Mackenzie Canadian Dividend Fund

Strategy snapshot

Inception date	08/20/2002
AUM (millions in CAD)	2457.5
Benchmark	80% TSX Div (Linked) + 20% MSCI World
Lead portfolio manager	Tim Johal, Darren McKirernan
Investment exp. since	2000, 1995
Target # of holdings	-

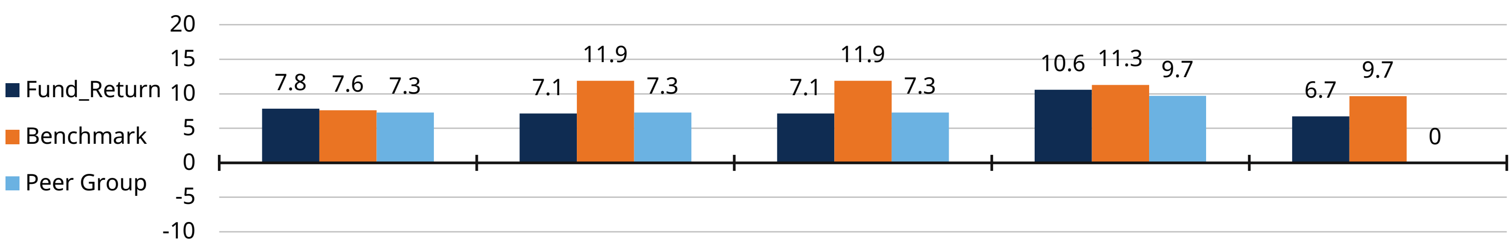
Strategy Overview

• Dividends can be an important component of total return over the long term.

• When a company can consistently increase its dividend over a long period of time, it is often a signal that the business is able to generate strong free cash flows through a variety of market environments.

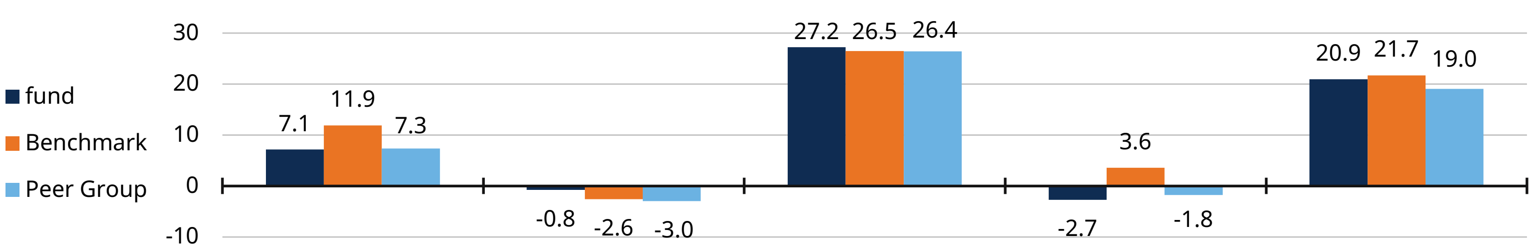
• Two experienced management teams focusing on their specific geographies of expertise.

Trailing returns %



	3 month	YTD	1 year	3 years	Since inception*
% of peers beaten	65	44	44	65	-

Calendar returns %



	2023	2022	2021	2020	2019
% of peers beaten	44	75	54	59	74

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	148.0	1,576.0
% top 10 holdings	41.4	31.1
Weighted average market cap	162,226.2	186,270.7
EPS growth (FY E)	7.4	5.9
Dividend yield	3.7	3.1
FCF margin	14.7	14.1
P/E Trailing 12M	16.9	16.5
P/E (forecast)	14.2	14.7
Net debt/EBITDA	3.5	2.6
ROE (latest FY)	14.6	14.8

Sector allocation

Sector	Weight	Relative weight
Communication Services	7.2	2.5
Consumer Discretionary	4.0	-1.3
Consumer Staples	5.1	0.0
Energy	16.3	1.1
Financials	34.3	3.7
Health Care	2.2	-0.3
Industrials	9.4	-4.2
Information Technology	4.6	-2.4
Materials	6.6	-2.8
Real Estate	2.1	-0.5
Utilities	7.0	3.0

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	10.5	12.4
Sharpe Ratio	0.8	0.74
Tracking Error	6.3	-
Information Ratio	-0.2	-
Alpha	1.1	-
Beta	0.7	-
Upside Capture (%)	77.9	-
Downside Capture (%)	70.0	-

Country allocation

Country	Weight	Relative weight
Canada	80.6	3.8
United States	14.0	-2.4
Germany	0.5	0.1
United Kingdom	0.8	-0.3
Japan	1.2	-0.9
France	0.7	-0.3
Other	2.3	100.0

Regional breakdown

Region	Weight	Relative weight
Canada	84.5	3.8
United States	11.6	-2.4
International	2.6	-2.8
Emerging Markets	0.2	0.2

Currency exposure

Region	Gross	Benchmark
CAD	85.5	80.6
USD	11.8	14.0
Other	2.8	5.3

Top 10 holdings

Security name	Country	Sector	Weight
Royal Bank of Canada	Canada	Financials	6.9
Bank of Montreal	Canada	Financials	5.3
Toronto-Dominion Bank	Canada	Financials	5.0
TELUS Corporation	Canada	Communication Services	3.8
Canadian Natural Resources Limited	Canada	Energy	3.8
Sun Life Financial Inc.	Canada	Financials	3.7
TC Energy Corporation	Canada	Energy	3.6
Enbridge Inc.	Canada	Energy	3.0
Canadian Pacific Kansas City Limited	Canada	Industrials	2.9
Bank of Nova Scotia	Canada	Financials	2.9

Security level contributors and detractors

	Security	Average Relative weight (%)	Allocation Effect (%)	% contribution to return
Contributors	Royal Bank of Canada	1.4	0.09	0.9
	Bank of Montreal	2.3	0.19	0.7
	TC Energy Corporation	2.1	0.1	0.5
Detractors	Tourmaline Oil Corp.	0.0	0	-0.1
	Nutrien Ltd.	0.7	-0.14	-0.2
	Suncor Energy Inc.	0.6	-0.1	-0.2

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)
Contributors	Financials	4.9	0.2	-0.5
	Communication Services	2.5	0.0	0.2
	Industrials	-4.3	0.0	0.0

Commentary

For Q4 2023, Mackenzie Canadian Dividend Fund returned 7.8% for the period. This compares with a return of 7.6% for its blended benchmark index comprising 80% S&P/TSX Composite Dividend Total Return Index and 20% MSCI World Index CAD. The Fund's stock selection in the energy, materials and communication services sectors were positive for performance, somewhat offset by negative selection in the financial services and information technology sector.

Rogers Communications is a leading Canadian wireless cellular, internet, cable TV and media provider. Rogers outperformance in the quarter was multi-faceted as the company demonstrated strong execution of its Shaw Communications integration within its cable business and allocated lower than expected capital expenditures on wireless spectrum. In addition, similar to other stocks within the communication services sector, Rogers is perceived to be interest rate sensitive and benefited from a decline in interest rates in the quarter. While we saw strong stock performance in the quarter, we still see attractive upside in the stock as management executes on cost synergies from the Shaw integration and benefits from its competitive positioning in wireless. We expect a meaningful improvement in FCF growth in the coming years. We remain overweight the stock. Bank of Montreal (BMO) is a Canadian chartered bank which operates primarily in Canada and the US. Bank of Montreal shares outperformed in the quarter as the bank's quarterly earnings report came in better than expected and management increased its expected costs synergies from their recent Bank of the West acquisition. In addition, the stock rerated higher due to dovish comments from the US Federal Reserve regarding the need for more interest rate hikes. We continue to see attractive reward versus risk over the medium term and prefer the bank's strong position in Commercial Lending as well as US regional banking. We remain overweight the stock. TC Energy is a North American natural gas pipeline transmission and distribution company. TC Energy shares outperformed in the quarter as market interest rates declined and investor interest returned to names like TC Energy with somewhat higher debt levels and dividend yields. In addition, the company announced completion of its Coastal Gas Link project, reducing the risk of further cost overruns. We believe the stock is significantly undervalued and we expect to be rewarded well for the given level of risk in the investment. There is significant value within the company's natural gas business and expect further opportunities stemming from growth in North American liquified natural gas (LNG) exports. We remain overweight the stock.

Brookfield Corporation (BN) is a large, global asset manager that primarily services institutional and sovereign clients and strengthens alignment by co-investing internal capital in the funds managed. Brookfield Corporation owns significant controlling positions in some publicly traded operating companies that are individually focused on distinct and strategic asset classes such as: Real Estate, Renewable Energy, Infrastructure, Insurance, Private Equity, and Credit. BN outperformed in the fourth quarter due to the decline in interest rates and as sentiment improved towards Commercial Real Estate, which acted as a drag on fund returns as we are underweight the name. For BN, we remain concerned about the path forward of Commercial RE and the dampening effect on its leveraged business model from higher interest rates, thus we continue to maintain an underweight bias in our BN positioning. Nutrien is a global producer and distributor of crop inputs and fertilizers. Nutrien stock underperformed in the quarter as potash prices declined and nitrogen production was lower than expected. However, we believe fertilizer prices are bottoming, demand is improving and in our view the stock represents compelling value relative to risks at current levels. We remain overweight the stock.

The portfolio management team continues to seek out the best overall reward to risk opportunities within our Canadian investment universe which led to some changes in the portfolio in the quarter. The changes were driven primarily by stock specific opportunities which resulted in increased positions in the consumer staples, utilities and communication services sectors, while positions in the financial services and information technology sectors were reduced. Overall, the changes resulted in two new positions being added with no eliminations. The Canadian portion of the portfolio ended the period with 49 unique stock positions. Within the consumer staples sector we continued to add to our position in Loblaw. We believe the company will continue to benefit from higher inflationary trends as consumers are drawn to the company's discount food retail outlets. With these additions we are now closer to neutral weight the consumer staples sector from an underweight position previously. Within the utilities sector, we added to our position in Northland Power as the stock represents compelling value, and the company continues to de-risk, particularly as it relates to its project funding profile. Most recently this was demonstrated by the company reaching financial close on the Hai Long project in Taiwan. With the increased weighting in Northland, we have increased our overweight position within the utilities sector. In the communication services sector, we continued to add to our position in Telus. The sell-off in the stock provideded an increasingly attractive reward to risk opportunity as we expect the company to significantly reduce financial leverage over the next few years, leading to a rerating of the stock higher. We remain overweight the communication services sector. increasingly attractive reward to risk opportunity as we expect the company to significantly reduce financial leverage over the next few years, leading to a rerating of the stock higher. We remain overweight the communication services sector. Within the materials sector, we added a new position in Franco Nevada. The turmoil surrounding the Cobre Panama mine (where Franco has a royalty interest) has created an attractive entry point for the stock. We also added to our positions in Agnico Eagle and Barrick within the quarter. With these additions, we have reduced our underweight position in the materials sector. To fund the additions mentioned above we reduced positions in the financial services and information technology sectors. In financial services, we reduced our position in Intact Financial and Manulife due to limited upside to our price targets after a strong period of strong performance in both stocks. We continued to reduce our holdings in Brookfield Corp given their higher risk exposure to commercial real estate operations. We continue to remain overweight banks as well as insurers (both life and property & casualty) within the sector. Within the information technology sector we reduced our positions in Open Text and to a lesser extent CGI Group as their share prices increased towards what we deemed as fair value. We used the proceeds to reinvest in other names where the reward to risk ratio was more attractive. With these reduction we have increased our underweight in the information technology sector.

The portfolio management team continues to maintain a cautiously optimistic outlook on Canadian equity markets. We expect equity market volatility to persist on the back of ongoing uncertainty regarding the economic outlook. Longer-term bond yields declined in the quarter in light of softening inflation data and the belief that the US Federal Reserve has completed it’s rate hiking campaign for this cycle. Fixed Income markets are pricing in rate cuts by Central Banks in both the US and Canada in 2024. Mortgages coming up for renewal are expected to be repriced at higher interest rates this year and any decline in interest rates will provide some relief to Canadian household budgets. The equity markets rallied starting late October, and have started to price in a degree of optimism that a “soft landing” will be achieved, rather than an outright recession. Energy prices retreated from elevated levels reached at the end of Q3, on the back of expectations of slowing economic activity, record levels of US oil production and noncompliance of some OPEC members in regards to production cuts. Lower commodity prices in Q4 has helped ease inflation concerns, at least in the short term. Despite optimism from potentially lower rates this year, increased spending on the green energy transition, geopolitical conflicts and near-shoring of manufacturing and supply chains may cause inflation to be stickier than markets are currently expecting. This could force central banks to delay rate cuts to a later period than currently assumed by financial markets and may provide some headwinds to the recent equity market rally. We continue to monitor our investment universe for opportunities as markets remain volatile. Positioning in the fund is well balanced between cyclical and defensive sectors and primarily driven by stock selection and where we see appropriate return to risk profiles. We maintain a slight bias towards interest sensitive names in the portfolio as interest rate pressures may ease relative to last year. We remain focused on investing in quality stocks with a margin of safety to our estimate of fair value.

Bank of Montreal (BMO) Bank of Montreal stock had been depressed throughout most of 2023 over concerns on Canadian housing and a weak US regional bank outlook post bank runs at Silicon Valley Bank and other smaller regional banks. We did not believe either concern was justified and felt Bank of Montreal’s deposit base was well diversified and more resilient than peers. Bank of Montreal had also closed its Bank of the West transaction in February of 2023, and had been working on integration of the new assets with the transition to Bank of Montreal’s new internal operating platform in the fall of 2023 Based on the success of the integration and increased comfort with the acquired assets, Bank of Montreal increased its synergy targets for the Bank of the West transaction during its Q4 reporting. Concurrently, the fed’s dovish announcements regarding future rate hikes causing bank stocks to rally as less rate pressures were seen to help borrowers like Canadian homeowners. Bank of Montreal also benefitted from its higher exposure to the US market given it is expected economic performance south of the border will outperform Canada. We held an overweight position in Bank of Montreal which we added to during 2023. We were rewarded later in 2023 when the previous two factors caused a strong rally in the stock during November and December. We see outsiced earnings growth at Bank of Montreal over the next year driven by its cost savings restructuring and from realization of cost synergies from the Bank of the West integration. As a result we expect continued dividend growth in the period ahead.

Rogers Communications (RCI) Rogers is a leading Canadian provider of wireless, internet, cable and media services and is the only fully national network in both wireless and cable. The Company continues to benefit from higher immigration levels, which is a solid tailwind in the intermediate term and is leading to strong loading in both their wireless and cable businesses, The integration of Shaw Communications provides unique opportunities in terms of cost synergy capture, improved ability to reduce churn through better product offering, and revenue synergies through bundling wireless with cable and internet. The market undervalues the long term run rate earnings power of the company in addition to undervaluing attractive assets such as the Toronto Blue Jays and MLSE. We see a path to deleveraging and Rogers has optionality with excess real estate and other assets that could help it deleverage at a quicker pace. Finally, we see the company generating significant excess free cash flow that can be return to shareholders in both dividends and share repurchases over the long term.

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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 Canadian Dividend & Income Equity category and reflect the performance of the Mackenzie Canadian Dividend A 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 Canadian Dividend & Income Equity funds for Mackenzie Canadian Dividend A for each period are as follows: one year –423; three years –399 ; five years – 358 ; ten years – 228 .

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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