Mackenzie Floating Rate Income Fund

Fund snapshot

Inception date	05/09/2013
AUM (millions in CAD)	502.2
Management fee	0.65%
MER	0.90%
Benchmark	Morningstar LSTA Leveraged Loan (Hgd to CAD)
CIFSC category	Floating Rate Loans
Risk rating	Low-Med
Lead portfolio manager	Steve Locke
Investment exp. since	1995

Strategy overview

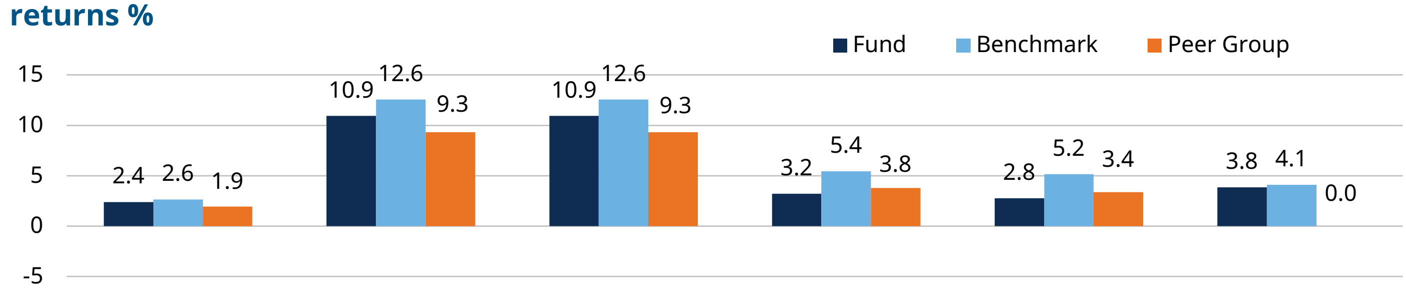
• Aims to deliver attractive risk-adjusted returns by investing primarily in senior secured floating rate loans and seeking credit exposure that is isolated from interest rate risk.

• The investment philosophy focuses on higher quality non-investment grade securities, middle market borrowers and relative value opportunities within a company's capital structure while limiting the downside risk.

• Fundamental credit analysis, portfolio construction, rigorous bottom-up selection and scrutiny in deal structures are the primary sources of alpha generation.

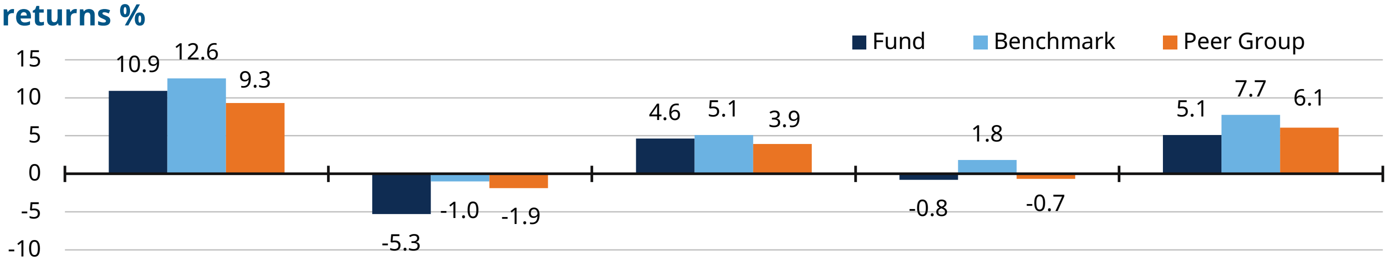
• The neutral currency exposure is 100% hedged back to CAD, although some open currency exposure (generally no more than 10% to 15%) can be used by the managers tactically to mitigate the overall risk in the portfolio.

Trailing returns %



	3 Mth	1 Yr	3 Yr	5 Yr	10 Yr	SI
Excess return	-0.3	-1.6	-2.2	-2.4	-0.5	-
% of peers beaten	90	67	40	35	61	-

Calendar returns %



	2023	2022	2021	2020	2019
Excess return	-1.6	-4.3	-0.5	-2.6	-2.6
% of peers beaten	67	22	68	50	41

Portfolio characteristics

Ratios & metrics	Portfolio	Benchmark
Fund Avg Yield	10.4	9.0
Fund Mod. Dur	0.5	0.1
Fund Rating	B+	B
Average Price	93.5	131.9
Average Coupon	9.2	9.4
Average Term	4.7	-

Asset allocation

Asset	Portfolio	Benchmark
Investment Grade Corporates/Government	2.9	-
Sovereign and EM	0.2	-
High Yield	9.4	-
Loans	81.0	-
Cash & Equivalent	2.7	-
Other	3.8	-

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	3.3	3.9
Sharpe Ratio	-0.3	0.9
Tracking Error	2.1	-
Information Ratio	-2.0	-
Alpha	-3.3	-
Beta	0.7	-
Upside Capture (%)	47.1	-
Downside Capture (%)	96.6	-

Geographic allocation

Country	Weight
Canada	11.0
US	72.5
Europe	10.9
Other	1.2

Maturity breakdown

Bucket	Portfolio	Benchmark
0 to 3	22.5	-
3 to 7	72.5	-
7 to 12	0.7	-
12+	4.3	-

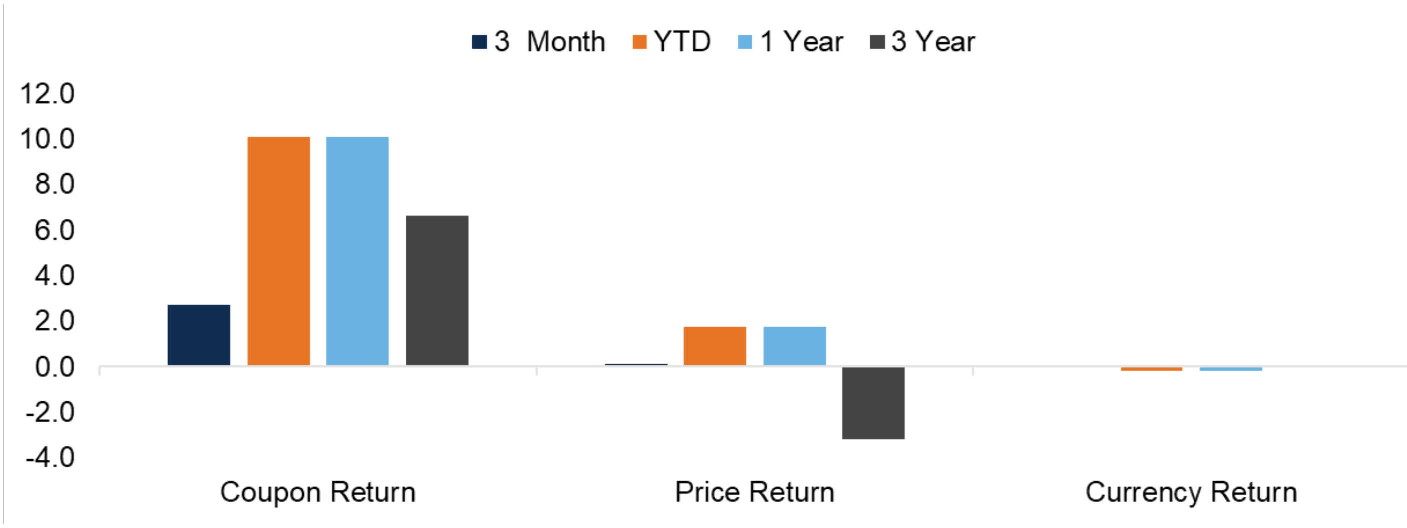
Currency exposure

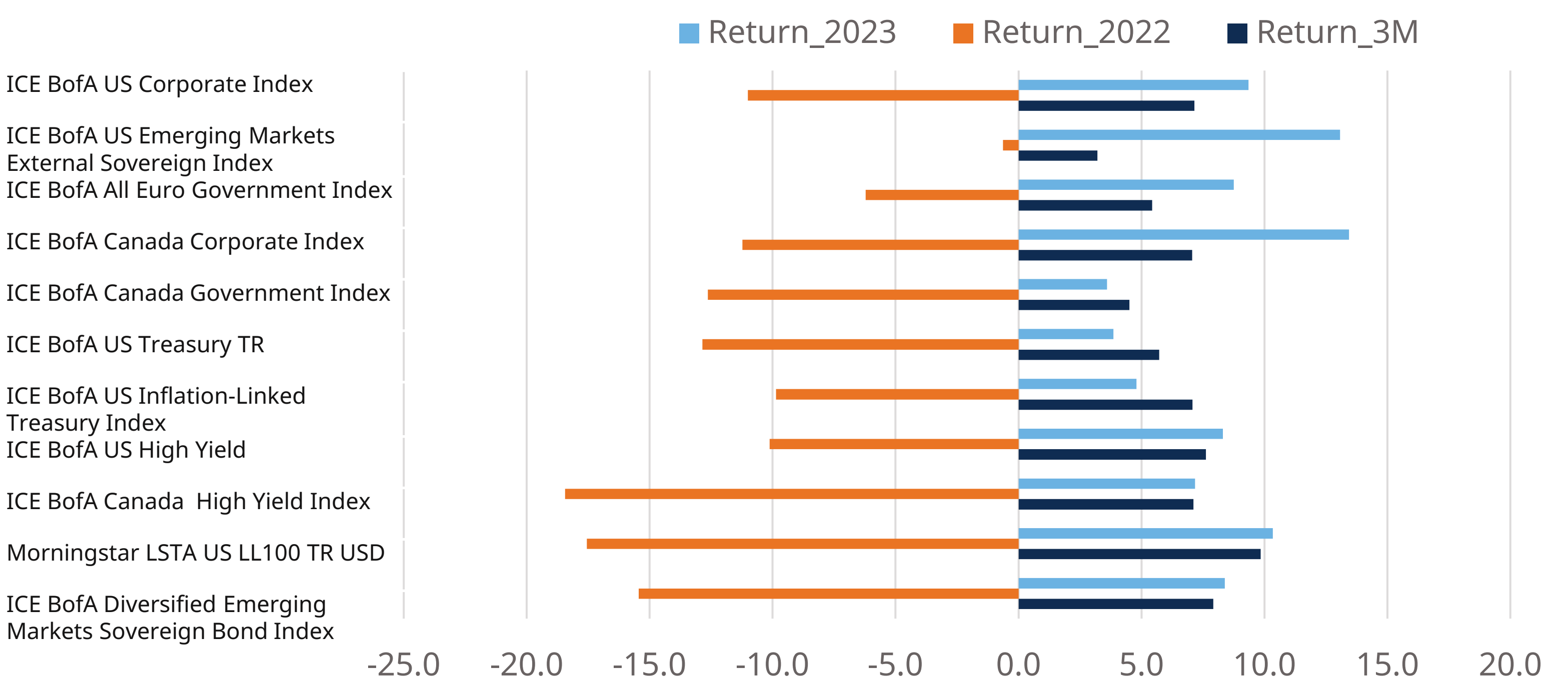
Currency	Gross	Net
CAD	7.1	93.1
USD	88.3	6.7
Other	4.6	0.2

Credit breakdown

Rating	Portfolio	Benchmark
AAA	2.0	-
AA	2.8	-
A	0.5	-
BBB	2.8	2.6
BB	14.9	25.7
B	58.5	65.6
CCC & Below	11.0	5.8
NR	6.2	0.3

Attribution





Commentary

What a remarkable year for loans with double digit total return in 2023. Leveraged loans continued their Nov rally into year-end; with a positive total return in Dec. Overall loans benefited from risk-on markets amid investors' betting on the end of the Fed hiking cycle and rate cuts coming in 2024. For 2023, loans were driven mostly by high coupons, as 74% of the return came from coupon. In fact, this 2023 performance was the best for loans since the Global Financial Crisis, and second best since the inception of the Index in 1997.

There seems to be a consensus for a soft landing which will be constructive for decent returns for loans in 2024. Over the past two years, loans have outperformed on a risk-adjusted basis for two basic reasons; i) rates are high providing for double digit coupons, and ii) economy still performing well with strong employment and hence credit fundamentals are not shaken. If this macro backdrop does not change to result in significant defaults, then loans are likely to continue to perform well. If higher rates lead to very hard landing, then loans are likely to underperform.

Overall, absent significant deterioration in credit, loans continue to be very attractive with double digit yields. Worth noting that most default candidates are already marked down in price, easing losses from actual defaults when they happen. Macro risks continue to be very relevant; i) inflation which can result in higher for longer rates, ii) worsening geopolitics globally, and iii) potentially easing consumer and corporate demand. We still like loans especially given their 10%+ yield and 96 price, with no "direct" rate risk. Last but not least, rate cuts are not necessarily negative for loans – if cuts stimulate the economy and fuel risky assets higher, then loans will generally follow.

Contributors:

-Overweight High Yield bonds
-Overweight B rated loans
-Overweight 2nd Liens
-Overweight to Building Products and Electronics sectors
-Underweight to Retail, Textiles and Air Freight sectors

Detractors:
-Open USD currency position
-Focus on non-benchmark names
-Overweight CCC exposure
-Overweight to Chemicals sector
-Underweight to Consumer Finance sector
-Overweight China Property sector

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 December 31, 2023 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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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 Floating Rate Loans category and reflect the performance of the Mackenzie Floating Rate Income Fund for the 3-month, 1-, 3-, 5- and 10-year periods as of December 31, 2023 . 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 Floating Rate Loans category funds for Mackenzie Floating Rate Income Fund for each period are as follows: one year - 78 ; three years - 77 ; five years - 71 ; ten years - 29 .

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.

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