Mackenzie Bluewater Canadian Growth Balanced Fund

Fund snapshot

Inception date	12/06/1999
AUM (millions in CAD)	5154.2
Management Fee	0.70%
MER	0.95%
Benchmark	65% TSX Comp + 35% FTSE Univ
CIFSC Category	Canadian Equity Balanced
Risk Rating	Low-Med
Lead Portfolio Managers	Shah Khan
Investment exp. Since	2010
Target # of holdings	30-35

Strategy overview

• The Fund pursues long-term capital growth consistent with reasonable safety of capital and a steady flow of current income.

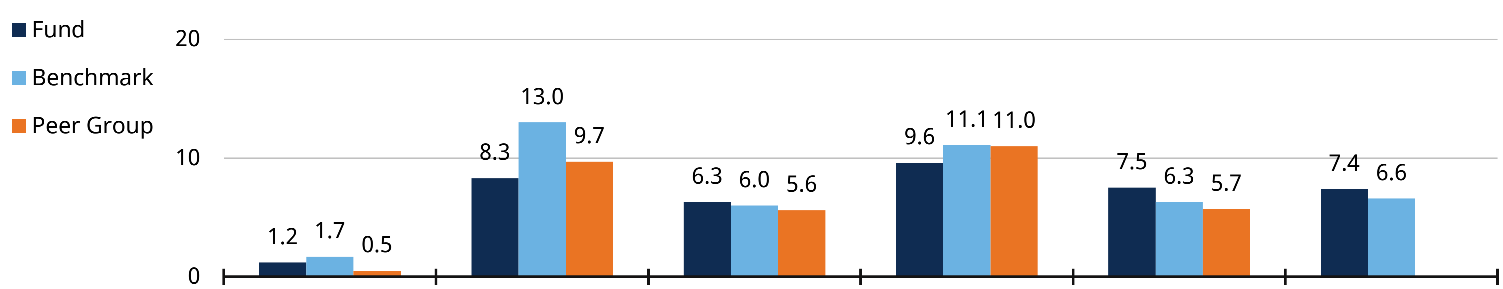
• The equity portfolio manager employs a company-focused investing style, seeking companies with strong management, good growth prospects and a solid financial position.

• The equity portfolio manager seeks to pay reasonable prices for the free cash flow growth that companies in the portfolio are expected to achieve.

• The fixed-income portfolio manager employs a value investment style. For high-quality bonds, the fixed-income portfolio manager analyzes macroeconomic factors, such as economic growth, inflation, and monetary and fiscal policy, in order to position the maturity and credit quality of the fixed-income portfolio for different stages in the economic cycle.

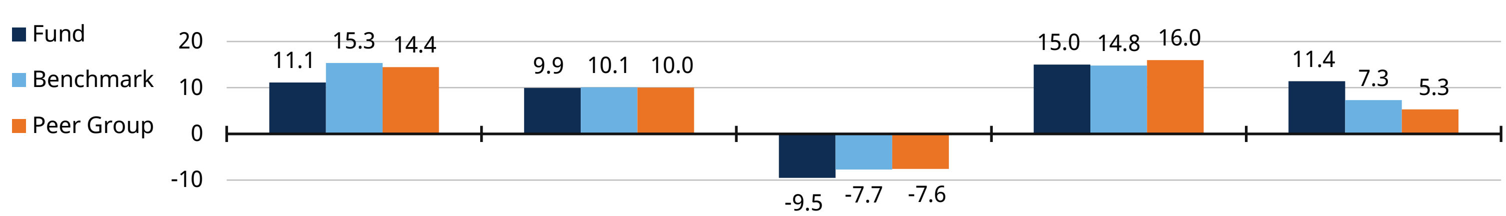
• The fixed-income portfolio manager analyzes securities that typically have a lower credit quality, such as high-yield debt securities, using a bottom-up approach to assess their valuation. This company-specific analysis focuses on stability of cash flows and recovery value of the debt instruments.

Trailing returns %



	3 Mth	1 Yr	3 Yr	5Yr	10Yr	SI
Excess return	-0.5	-4.7	0.3	-1.5	1.2	0.8
% of peers beaten	72	28	69	23	92	NA

Calendar returns %



	2024	2023	2022	2021	2020
Excess return	-4.2	-0.2	-1.8	0.2	4.1
% of peers beaten	12	56	29	40	95

Portfolio characteristics

	Portfolio	Benchmark
Overall yield	4.1	3.4
Equity		
P/E 12m forward	24.4	15.2
Dividend yield	1.3	2.8
Net debt/EBITDA	1.7	2.1
EPS growth (FY E)	13.3	15.1
P/B	4.4	2.1
Fixed income		
Yield	4.1	3.3
Duration	7.6	7.2
Average credit quality	A	AA

Sector allocation

Sector	Portfolio (%)	Benchmark (%)	Relative weight (%)
Financials	21.0	20.9	0.1
Energy	-	11.2	-11.2
Materials	1.4	8.8	-7.4
Industrials	15.9	8.0	7.9
Information Technology	11.4	6.1	5.3
Communication Services	-	1.5	-1.5
Utilities	-	2.6	-2.6
Consumer Staples	3.3	2.5	0.8
Consumer Discretionary	3.5	2.1	1.4
Real Estate	1.6	1.2	0.4
Health Care	6.5	0.2	6.3
Other	0.7	0.1	0.6

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	9.8	10.9
Sharpe Ratio	0.2	0.2
Tracking Error	4.4	-
Information Ratio	0.1	-
Alpha	0.6	-
Beta	0.8	-
Upside Capture (%)	85.9	-
Downside Capture (%)	78.0	-

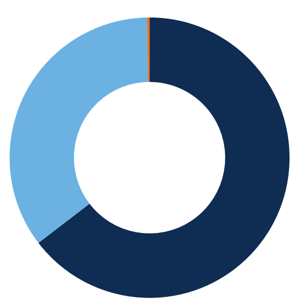
Country allocation

Country	Weight	Benchmark (%)	Relative weight
Canada	65.9	99.6	-33.7
United States	28.8	0.2	28.6
Switzerland	1.5	-	1.5
United Kingdom	1.3	-	1.3
New Zealand	1.1	-	1.1
France	0.8	-	0.8
Other	0.6	0.2	0.4

Credit breakdown

Rating	Portfolio	Benchmark
AAA	20.9	42.8
AA	25.3	31.4
A	18.3	14.7
BBB	28.3	11.1
BB	5.4	-
B	1.2	-
CCC & Below	0.1	-
NR	0.5	-

Asset allocation



	Portfolio (%)
Equity	64.6
Fixed Income	35.1
Cash	0.3

Top 10 equity holdings

Security name	Country	Sector	Weight
Royal Bank of Canada	Canada	Financials	3.4
Stantec Inc	Canada	Industrials	3.3
Intact Financial Corporation	Canada	Financials	2.9
Aon Plc Class A	United States	Financials	2.8
TMX Group Ltd.	Canada	Financials	2.6
Loblaw Companies Limited	Canada	Consumer Staples	2.6
Roper Technologies, Inc.	United States	Information Technology	2.6
Waste Connections, Inc.	Canada	Industrials	2.5
Brookfield Asset Management Ltd. Class A	Canada	Financials	2.5
Toronto-Dominion Bank	Canada	Financials	2.2

Equity - Attribution

	Sector	Portfolio Average Weight (%)	Portfolio Contribution to Return (%)
Contributors	Financials	21.0	0.9
	Industrials	16.1	0.4
	Health Care	5.9	0.2
Detractors	Real Estate	1.7	-0.1
	Information Technology	13.0	-0.9

Fixed Income - Attribution

	Sector	Portfolio Average Weight (%)	Portfolio Contribution to Return (%)
Contributors	Corporate	18.5	0.3
	Government	14.9	0.3

Commentary

1) QFR Highlights

During the quarter the fund returned 1.41% underperforming the blended benchmark by -0.29%. After a strong 2024, global equity markets provided mixed performance in the first quarter of 2025. Overall, it was a positive period for Fixed Income as yields fell during the period. From a portfolio standpoint, our direct exposure to tariff risk remains limited. Our investment philosophy continues to emphasize businesses with durable economic moats, solid balance sheets, and operational agility.

2) Market Overview

The blended benchmark of (65% S&P/TSX Composite + 35% FTSE Universe) returned 1.70% in the quarter. After a strong 2024, global equity markets provided mixed performance in the first quarter of 2025. The Canadian market was flat, the U.S. market sold off, while European markets were up sharply. The story of the quarter was unquestionably the new Trump administration in the United States. North American equity markets—and corporate management teams—had generally viewed Trump's election in late 2024 as a positive. As increasingly disruptive economic policies began to be first threatened and then erratically implemented, markets and managements have become more cautious.

In Canada yields on 2y, 5y, 10y and 30y government bonds fell 47bps, 35bps, 26bps and 11bps respectively, significantly bull-steepening the curve. Similarly in the US these same tenors fell 36bps, 43bps, 36bps and 21bps. In terms of credit, the US CDX Investment Grade Index – which had stubbornly refused to widen despite Trump's electoral success and threats of disruption – finally gave up, widening from sub-50 to over 60. Another sign of concern over pending policies in the US was the widening of shorter end inflation breakeven rates with 2-year breakeven rates widening a whopping 74bps and 5-year breakeven rates by 23bps. Overall, it was a positive period for Fixed Income as yields fell during the period. The FTSE Canada Universe Bond Index and the US Corporate Index posted positive total returns for the quarter.

3) Fund Performance

During the quarter the fund returned 1.41% underperforming the blended benchmark by -0.29%.

Equity

Stock selection in the financials, consumer discretionary, and industrials sectors contributed to relative performance while underweight allocation to the materials and energy sectors detracted. From a geographic standpoint, stock selection in United States and Canada contributed to performance while security selection in France and the United Kingdom detracted.

Fixed Income

Longer duration positioning, financials and energy exposure, and security selection contributed to performance. The Fund's CAD duration positioning, security spread in Quebec, and overweight 'A' investment grade corporate bonds detracted from performance.

4) Security Contributors

TMX Group

TMX Group is a Canadian financial services company that operates multiple exchanges providing platforms for equities, fixed income, derivatives, and energy markets. It offers a range of services such as trading, clearing, settlement, depository facilities, and market data, catering to the global financial community. TMX has a range of recurring revenue streams (55% of revenues), the cash and derivatives trading business (40% of revenues) are a beneficiary of volatility driving higher volumes, and exposure to capital markets' sensitive listings revenues is limited (only 7% of revenues).

Roper Technologies

Roper Technologies is a diversified industrial technology company, specializing in software and engineered products across various sectors, including healthcare, transportation, and construction. It operates through a portfolio of businesses, providing innovative solutions such as diagnostic informatics, freight matching networks, and business management software.

The focus on compounding free cash flow growth and acquiring businesses with wide moats aligns well with the Bluewater philosophy. Their decentralised approach also allows for agility and specialists to run each businesses unit.

5) Security Detractors

Brookfield AM

Brookfield Corporation's stock has underperformed this year, in part due to a report by the Financial Times, which spotlighted concerns around the company's complex organizational structure. The spin-out of the asset management arm in late 2022 created a significantly simplified entity, one that aligns more closely with the attributes we value: a capital-light model, strong free cash flow generation, and a clean balance sheet. Meanwhile, rising interest rates have put additional pressure on capital-intensive sectors such as commercial real estate. The prospect of renewed tariff policies under a potential Trump administration has further clouded the outlook, undermining the visibility and policy stability required for long-term capital deployment in real assets.

Gartner

Gartner is a global research and advisory firm that provides unbiased research to assist businesses in strategic decision making.

Our thesis is based on a highly recurring, high-retention revenue model with strong pricing power, minimal disruption risk, and inherent operating leverage from scalable content. Its trusted brand, global scale, and lack of real competition position it to compound free cash flow at double-digit rates over time.

6) Portfolio Activities

Descartes Systems Group

Descartes Systems Group is a recent addition to the Canadian Growth portfolio that stands out as a quietly compounding force in the global logistics and supply chain technology ecosystem. The company delivers mission-critical solutions through its Global Logistics Network (GLN), a cloud-based platform that facilitates the movement of goods and information across modalities, geographies, and regulatory frameworks. Its offerings span transportation management, customs and regulatory compliance, warehousing, and global trade content—essential infrastructure in an increasingly complex and digitized supply chain environment.

TD Bank

Another recent addition is TD Bank. We exited our position in 2022 due to concerns around leadership shortcomings and the resulting erosion in corporate culture, employee morale, and client experience. These issues were compounded by poor capital allocation decisions—most notably the proposed acquisition of First Horizon, which we viewed as lacking both strategic and financial merit—and persistent operational missteps, including material Anti-Money Laundering (AML) deficiencies.

Since then, the investment case has materially evolved. We now view the bank as undergoing a meaningful inflection. The appointment of a new CEO, accompanied by a comprehensive reshaping of the executive team and board composition, signals a fresh strategic direction. Importantly, the global resolution of the AML issues has cleared a critical overhang, paving the way for a more focused and accountable operating environment. With legacy challenges largely addressed and a revitalised leadership structure in place, we believe TD is poised to unlock internal efficiencies and drive sustainable value creation.

7) Outlook & Positioning

Equity

The portfolio's direct exposure to tariff risk remains limited. We have deliberately avoided sectors highly dependent on U.S. exports, focusing instead on businesses driven by secular, idiosyncratic growth drivers that operate independently of macroeconomic cycles. These types of companies have historically proven more resilient during periods of geopolitical or policy-driven uncertainty and are well-positioned to adapt should trade tensions escalate further. Additionally, many of our holdings are either services-oriented (e.g., Thomson Reuters, Aon), domestically focused, or structured with localized supply chains—providing further insulation from global trade disruptions. Our investment philosophy continues to emphasize businesses with durable economic moats, solid balance sheets, and operational agility.

Fixed Income

Looking ahead, Q2 is already setting up to be all about bilateral trade negotiations, and the 90-day pause only heightens the stakes. As trade flows become more politicized, monetary and fiscal policy will increasingly be deployed on a country-by-country basis. This fragmentation is likely to feed into bond markets, with US duration continuing to drive global yields. But with European yields rebounding, potentially on the back of fiscal expansion, global bond leadership may not be as unipolar as it has been in recent quarters.

Although the outlook is uncertain this doesn't imply a lack of opportunity. For the better part of two years credit spreads have been languishing at historically tight levels and credit spread volatility at or near all-time lows. Any continued resetting wider of credit spreads may be an opportunity to accumulate excellent long-term investments at attractive prices.

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, 2025 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.

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Percentile rankings are from Morningstar Research Inc., an independent research firm, based on the Canada Fund Canadian Equity Balanced category and reflect the performance of the Mackenzie Bluewater Canadian Growth Balanced Fund for the 3-month, 1-, 3-, 5- and 10-year periods as of March 31, 2025 . 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 Equity Balanced category funds for Mackenzie Bluewater Canadian Growth Balanced Fund for each period are as follows: one year - 340 ; three years - 338 ; five years - 305 ; ten years - 224.

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