

Mackenzie US Mid Cap Opportunities Fund

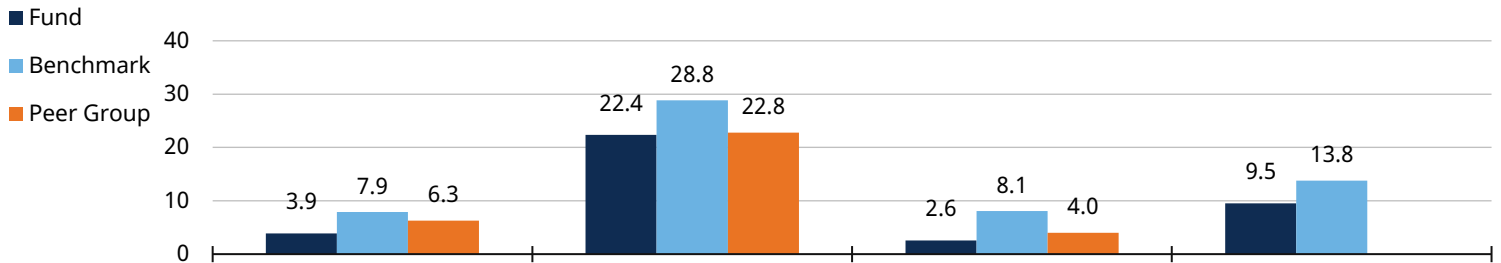
Fund snapshot

Inception date	05/27/2020
AUM (millions in CAD)	1768.5
Management Fee	0.80%
MER	1.05%
Benchmark	Russell Mid Cap
CIFSC Category	US Small/Mid Cap Equity
Risk Rating	Medium
Lead portfolio manager	Phil Taller
Investment exp. Since	1991
Target # of holdings	25-50

Strategy Overview

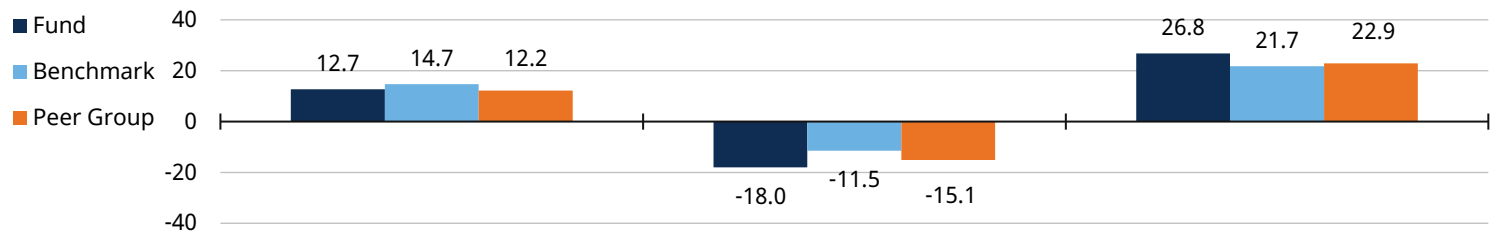
- The Fund seeks to provide long-term capital growth and a reasonable rate of return by investing primarily in equity securities of mid-capitalization companies in the United States.
- The Fund seeks companies with strong management, good growth prospects and attractive financial metrics.
- Emphasis is also placed on paying reasonable prices for the growth that companies in the portfolio are expected to achieve.

Trailing returns %



	3 Mth	1 Yr	3 Yr	SI
Excess return	-4.0	-6.4	-5.5	-4.3
% of peers beaten	20	42	46	-

Calendar returns %



	2023	2022	2021
Excess return	-2.0	-6.5	5.1
% of peers beaten	47	31	75

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	31	811
% top 10 holdings	50.1	5.0
Weighted average market cap	27,725.2	35,544.9
EPS growth (FY E)	10.7	13.2
Dividend yield	0.3	1.5
FCF margin	16.4	14.1
P/E Trailing 12M	30.6	21.8
P/E (forecast)	23.3	19.1
Net debt/EBITDA	-0.8	1.6
ROE (latest FY)	14.7	15.7

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	15.0	15.4
Sharpe Ratio	-0.1	0.3
Tracking Error	5.5	-
Information Ratio	-1.0	-
Alpha	-5.1	-
Beta	0.9	-
Upside Capture (%)	86.9	-
Downside Capture (%)	111.2	-

Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
United States	95.5	99.4	-3.9
Canada	-	0.1	-0.1
Emerging Markets	-	0.4	-0.4
Other	0.0	0.1	-0.1
Cash	4.5	-	4.5

Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	8.2	15.7	-7.5
Energy	-	5.0	-5.0
Materials	-	5.9	-5.9
Industrials	24.9	17.1	7.8
Information Technology	24.9	12.8	12.1
Communication Services	-	3.5	-3.5
Utilities	-	5.8	-5.8
Consumer Staples	1.5	5.0	-3.5
Consumer Discretionary	1.0	10.9	-9.9
Real Estate	4.7	8.1	-3.4
Health Care	30.4	10.2	20.2
Other	4.5	-	4.5

Country allocation

Country	Portfolio	Benchmark	RelativeWeight
United States	95.5	99.4	-3.9
Argentina	-	0.1	-0.1
Brazil	-	0.4	-0.4
Canada	-	0.1	-0.1
Other	4.5	-	4.5

Currency exposure

Region	Gross	Benchmark
CAD	-	-
USD	100.0	100.0

Top 10 holdings

Security name	Country	Sector	Weight
ExlService Holdings, Inc.	United States	Industrials	5.6
Bio-Techne Corporation	United States	Health Care	5.3
Akamai Technologies, Inc.	United States	Information Technology	5.1
CoStar Group, Inc.	United States	Real Estate	4.7
DexCom, Inc.	United States	Health Care	4.7
SS&C Technologies Holdings, Inc.	United States	Industrials	4.6
Charles River Laboratories International, Inc.	United States	Health Care	4.5
MAXIMUS, Inc.	United States	Industrials	4.5
Hologic, Inc.	United States	Health Care	4.5
Cirrus Logic, Inc.	United States	Information Technology	4.4

Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	ExlService Holdings, Inc.	5.6	1.0
	Progressive Corporation	3.7	0.7
	Waters Corporation	3.6	0.7
Detractors	Charles River Laboratories International, Inc.	4.8	-0.3
	Vontier Corp	4.6	-0.6
	DexCom, Inc.	4.3	-2.4

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Industrials	8.9	0.2	1.1	1.3
	Energy	-5.3	0.6	0.0	0.6
	Consumer Discretionary	-9.2	-0.1	0.5	0.4
Detractors	Real Estate	-3.2	-0.2	-0.7	-0.9
	Information Technology	13.1	-0.6	-1.1	-1.6
	Health Care	18.6	-0.4	-2.5	-2.9

Commentary

US mid cap opportunities

1) QFR Highlights

In the third quarter of 2024, the Fund's gross return was 4.22%.

The end of the Fed interest raise cycle may benefit smaller companies but that is not a given as lower interest rates may come as a result of a slowing economy.

In our view the markets remained optimistic that the Fed can orchestrate a soft landing.

We shall see as always, but our exposure to less cyclical companies in areas we have spoken about like Healthcare, Technology and Industrials have served us well in volatile periods.

2) Fund Performance

For Q3, the Fund's gross return was 4.22%, underperforming the benchmark (Russell Midcap) return of 7.92%.

Stock selection and interaction within Industrials and Consumer Discretionary along with an underweight allocation to Energy and Consumer Staples contributed to relative performance. While stock selection and interaction within Health Care, Information Technology and Real Estate, along with an overweight allocation to Information Technology and an underweight allocation to Utilities detracted from performance.

3) Security contributors

In the third quarter of 2024, the top contributors were Progressive Corporation, ExlService Holdings, Inc., Exact Sciences Corporation, Waters Corporation and Bright Horizons Family Solutions, Inc..

4) Security detractors

In the third quarter of 2024, the top detractors were DexCom, Inc., Vontier Corp, Charles River Laboratories International, Inc., HealthEquity Inc and Tenable Holdings, Inc.

5) Portfolio activities

We added new positions within the Health Care sector that is a molecular diagnostics company along with increasing current positions within the Health Care and Information Technology sectors.

We decreased positions within the Industrials and Consumer Discretionary sectors.

6) Market overview

The third quarter exhibited healthy returns for the US Markets despite periods of volatility as the market absorbed a combination of weaker US economic data and global central bank policy updates. The Federal Reserve began its easing cycle by lower its targeted Fed Fund Rate at the September meeting by 50 bps. Chinese stimulus was a welcome narrative in the continuation of the current bull market for large cap equities. The S&P 500 returned 4.4% and the Russell 2500 8.4% respectively this quarter.

Markets in particular, smaller cap indices are optimistic about lower interest rates with the proviso that these lowered rates aren't a result of a slowing economy. In our view, markets seem optimistic that the Fed can orchestrate a soft landing or no landing scenario. Given the bullish skew, we continue to look for companies that offer high value-added products and services, which should perform reasonably well in any economic scenario. That differentiation and focus on value-add should provide them reasonable pricing power across market cycles.

Commentary

7) Outlook and Positioning

Based on the futures treasury curve, it seems likely that the peak Fed Funds Target interest rates are behind us in this economic cycle. The future path of further cuts from a timing and magnitude standpoint is uncertain and may well likely be “data-dependent”. The economy has held up reasonably well during a period of elevated monetary policy, but the lagged impacts of interest rate changes are yet to be seen in the real economy. We continue to believe that many consumers, especially those in the lower-income and middle-income classes, are battling hard against the higher prices of everyday goods and services. Food volume data and “pricing wars” amongst many fast-food restaurants reinforce our belief about the devastating impact of inflation on consumption levels.

As a result, we have continued to overweight Healthcare, non-cyclical Industrials, and Information Technology sectors. We added a new technology name in the quarter during the period of August volatility. For those who have a long memory, we purchased shares of Exact Sciences (a name that we held roughly a decade ago) in both our Mackenzie Small-Mid Cap Equity Growth Fund and Mackenzie US Mid Cap Opportunities Fund. Exact Sciences has been a leader in colorectal cancer screening through their Cologuard Stool Collection product. We took advantage of recent market dislocations to re-acquire shares in the business ahead of their blood-based cancer test data readout. Colorectal cancer remains one of the most treatable cancer types if caught early, and we expect Exact’s portfolio of diagnostic tests to improve the lives of many Americans for future decades. Additionally, we recently acquired shares of a small cap medical device company that helps patients suffering from vascular disease. These are both examples of businesses that we believe have differentiated intellectual property (IP) and should not be meaningfully impacted by the US economic cycle or upcoming election.

Within Technology, we have taken the opportunity to redeploy profits in the quarter from some of our better info tech stock performers. We initiated a new position for a company that DevSecOps which stands for Development, Security, Operations in our small-mid growth fund. Customers would describe their main product as a “must-have” rather than a “nice-to-have” especially, as companies have championed larger software development teams where multiple contributors can contribute to the code base. Given the increased levels of bad actors, protecting the tech stack is a top priority for many CIOs and CSOs that we interview. We remain steadfast in our ownership of Akamai technology, the largest tech weighting in both of our funds. As a reminder, Akamai became a leader in content delivery over the past 2.5 decades but more impressively have grown two new verticals, Security (web application firewall, DDoS protection, Bot Management etc.) and edge computing (Linode acquisition). The later two categories now represent over 65% of the revenue in the organization, a huge transformation compared to where the company began. Our large weighting in Akamai is underwritten by their FCF generating capabilities – the company expects to deliver over 1.5 billion dollars in operating cash flows this year as a 16-billion-dollar market cap.

On the industrial front, we continue to like names: EXL Services, Maximus, Verra Mobility. All of these companies have counter-cyclical properties to their business models. EXL Services helps clients deploy LLMs, AI, RPA work that would enable customers to streamline operations, especially during an economic downturn. As a trusted partner, EXL has earned a seat with many of their customers product roadmaps which enables them to plan for long horizon efficiency gains (top 20 customers have an average tenure of roughly 20 years with EXL). Maximus operates a variety of government programs predominately in North America. They are under contract to operate the 1-800-MEDICARE call center, administer the PACT ACT for US Veterans, as well as provide Medicaid Redeterminations, Welfare-to-work programs, collect US Census data from time to time. Verra Mobility is a provider of active safety programs (speed trap cameras, red light cameras, school bus arm cameras) for cities and states, as well as a provider of rental car toll road management (transponders, DMV expertise, longstanding rental car relationships) and parking services (mainly at academic institutions).

As one can see by the recent additions to the portfolios, and the current positioning of our largest weightings, we are owning a set of businesses that could do reasonably OK regardless of the economic environment. These allocations and changes effectively have lowered our beta against the index, which may prove beneficial if the global economies struggle from higher interest costs and sticky levels of inflation.

Commentary

7) Outlook and Positioning

Market Cap Breakdown:

Mkt Cap Bucket	Weight
<USD\$4 Billion:	1.56%
USD\$4-5 Billion:	2.86%
USD\$5-7.5 Billion:	26.97%
USD\$7.5-10 Billion:	2.38%
USD\$10- 45 Billion:	58.01%
>USD\$45 Billion:	3.44%

Sector Breakdown:

Sector	Weight
Communication Services	0.00%
Consumer Discretionary	0.99%
Consumer Staples	1.21%
Energy	0.00%
Financials	8.22%
Health Care	30.41%
Industrials	24.87%
Information Technology	24.87%
Materials	0.00%
Real Estate	4.66%
Utilities	0.00%

8) Stock stories

DexCom Inc.

- A long time holding in the Small-Mid Fund repurchased by the team but this time in the Mid Cap Opportunities Fund.
- The team has known the company for many years.
- It is the dominant company in what has effectively become a duopoly in Continuous Glucose Monitoring (CGM).
- Expansion of the market keeps growth high – moving from Type 1 diabetics to Type 2 and even other populations.
- Each generation of Dexcom’s CGM becomes lighter and easier to use.

Commentary

8) Stock stories

Broadridge Financial Solutions Inc

- Broadridge is a fintech company with two main businesses:
 - The Investor Communications segment offers must-have services to corporate customers in proxy voting and meeting management – the proxy voting platform dominates the North American market
 - The Global Technology Operations segment offers back-office management solutions for securities trading
- The key thing about Broadridge’s offerings is that they “mutualize” costs – they perform essential tasks that must be done correctly at scale – no single customer can manage these functions as cost-effectively as Broadridge.
- Broadridge is known for high quality operations, and they garner a high level of trust from customers of their current offerings.
- A new growth area for Broadridge is in a more “front office” solution for wealth management – this will take time as customers are large and conservative about change.

MAXIMUS Inc

- MAXIMUS provides outsourcing services to governments. It delivers social services like unemployment assistance and health care programs, which are increasing with more government involvement in economies.
- Maximus Inc operates in the United States, United Kingdom, Canada, Australia, and Saudi Arabia. The company offers business solutions to improve the cost-effectiveness, efficiency, and quality of government-sponsored benefit programs, such as Medicaid, Medicare, Health Insurance BC, and child support programs.
- Most of its revenue is derived from long-term contractual arrangements with governments around the world.
- Future growth for MAXIMUS should come from renewed Medicaid certifications as the Public Health Emergency ends in the US, new work for the Veterans Administration as the PACT Act increases benefits for veterans and new contracts such as the IRS technology modernization program.

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 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.

This document may contain forward-looking information which reflect our or third party current expectations or forecasts of future events. Forward-looking information is inherently subject to, among other things, risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed herein. These risks, uncertainties and assumptions include, without limitation, general economic, political and market factors, interest and foreign exchange rates, the volatility of equity and capital markets, business competition, technological change, changes in government regulations, changes in tax laws, unexpected judicial or regulatory proceedings and catastrophic events. Please consider these and other factors carefully and not place undue reliance on forward-looking information. The forward-looking information contained herein is current only as of . There should be no expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.

The content of this commentary (including facts, views, opinions, recommendations, descriptions of or references to, products or securities) is not to be used or construed as investment advice, as an offer to sell or the solicitation of an offer to buy, or an endorsement, recommendation or sponsorship of any entity or security cited. Although we endeavour to ensure its accuracy and completeness, we assume no responsibility for any reliance upon it.

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 category and reflect the performance of the for the 3-month, 1-, 3-, 5- and 10-year periods as of . 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 category funds for for each period are as follows: one year - 0 ; three years - 0 ; five years - 0 ; ten years - 0.

© Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

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. For more fund information, click the POS Documents link.

All information is historical and not indicative of future results. Current performance may be lower or higher than the quoted past performance, which cannot guarantee results. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes. Performance may not reflect any expense limitation or subsidies currently in effect. Short-term trading fees may apply. To obtain the most recent month-end performance, visit Morningstar.com.

This material is for informational and educational purposes only. It is not a recommendation of any specific investment product, strategy, or decision, and is not intended to suggest taking or refraining from any course of action. It is not intended to address the needs, circumstances, and objectives of any specific investor. Mackenzie Investments, which earns fees when clients select its products and services, is not offering impartial advice in a fiduciary capacity in providing this sales and marketing material. This information is not meant as tax or legal advice. Investors should consult a professional advisor before making investment and financial decisions and for more information on tax rules and other laws, which are complex and subject to change.