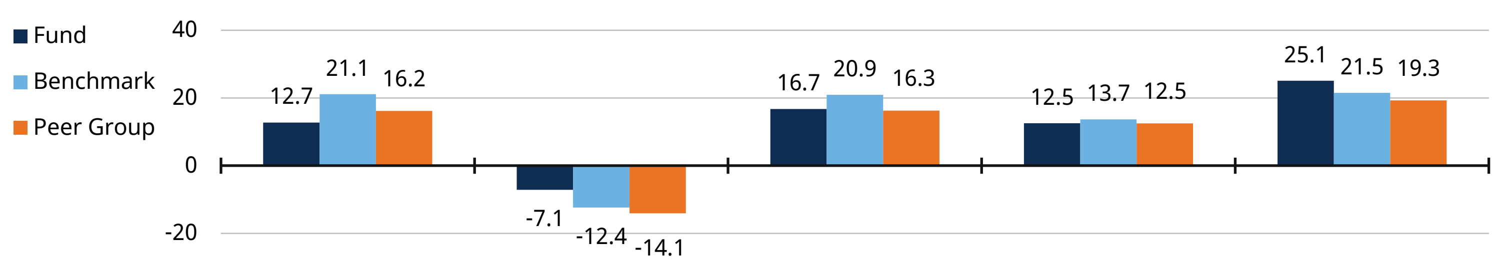
• Diversify outside of the Canadian market which is concentrated in 3 sectors (financials, energy, and materials)

Trailing returns %



	3 Mth	1 Yr	3 Yr	5Yr	10Yr	SI
Excess return	0.0	-4.4	-1.2	-1.8	-0.6	1.3
% of peers beaten	78	63	88	78	88	-

Calendar returns %



	2023	2022	2021	2020	2019
Excess return	-8.4	5.3	-4.2	-1.2	3.6
% of peers beaten	36	81	50	72	89

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	89	1430
% top 10 holdings	30	26
Weighted average market cap	870,612.4	993,185.0
EPS growth (FY E)	12.7	25.5
Dividend yield	2.0	1.8
FCF margin	23.2	18.5
P/E Trailing 12M	24.9	22.9
P/E (forecast)	19.9	19.7
Net debt/EBITDA	1.1	1.1
ROE (latest FY)	21.4	19.1

Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	15.5	14.8	0.7
Energy	6.4	4.3	2.1
Materials	5.2	3.7	1.5
Industrials	11.4	10.7	0.7
Information Technology	22.4	26.0	-3.6
Communication Services	5.0	7.8	-2.8
Utilities	1.9	2.4	-0.5
Consumer Staples	8.5	6.3	2.2
Consumer Discretionary	7.8	10.2	-2.4
Real Estate	0.5	2.1	-1.6
Health Care	13.4	11.8	1.6
Other	2.0	-0.1	2.1

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	11.2	13.0
Sharpe Ratio	0.6	0.6
Tracking Error	3.7	-
Information Ratio	-0.3	-
Alpha	-	-
Beta	0.8	-
Upside Capture (%)	84.0	-
Downside Capture (%)	81.5	-

Country allocation

Country	Portfolio	Benchmark	Relative Weight
United States	61.7	72.1	-10.4
United Kingdom	9.4	3.7	5.7
Germany	6.2	2.2	4.0
Japan	4.3	5.7	-1.4
France	3.8	2.8	1.0
Switzerland	2.6	2.4	0.2
Other	12.0	11.1	0.9

Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
United States	61.7	72.1	-10.4
International	33.5	25.0	8.5
Emerging Markets	2.7	-	2.7
Other	2.1	2.9	-0.8

Currency exposure

Region	Gross	Benchmark
CAD	9.3	2.9
USD	62.4	72.3
Other	28.3	24.8

Top 10 holdings

Security name	Country	Sector	Weight
Microsoft Corporation	United States	Information Technology	5.2
Apple Inc.	United States	Information Technology	4.1
Amazon.com, Inc.	United States	Consumer Discretionary	3.0
Broadcom Inc.	United States	Information Technology	2.8
JPMorgan Chase & Co.	United States	Financials	2.7
Alphabet Inc. Class A	United States	Communication Services	2.7
SAP SE	Germany	Information Technology	2.4
AbbVie, Inc.	United States	Health Care	2.2
Meta Platforms Inc Class A	United States	Communication Services	2.2
Motorola Solutions, Inc.	United States	Information Technology	2.1

Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	Apple Inc.	-1.1	0.8
	Alphabet Inc. Class A	1.0	0.5
	Broadcom Inc.	1.7	0.5
Detractors	CRH public limited company	1.0	-0.1
	Japan Exchange Group, Inc.	1.1	-0.1
	Aon Plc Class A	0.8	-0.2

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Health Care	1.7	0.0	0.2	0.2
	Consumer Discretionary	-2.4	0.1	0.1	0.2
	Consumer Staples	2.1	-0.1	0.2	0.2
Detractors	Financials	0.5	0.0	-0.1	-0.1
	Information Technology	-3.1	-0.3	0.2	-0.1
	Materials	1.7	-0.1	-0.1	-0.2

Commentary

1) QFR Highlights

The Fund returned 3.7% during Q2-2024 and has now returned 11.7% since the portfolio management team implimented the current strategy (February 1, 2014). This compares to the MSCI World Index (CAD) which returned 3.7% and 12.0% over the same time periods.

2) Market overview

Global indices driven (again) by a narrow set of US-based companies in Information Technology and Communication Services. Most sectors of the market performed positively this quarter. Returns (in CAD) were led by the Communication Services (+9.2%) and Information Technology (+12.5%) sectors. The worst performing sectors were Real Estate (-2.2%) and Materials (-2.4%). Japan was the worst performing major market.

3) Fund Performance

Security selection in the Information Technology, Health Care, Energy, and Communication Services sectors contributed positively to performance over the period. An underweight position to the Real Estate sector also contributed positively to performance. This was partially offset by an underweight allocation to the Information Technology sector which detracted from relative performance.

4) Security contributors

The largest contributors to performance over the quarter were TSMC, Broadcom, and AstraZeneca PLC.

Perhaps unsurprisingly, semiconductor, software and hardware companies benefitting from artificial intelligence were top performers in Q2. **Broadcom** was a standout performer for the quarter, appreciating by 21% on the back of another guidance increase for 2024 aided by the 280% year over year growth in AI related revenue. **TSMC** also had a strong quarter thanks to its dominance in AI and high-performance chip manufacturing. While TSMC has always been highly customer centric we are interested to watch TSMC's approach on pricing given the value they have created for key customers. **Alphabet** was another company that benefitted from the artificial intelligence exposure, demonstrated through recent results that generative AI spending is positive for Search queries, drives increased advertising spend and lowers internal operating expenses. The icing on the cake was the announcement of a $70bn share repurchase program and dividend initiation. We continue to be optimistic on the prospects for these companies but are prudently managing our exposure levels.

AstraZeneca returned 17% in Q2. The company's Q1 fundamentals drove the share price, which mostly moved following the results. Strong business momentum in the first quarter, including 19% sales growth and the Oncology business accelerating to 26%, indicated 2024 full year performance would come at the high end of company guidance, and well above sell side consensus estimates. Analysts raised their estimates and began to anticipate the company raising full -year guidance at the company's May Capital Markets Day during H2 results. AstraZeneca is well positioned with many late stage drugs with strong commercial potential in its pipeline, including several important readouts in 2024 and 2025. The company's Capital Markets Day engaged on 2030 targets, raised from $70B to $80B, with broader and stronger growth than expected and robust margins that would support teens EPS CAGR through the rest of the decade.

5) Security detractors

The largest detractors to performance over the quarter were AON Plc, Japan Exchange Group, and CME Group Inc.

After appreciating by 52% in 2023 and an additional 13% in Q1 of 2024, **Ferguson** took a breather in Q2 and was a detractor for the quarter. Ferguson battled two forces in Q2: deflationary pricing pressure and the concern regarding the strength of their end markets due to "higher for longer" interest rates. These temporary market forces are masking the material outperformance of Ferguson against its end markets and the underappreciated transition to a standalone industrial distributor following the divestiture of it's European manufacturing business. Ferguson continues to trade at a 50% lower valuation to industrial distributor peer, Watsco, despite having similar free cash margins, similar returns on invested capital and a superior through the cycle revenue growth algorithm. We believe this valuation gap will close when market conditions normalize.

Two of our financial exchange investments had a rough go of it this quarter. As a loose proxy for the Nikkei combined with the weak Yen, **Japan Exchange** was down over -12% in CAD. **CME Group** was down over -7%, impacted by both the prospect of inflation coming under control as well as noise surrounding potentially new competition coming together in an attempt to make dent in their interest rates futures franchise, which is considered to be among the best financial services profits pools in the world. We continue to keep our positions in these companies – along with Deutsche Borse, HK Exchange and the London Stock Exchange – as they still provide among the highest quality exposure to the growth in capital markets along with their defensive characteristics during market dislocations.

Commentary

6) Portfolio activities

The portfolio management team implemented several changes in the portfolio through the quarter. These changes were driven by stock specific opportunities with the objective of further optimizing the reward to risk profile and enhancing the portfolio's fundamental characteristics. Overall, the stock specific changes did not result in significant changes to either the relative sector or geographic weights. The investment strategy remains consistent, focusing on high-quality companies with superior financial metrics and appropriate valuations. Amidst ongoing technological, geopolitical, and macroeconomic risks, the portfolio is well positioned to navigate these uncertainties.

7) Outlook, Positioning

In the context of a number of significant elections taking place worldwide in 2024, market reactions seem to be more focused on perceived stability of the incumbent or incoming regime rather than political leanings. The team believes that in periods of elevated volatility, it is most important to focus on what can be controlled. In the team's view, this involves investing in leading companies that generate high returns on their capital base, have strong cash flow and are in a position to improve their market share in times of uncertainty. The investment strategy remains consistent, focusing on high-quality companies with superior financial metrics and appropriate valuations. Our portfolio is constructed to be resilient to political shifts by diversifying across geographies and industries and by focusing on companies less reliant on national support.

8) Stock stories

CRH, a leading building materials supplier for North America and Europe, was down -12% in the quarter. Poor performance was the result of a multiple contraction, as investors began to worry about the sustainability of volume growth and pricing in aggregates. We remain confident in our thesis, with 70%+ of EBITDA exposed to the United States where government spending (Department of Transportation/Infrastructure & Jobs Act) directly supports growth. Further, aggregates & cement are essentially local monopolies, with low supply supporting pricing growth in all historical periods ex the GFC.

HDFC Bank returned 19% in the second quarter. HDFC Bank merged with HDFC Ltd on March 28, 2024; effectively a $57B acquisition by the former of the latter. The transaction will create significant corporate value over time but in the short term there is noise. The company guidance then missed. While there were very modest integration issues, this was principally due to the change in the macro environment between when the deal was announced (April 2022) and when it was consumated in 2024. Mainly, higher interest rates led to slower loan growth. Market participants speculated that Net Interest Margin, or the profitability on loans, would decline and additionally higher provisions would be taken. Loan growth did slow, but the other anticipated negative developments did not occur. This supported the share price. The path to higher shareholder value remains clear: improving return-on-assets through higher loan yields, lower costs of funds via recycling of HDFC Ltd's funding/liability base, all enhanced by favorable operating leverage. The stock is historically cheap from a Price/Book and Price/Earnings, while long term growth and returns are robust and very attractive.

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.

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 June 30, 2024. 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 Canada Fund Global Equity category and reflect the performance of the Mackenzie Global Dividend 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 Global Equity funds for Mackenzie Mackenzie Global Dividend Fund for each period are as follows: one year –1744; three years –1444 ; five years – 1263 ; ten years – 616 .

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.