Mackenzie Global Dividend Fund

Strategy snapshot

Inception date	07/11/2007
AUM (millions in CAD)	5,218.7
Benchmark	MSCI World
Lead portfolio manager	Darren McKiernan
Investment exp. since	1995
Target # of holdings	40-80

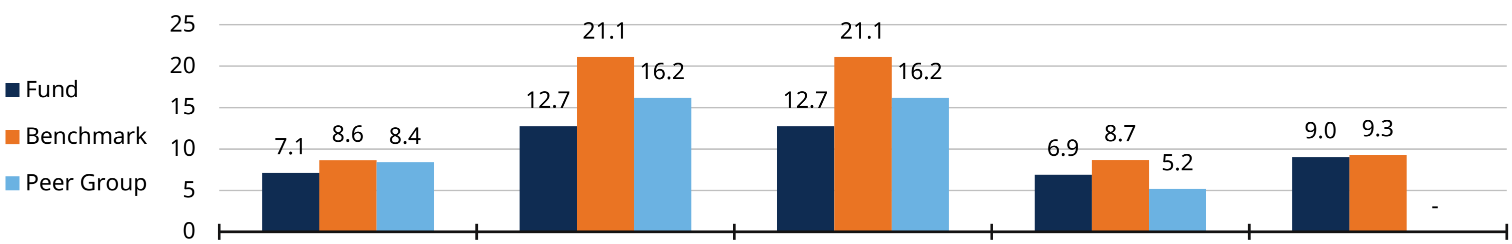
Strategy Overview

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

• Reinvested dividends can contribute substantially to overall equity performance

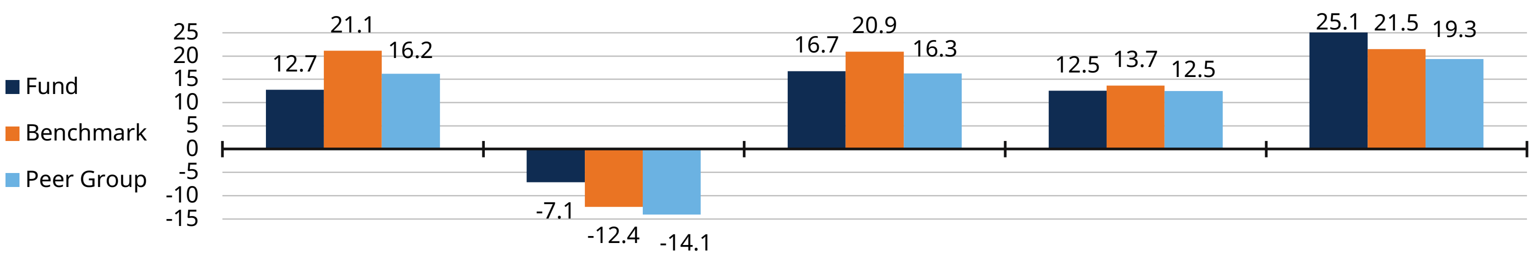
• Diversify outside of the Canadian market which is concentrated in 3 sectors (financials, energy, and materials)

Trailing returns %



	3 month	YTD	1 year	3 years	Since inception*
% of peers beaten	27	36	36	70	-

Calendar returns %



	2023	2022	2021	2020	2019
% of peers beaten	36	81	50	72	89

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	88.0	2,921.0
% top 10 holdings	26.9	18.4
Weighted average market cap	613,724.8	617,780.1
EPS growth (FY E)	11.9	12.8
Dividend yield	2.1	2.0
FCF margin	23.1	19.1
P/E Trailing 12M	21.5	16.7
P/E (forecast)	19.3	17.7
Net debt/EBITDA	0.9	1.1
ROE (latest FY)	21.4	18.2

Sector allocation

Sector	Weight	Relative weight
Communication Services	3.9	-3.2
Consumer Discretionary	8.2	-2.7
Consumer Staples	10.1	3.2
Energy	6.7	2.2
Financials	16.4	1.3
Health Care	14.3	2.2
Industrials	10.3	-0.8
Information Technology	19.8	-3.2
Materials	6.0	1.9
Real Estate	0.6	-1.9
Utilities	0.4	-2.2

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	10.1	12.61
Sharpe Ratio	0.3	0.52
Tracking Error	6.1	-
Information Ratio	-0.5	-
Alpha	-1.4	-
Beta	0.7	-
Upside Capture (%)	80.0	-
Downside Capture (%)	80.0	-

Country allocation

Country	Weight	Relative weight
United States	57.5	-12.4
Germany	6.9	4.6
Japan	4.6	-1.4
France	4.4	1.2
Switzerland	3.4	0.7
United Kingdom	3.2	-0.8
Other	16.9	10.0

Regional breakdown

Region	Weight	Relative weight
United States	57.5	-12.4
International	36.2	11.9
Emerging Markets	2.5	2.5
Canada	-	-

Currency exposure

Region	Gross	Benchmark
CAD	8.0	2.9
USD	61.0	63.1
Other	31.0	34.1

Top 10 holdings

Security name	Country	Sector	Weight
Microsoft Corporation	United States	Information Technology	4.9
SAP SE	Germany	Information Technology	2.7
JPMorgan Chase & Co.	United States	Financials	2.6
Amazon.com, Inc.	United States	Consumer Discretionary	2.6
Broadcom Inc.	United States	Information Technology	2.6
Alphabet Inc. Class A	United States	Communication Services	2.5
Apple Inc.	United States	Information Technology	2.2
Deutsche Boerse AG	Germany	Financials	2.2
Shell Plc	United Kingdom	Energy	1.9
Johnson & Johnson	United States	Health Care	1.9

Security level contributors and detractors

	Security	Average Relative weight (%)	Allocation Effect (%)	% contribution to return
Contributors	Microsoft Corporation	0.5	0.05	0.8
	Broadcom Inc.	1.6	0.37	0.7
	SAP SE	2.5	0.09	0.4
Detractors	Becton, Dickinson and Company	1.3	-0.22	-0.1
	Aon Plc Class A	1.7	-0.33	-0.2
	Chevron Corporation	1.6	-0.37	-0.3

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)
Contributors	Industrials	-1.2	-0.01	0.23
	Consumer Discretionary	-2.7	0.01	0.20
Detractors	Energy	2.3	-0.37	0.10
	Financials	2.2	0.03	-0.36
	Health Care	2.3	-0.25	-0.25

Commentary

The Fund returned 7.1% during Q4-2023 and has now returned 9.0% since inception. This compares to the MSCI World Index (CAD) which returned 8.6% and 7.6% over the same time periods.

Almost all sectors had positive returns this quarter, with Energy standing out as the only area with negative returns (-6.5%). Information Technology (+14.5%) and Real Estate (+14.2%) were the best performing sectors. After Energy, the Consumer Staples and Health Care sectors were the worst performing (+2.7% and +3.2% respectively).

Stock selection in the Industrials and Consumer Discretionary sectors contributed to relative performance over the quarter. Selection in the Financials and Health Care sectors detracted from relative performance. An overweight position in the Energy sector was also a detractor.

Information Technology stocks, were a bright spot over the quarter, as most of our holdings in this area (Microsoft Corp., Broadcom Inc., SAP SE, Amazon.com Inc., Motorola Solutions Inc.) were up double-digits.

Broadcom was a top performer on continued strength of their semiconductor business and following the closing of the VMWare acquisition. On the back of years of clever synergistic driven acquisitions, Broadcom now has an enviable position in both semiconductors and software required for high performance computing. Broadcom revealed they will target accelerating growth in VMWare, a business that has grown around 8% over the last decade, to over 10% while removing a substantial amount of cost from the business and transitioning its user base to subscription. While this may sound overly ambitious to some, CEO Hock Tan and his team have proven to be masterful capital allocators, integrators and operators growing free cash flow/share at a 31% CAGR over the last decade. After they complete the VM Ware integration, the company will be generating close to $30 billion in free cash flow and paying out 50% of that towards dividends.

SAP benefited from a general market rally, and an even stronger rally in the Software and Information Technology sectors. SAP has been held in the portfolio since inception and it continues to execute a transition to the cloud. Prior to 2023, its cloud business was developing successfully but it was only reflected in very strong operational KPIs, while financial results lagged. A critical inflection point was reached in Q4 2022 and Q1 2023, where financials started to reflect the business development and operational reality. This forced the market to pay attention and won over skeptical market participants with a 'wait until we see it in the financials results' approach. The FY performance of +48% reflects value created over several years as well as a simpler more market friendly narrative. As explained in our Q1 commentary, no more 'leap of faith' required.

Chevron Corp., AON Plc., and Becton, Dickinson and Company were the top individual detractors from overall fund performance.

Chevron was a detractor during the quarter, with two key drivers. First, energy prices remained depressed into the back half of 2023 as oil markets priced in a possible recession. We remain constructive on the undersupply of global oil production/refining over the medium term and believe Chevron's portfolio is well positioned with good production basins and a strong down downstream asset base. Second, the market is concerned short term about the acquisition of Hess. We believe the Hess acquisition will bolster the Chevron portfolio by adding extremely profitable/lower emissions assets in Guyana and complimentary assets in the Bakken shale basin. We would also point out that even at today's relatively modest oil prices, the company will be able to comfortably double its dividend over the next five years. Overall, we believe the market is unfairly discounting Chevron's vertically integrated strategy and leading industry position.

Aon is one of the world's largest insurance brokers and consulting companies, helping clients make better decisions and navigate operational risks. The business is capital light, mostly recurring, with high retention rates greater than 95% on average across the portfolio. After solid share performance over the past few years driven by strong pricing and productivity gains, the stock has weakened due to organic growth normalizing, lower expected fiduciary income and, more recently, near-term earnings dilution from the proposed NFP acquisition. After regulators blocked its attempt to acquire peer Willis Towers Watson, a pivot towards smaller deals makes strategic sense, particularly one focused on middle-market clients, a faster growing segment where Aon has a more limited presence relative to peers. Management expects revenue and cost synergies will be accretive to long-term earnings. Time will tell, but Aon's successful history of growing through M&A provides confidence in management's ability to execute and continue its history of shareholder value creation.

Becton Dickinson is a leading global medical technology company that is a dominant provider of essential medical tools and devices like needles, syringes, catheters, and diagnostic instruments, in which the recurring and consumable nature makes the business highly predictable. This stable growth has enabled Becton to be named a "Dividend King" with 50 years in a row of annual dividend increases, averaging 7% annualized growth rate over the past decade. That said, Becton's earnings have been less consistent over the past few years due to operational challenges from product recalls for its Alaris infusion pumps as well as inventory and demand issues stemming from supply chain challenges related to Covid. Management believes these execution issues are behind them, with positive steps taken to bring Alaris back to market and clean up inventory, thereby enabling the company to return to steady mid-single-digit top line growth, aided by new product introductions and recent M&A in higher growth categories.

We initiated a position in a France-domiciled utility with operations around the world. The company is a leader in the circular economy, with an ambition to facilitate energy decarbonization globally through innovations across both its existing businesses and several new ones (e.g., carbon capture). It is well-diversified across its customer base (the top 50 contracts account for <15% of their portfolio) with 70% of their contracts indexed to inflation. The company should enjoy several years of double-digit earnings growth and GDP+ growth for many years beyond that. We paid ~13.5x forward earnings for the business that along comes with a 5% dividend yield.

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.

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 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 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-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. Canada Fund Global Equity funds for the Mackenzie Global Dividend Fund F for each period are as follows: one year – 1920; three years – 1609; five years – 1422; 10 years – 689.