Mackenzie International Dividend Fund

Fund snapshot

Inception date	10/15/2019
AUM (millions in CAD)	505.5
Management Fee	0.80%
MER	1.06%
Benchmark	MSCI EAFE
CIFSC Category	International Equity
Risk Rating	Medium
Lead portfolio manager	Darren Mckiernan
Investment exp. Since	2007
Target # of holdings	20-35

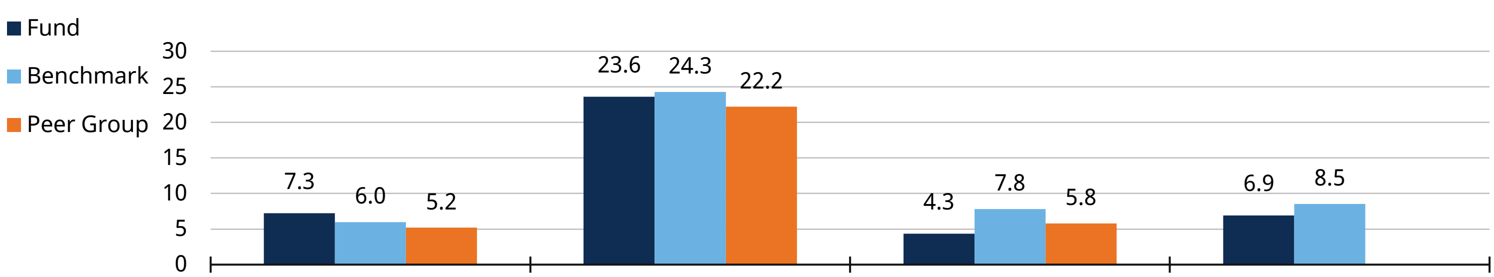
Strategy Overview

• Enhance portfolio construction with international businesses that have diverse revenue sources by geography, allowing for exposure to regions in different economic cycles.

• Focus on high-quality, dividend-paying companies with higher returns on invested capital.

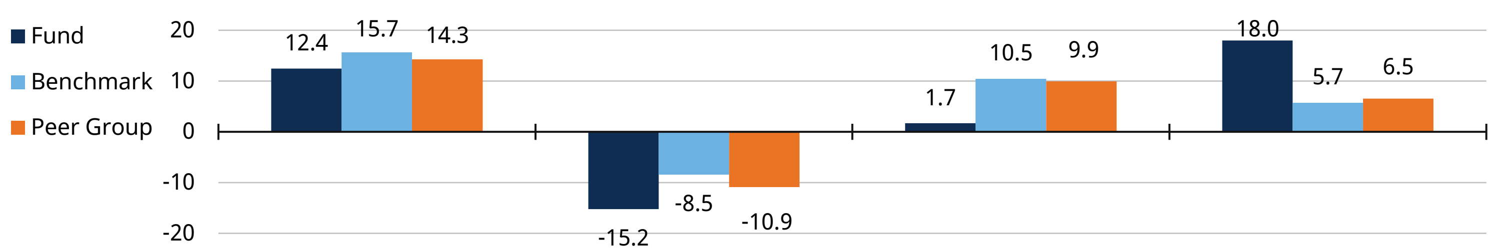
• Access proven expertise to navigate the complexities of international markets with the Mackenzie Global Equity & Income Team.

Trailing returns %



	3 Mth	1 Yr	3 Yr	SI
Excess return	1.3	-0.7	-3.5	-1.6
% of peers beaten	81	59	30	-

Calendar returns %



	2023	2022	2021	2020
Excess return	-3.2	-6.8	-8.8	12.2
% of peers beaten	27	26	5	89

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	40	732
% top 10 holdings	41.8	14.3
Weighted average market cap	214,254.2	131,224.7
EPS growth (FY E)	14.6	93.8
Dividend yield	1.7	3.0
FCF margin	19.6	12.5
P/E Trailing 12M	24.8	16.4
P/E (forecast)	20.8	14.8
Net debt/EBITDA	-	1.4
ROE (latest FY)	17.7	14.2

Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	19.3	20.6	-1.3
Energy	1.5	3.6	-2.1
Materials	7.8	6.9	0.9
Industrials	20.3	17.3	3.0
Information Technology	16.1	8.7	7.4
Communication Services	1.5	4.3	-2.8
Utilities	-	3.4	-3.4
Consumer Staples	11.4	8.7	2.7
Consumer Discretionary	13.2	10.9	2.3
Real Estate	-	2.2	-2.2
Health Care	9.0	13.3	-4.3
Other	-0.2	-	-0.2

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	12.4	12.4
Sharpe Ratio	0.1	0.4
Tracking Error	4.6	-
Information Ratio	-0.8	-
Alpha	-3.2	-
Beta	0.9	-
Upside Capture (%)	88.8	-
Downside Capture (%)	106.7	-

Country allocation

Country	Portfolio	Benchmark	Relative Weight
Japan	21.6	22.3	-0.7
France	15.0	11.4	3.6
Germany	13.3	9.0	4.3
Netherlands	11.6	4.8	6.8
United Kingdom	9.5	14.8	-5.2
Taiwan	5.3	-	5.3
Other	23.6	37.7	-14.1

Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
International	88.1	100.0	-11.9
Emerging Markets	11.9	-	11.9
Other	-	-	-

Currency exposure

Region	Gross	Benchmark
CAD	-	-
USD	4.7	1.0
Other	95.3	99.0

Top 10 holdings

Security name	Country	Sector	Weight
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	5.3
Hannover Rueck SE	Germany	Financials	5.3
SAP SE	Germany	Information Technology	5.1
Safran SA	France	Industrials	5.1
Itochu Corporation	Japan	Industrials	4.1
Air Liquide SA	France	Materials	3.6
Bandai Namco Holdings Inc.	Japan	Consumer Discretionary	3.5
Wolters Kluwer N.V.	Netherlands	Industrials	3.5
ASSA ABLOY AB Class B	Sweden	Industrials	3.2
Keyence Corporation	Japan	Information Technology	3.2

Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	Adyen NV	2.6	0.8
	Alibaba Group Holding Limited Sponsored ADR	1.8	0.7
	Nippon Sanso Holdings Corporation	2.7	0.6
Detractors	Heineken Holding N.V	2.8	-0.2
	Shell Plc	1.3	-0.3
	Novo Nordisk A/S Class B	1.2	-0.7

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Consumer Discretionary	1.3	0.0	1.5	1.5
	Financials	-2.0	-0.1	1.2	0.8
	Materials	1.3	0.1	0.3	0.5
Detractors	Health Care	-4.1	0.1	-0.7	-0.5
	Utilities	-3.3	-0.3	0.0	-0.2
	Real Estate	-2.1	-0.2	0.0	-0.2

Commentary

International Dividend

1) QFR Highlights

The Fund returned 7.3% during Q3-2024 and has now returned 6.9% since inception. This compares to the MSCI EAFE Index (CAD) which returned 6.0% and 8.5% over the same time periods.

2) Market overview

- Despite inflation easing and rate cutes by the US Fed and ECB, there are concerns about market disconnects and potential risks, including geopolitical tensions and election outcomes.

- Interest-rate sensitive sectors led market gains. Energy was the only sector with negative performance. China surged nearly 13% on the back of a stimulus package, while Europe, the US and Japan saw more moderate gains.

- China's recent stimulus measures have boosted market confidence by long-term challenges remain. The government's commitment to addressing economic issues is notable, although comparison to Japan's 1990s struggles suggest cautious optimism .

3) Fund Performance - discuss Sector/Country Contributors and Detractors

Security selection in the Consumer Discretionary, Financials, and Information Technology sectors contributed positively to performance over the period. This was partially offset an overweight in the Information Technology sector and by security selection in the Health Care sector which detracted from relative performance.

4) Security contributors

Hong Kong Exchange (HKEX) was up over 30% and a top contributor to the portfolio for the quarter due to significant investor enthusiasm over fiscal intervention from the People's Bank of China (PBOC). As we commented on earlier, the PBOC announced a slew of support measures including a 20bp rate cut on short-term rates (7-day repo rate); in addition, the PBOC decreased the reserve requirement ratio by 50bp for financial institutions and cut rates from 2.3% to 2.0% on RMB300bn worth of one-year medium-term loans to large financial institutions. As a result of these factors Chinese economic activities may accelerate, which directly benefits trading volumes for HKEX on top of an already strong Q2-24 performance. In Q2-24, HKEX saw Average Daily Turnover (ADT) of equity products increase by 23% yoy in addition to Derivatives products seeing 12% yoy growth, reaching record half-year volumes. The Chinese IPO market also continues to recover, with a 79% yoy increase in IPO funds in Q2. We continue to see economic conditions in China recovering and HKEX as a high-quality financial proxy of the Chinese market will likely continue to benefit from the economic uplift.

5) Security detractors

For the first time in many quarters, owning Novo Nordisk hurt performance as it was down -19%. While we still own shares, we had been managing our position size even as the company (and stock) continued to perform well. We are starting to see early trial data of future competitive products for Wegovy, their main weight loss product. And while we still believe Novo's leadership position (along with Ely Lilly) is well-entrenched, the market is starting to give credit to potential competing products and perhaps even build in lower market share for Novo in the future. Questions about US-based insurance companies' willingness and ability to continue to pay for what an expensive treatment also came more into focus. We are still comfortable owing Novo Nordisk at these levels and size (currently <1%of the portfolio) and will be opportunistic if the market presents us the opportunity to add to our position at a level that overly discounts its future prospects.

6) Portfolio activities

The portfolio management team implemented several changes in the portfolio through the quarter. These changes were driven by stock specific opportunities with the objective of further optimizing the reward to risk profile and enhancing the portfolio's fundamental characteristics. Overall, the stock specific changes did not result in significant changes to either the relative sector or geographic weights. 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 well positioned to navigate these uncertainties.

Commentary

International Dividend

7) Outlook, Positioning

We are unlikely to make significant moves that “bet” on a particular election result. But we are not naïve to the tail risks, specifically the potential impact on global trade if Donald Trump wins and is able to push through significant tariffs. Areas of concern would include Chinese imports, where a 60% tariff on certain goods is being considered. Electronics and textiles being imported from Mexican and European companies that don’t have a US manufacturing presence could also be at risk. Fortunately, we have minimal exposure to these industries. For instance, many of our European healthcare companies such as Roche, Astra Zeneca, and Novo Nordisk have a significant US manufacturing footprint. This is true for many of the non-US staples and industrials that tend to support their US sales with local production. Nestle, Haleon, and Assa Abloy come to mind here. TSMC is perhaps our most significant exporter, as it manufactures most of its chips within Taiwan, with over 50% of its revenues coming from the US. And if one considers their non-US revenues generated from the likes of US-based companies such as Apple and Qualcomm, they are a very US-centric company. In addition, in response to US policies aimed at reducing dependence on semiconductor imports, TSMC has been granted incentives to build advanced production chip facilities, with mass production expected from its Arizona facility in 2025. Would the US be willing to unduly harm TSMC given this fabs importance to the country’s future semi production capabilities?

To close, while we appreciate the volatility the next few months can bring, we are comfortable with our investments. We continue to own a well-diversified portfolio by sector and region, and that most changes we make are a response to our assessment of individual stocks risk-adjusted potential returns.

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