Mackenzie Global Dividend Fund

Strategy snapshot

Inception date	07/11/2007
AUM (millions in CAD)	5,929.3
Benchmark	MSCI World
Lead portfolio manager	Darren McKiernan
Investment exp. since	1995
Target # of holdings	40-80

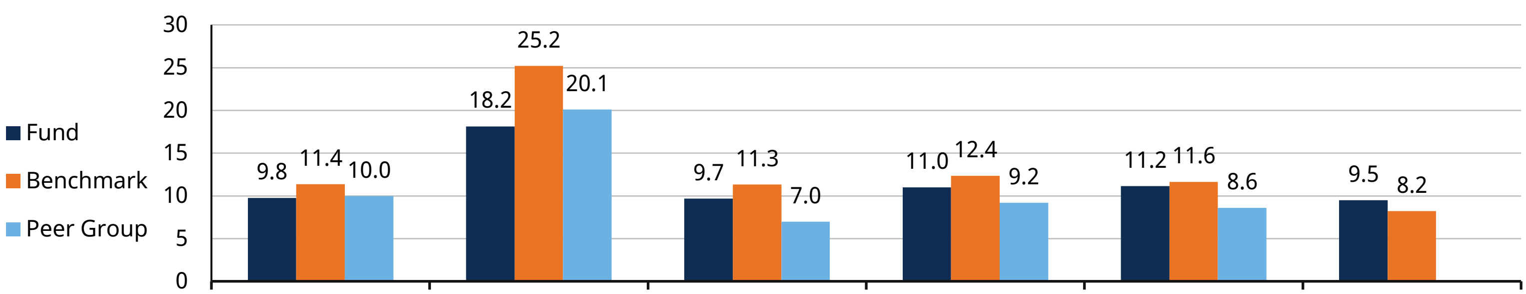
Strategy Overview

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

• Reinvested dividends can contribute substantially to overall equity performance

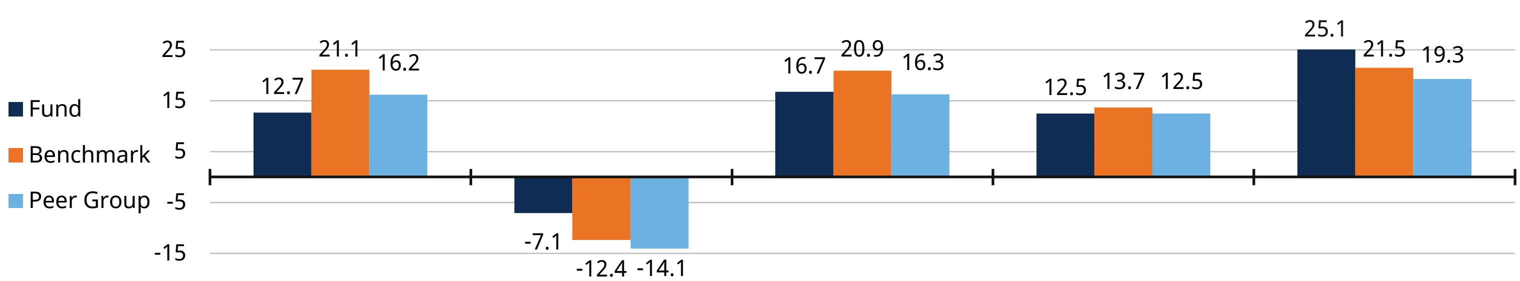
• Diversify outside of the Canadian market which is concentrated in 3 sectors (financials, energy, and materials)

Trailing returns %



	3 Mth	1 Yr	3 Yr	5 Yr	10 Yr	SI
Excess Returns	-1.9	-7.0	-1.6	-1.4	-0.4	1.3
% of peers beaten	56	46	84	82	88	-

Calendar returns %



	2023	2022	2021	2020	2019
Excess Returns	-8.5	5.3	-4.2	-1.2	3.6
% of peers beaten	36	81	50	62	87

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	81	1,465
% top 10 holdings	27.1	21.5
Weighted average market cap	703,785.1	768,959.3
EPS growth (FY E)	12.4	43.3
Dividend yield	2.0	1.8
FCF margin	22.6	17.9
P/E Trailing 12M	24.8	22.0
P/E (forecast)	20.2	19.4
Net debt/EBITDA	1.1	1.1
ROE (latest FY)	21.2	18.7

Sector allocation

Sector	Weight	Relative weight
Communication Services	4.5	-3.0
Consumer Discretionary	8.4	-2.3
Consumer Staples	8.6	2.1
Energy	6.5	2.0
Financials	16.2	0.8
Health Care	13.8	1.8
Industrials	10.6	-0.6
Information Technology	20.9	-2.8
Materials	5.9	2.0
Real Estate	0.5	-1.8
Utilities	1.3	-1.1

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	11.1	12.9
Sharpe Ratio	0.6	0.7
Tracking Error	3.7	-
Information Ratio	-0.4	-
Alpha	-0.1	-
Beta	0.8	-
Upside Capture (%)	82.5	-
Downside Capture (%)	80.4	-

Country allocation

Country	Weight	Relative weight
United States	62.1	-8.8
Germany	7.1	4.9
France	4.9	1.7
Japan	4.2	-1.9
United Kingdom	3.6	-0.2
Netherlands	3.3	2.0
Other	14.9	4.3

Regional breakdown

Region	Weight	Relative weight
United States	62.1	-8.8
International	32.2	6.2
Emerging Markets	2.8	2.8
Canada	-	-3.1

Currency exposure

Region	Gross	Benchmark
CAD	7.5	3.1
USD	61.9	71.1
Other	30.6	25.8

Top 10 holdings

Security name	Country	Sector	Weight
Microsoft Corporation	United States	Information Technology	5.0
SAP SE	Germany	Information Technology	3.1
Amazon.com, Inc.	United States	Consumer Discretionary	2.9
JPMorgan Chase & Co.	United States	Financials	2.8
Broadcom Inc.	United States	Information Technology	2.8
Alphabet Inc. Class A	United States	Communication Services	2.3
Apple Inc.	United States	Information Technology	2.2
Meta Platforms Inc Class A	United States	Communication Services	2.1
AbbVie, Inc.	United States	Health Care	2.0
Deutsche Boerse AG	Germany	Financials	1.9

Security level contributors and detractors

	Security	Average Relative weight (%)	Allocation Effect (%)	% contribution to return
Contributors	SAP SE	2.7	0.5	0.8
	Microsoft Corporation	0.5	0.0	0.7
	Meta Platforms Inc Class A	0.3	0.1	0.6
Detractors	Apple Inc.	-2.4	0.6	-0.2
	Glencore plc	1.4	-0.3	-0.2
	Amadeus IT Group SA Class A	1.0	-0.2	-0.1

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)
Contributors	Information Technology	-3.4	-0.1	0.4
	Utilities	-1.4	0.1	0.0
	Real Estate	-1.80	0.2	-0.1
Detractors	Financials	1.2	0.0	-0.7
	Consumer Staples	2.6	-0.1	-0.2
	Industrials	-0.5	0.0	-0.2

Commentary

The Fund returned 9.8% during Q1-2024 and has now returned 11.6% since inception. This compares to the MSCI World Index (CAD) which returned 11.7% and 11.9% over the same time periods.

All sectors of the market performed positively this quarter. Returns (in CAD) were led by the Communication Services (+15.5%) and Information Technology (+14.9%) sectors. The worst performing sectors were Real Estate (+1.8%) and Utilities (+3.6%).

Stock selection in the Information Technology and Communication Services sectors contributed to relative performance over the quarter. Stock selection in the Financials sector detracted from relative performance.

Meta Platforms was a top performing stock in the portfolio this quarter after a blockbuster earnings release in February that saw revenue increase 22% year over year. The company also showed off continued cost discipline, announced an incremental $50bn share repurchase authorization and initiated a quarterly dividend, effectively dispelling the myth that it is a shareholder unfriendly company. We continue to see Meta as a beneficiary of artificial intelligence with successful upgrades that have increased user engagement, improved ad targeting & messaging and automated advertising campaigns. This has meant superior return on advertising spend for its over 4 billion active customers. In addition to the core properties Facebook Blue and Instagram, Meta also has several platforms that are under monetized like Facebook Marketplace, Whatsapp and Threads.

Safran has had a very strong share price performance year to date. It enjoyed strong business momentum in 2023, that accelerated in H2-23, and continues into Q1. The company has high growth with strong visibility. It continues to ramp up production of its flagship LEAP engine, reducing one of the key sources of uncertainty that existed. Simultaneously, it is benefiting from other players' mishaps, including that of the rival GTF engine. The strength of General Electric's GE Aerospace spin-off also brought attention to Safran. GE and Safran cooperate through the CFM International Joint Venture. This JV is the crown jewel of GE Aerospace (it is the most attractive thing it does), yet Safran's valuation doesn't reflect what GE investors are pricing for this business. GE held a capital markets day following its spinout where it highlighted the attractive outlook for the LEAP. While the growth was known to be attractive, GE shared for the first time that the whole LEAP program, both Original Equipment and After Market, will be profitable in 2025.

Amadeus was a detractor in Q1. Its share price reflects concern about potential disintermediation. Shareholders (ourselves included!) were frightened by a press report that the company was executing a very large acquisition. This acquisition, denied by the company, would have been unwelcome and the textbook definition of "diworsification." While the allegation looks to be untrue, the market is still spooked. In a very strong travel environment, we expected Amadeus to have performed better than it has from an operating point of view as its two main competitors are missing in action due to poor financial strength, with inadequate offerings and an inability to invest. It has done well especially considering how it navigated COVID.

HDFC Bank was a detractor. The stock was down after HDFC failed to meet guidance on profits for the first time in two decades. HDFC Bank combined with HDFC Ltd in a mega-merger. However, there is a close history between the two organizations, with both holding great competitive positions that are complimentary. This is a very attractive deal. Margins were expected to come down before recovering but, as in any deal, perfectly predicting every aspect is impossible. HDFC Bank remains in our opinion one of the best run financial institutions operating in arguably one of the most attractive long-term markets given India's demographics and financial services penetration. We believe shareholders will do well and we added to our position in the quarter.

Sony was a detractor in the quarter. This was mainly due to speculation on the outlook for PS5 shipments in its gaming division. The company chose to keep pricing high, a departure from prior approaches to managing a console cycle. In all respects, the gaming business is performing strongly. The company is performing well across all divisions, including the gaming division. Sony's music division is worth highlighting: it has been incredibly profitable, growing at a robust pace, and gaining market share. It enjoys very strong competitive advantages, a cooperative oligopolistic industry structure and very favorable economics. Sony continues to improve its capital allocation and the overall business is becoming structurally more valuable.

Commentary

Apple's stock weakened due to concerns over slowing growth and increased competition in China. Increased scrutiny over fees in App Store along with an EU fine also added to negative sentiment. Longer-term, Apple's ability to shift its revenue mix to services and advertising should drive margin expansion, supporting continued strong free cash flow generation to return capital to shareholders and fund new growth drivers. We continue to hold Apple's shares and believe the iPhone along with the growing Apple ecosystem around 2.2 billion active devices will continue to be an important part of consumers' lives for the foreseeable future.

We initiated a position in one of the largest regulated utilities in the United States. Approximately 2/3rds of the business relates to the transmission and distribution of electricity, with the remaining 1/3rd from natural gas distribution and electricity generation, including one of the largest US nuclear fleets. With over 70% of the US grid older than 25 years, we expect the company to benefit from investments in new grid assets. Their assets are located primarily in North Carolina, South Carolina and Florida, all benefitting from above trend electricity demand growth and favourable regulatory perspectives on shareholder rights. The utility is a portfolio diversifier, while providing an attractive 4%+ dividend yield that is both sustainable and growing.

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. In response to higher levels of inflation and market volatility, the team continued to identify holdings for the portfolio in a diversified collection of companies that have the ability to raise prices without reducing demand for their products and/or that have business models with a competitive advantage. 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 relatively well-positioned to navigate these uncertainties.

Stock Stories

Microsoft

- Has been a top-3 position in the fund for the past 10-years (and considerably longer including the time it was owned before the team joined Mackenzie)
- Over the past several years, a majority of the Office installed base (85%+) has converted from perpetual licenses to subscriptions, yet a still meaningful amount of Office revenue remains on perpetual terms.
- With a cloud-based delivery model, the company has shown it can quickly develop and add new products and services to the Office 365 suite and monetize by adding higher pricing tiers rather than waiting for years at a time for a new product cycle for on-premise deployments.
- Last year Microsoft announced a further $10 billion investment in OpenAI (the private company behind ChatGPT) and that Microsoft would be the exclusive provider of cloud computing services to OpenAI and play a key role in the commercialization of generative artificial intelligence (GAI) products and services sold into its massive enterprise userbase.

Amazon

- Has been disrupting the traditional retail industry for over 20 years, benefiting from huge network effects. In addition to their eCommerce business, Amazon is the world's largest on-demand technology provider (Amazon Web Services), have one of the fastest growing digital advertising platforms and have become a significant player in entertainment development and streaming.
- Amazon's highly advantaged positions are in addressable markets that are estimated to be in the hundreds of billions of dollars that are likely to grow double-digits well into the future. What makes them seemingly unassailable is the flywheel nature of their businesses: growth in their ecommerce marketplace attracts more buyers and sellers, which reinforces their position and lowers their cost base across the entire value chain (customer acquisition/subscription services, first and third party fulfillment, logistics, etc.).
- AWS was started because of their internal IT infrastructure needs and now accounts for ~60% of profits. Jeff Bezos, the founder and current Chairman, is widely considered one of the greatest business leaders of his generation if not in the history of the US.

Alphabet

- Alphabet is the parent company of Google, the world's leading internet search engine and among the largest players in digital advertising. Google offered a genuine technological breakthrough with its search engine that effectively made the internet accessible to users, more than any other competing engine.
- Its competitive strength persists due to the confluence of three factors: ubiquitous network effects across a range of products; airtight intellectual property covering search, maps, and mobile operating systems (Android); and the oceans of data that spring from its user base.
- The company has branched off into other areas, some widely successful and tangential (like YouTube, which is roughly 10% of company revenues; and Google Cloud Platform, the number three player behind AWS and Azure) and some less so (Loon, Google Fiber, Nexus, Calico, etc).
- Despite the company's size, we still believe their addressable markets are large (potentially multiples of what the traditional ad market is) and that the business will continue to generate supernormal profits and drive attractive returns.

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 March 31, 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 securityholder 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.

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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 Morningstar Canada Fund Global Equity category, and reflect the performance of the Mackenzie Global Dividend Fund F for the 3 month, 1-, 3-, 5- and 10-year periods as of March 31, 2024. The percentile rankings compare how a fund has performed relative to other funds in a particular category and are subject to change monthly. Canada Fund Global Equity funds for the Mackenzie Global Dividend Fund F for each period are as follows: one year –1694; three years –1427 ; five years – 1258 ; ten years – 609 .