

Long-term value creation through innovative global leaders



Tyler Hewlett, CFA Portfolio Manager

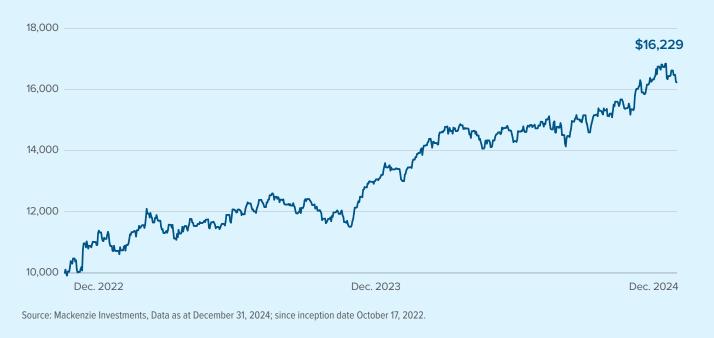


Dave Taylor, CFA Portfolio Manager

With 2024 firmly in the rear-view mirror, we thought it was an opportune time to reflect on our Mackenzie Bluewater Next Gen Growth strategy ("Next Gen"). This review includes names held since fund inception (October 17, 2022) that have provided unique technological innovation and delivered incredible returns to our unitholders, and also new additions with transformative business models that position them for success in the years to come.

The past few years have witnessed a dramatic rise in stock market concentration as the weighting of the top 10 stocks in the S&P 500 has increased from 26% at the end of 2022 to 39% currently. Given the market concentration of the mega-cap technology names, this has presented a very challenging environment for active managers. It comes as no surprise that the managers that have performed the best have adopted either a momentum-based strategy or one that simply mimics the benchmark.

For the Next Gen Growth strategy, our north star remains providing a high compounding "innovation" vehicle for our clients — one that balances risk management and investing in companies that prioritize innovation through their products, services and business models. As a result of this relentless pursuit of innovation, Next Gen Growth has achieved a return of 24.5% since inception, and a top decile rank in its product category.



Growth of 10K — Mackenzie Bluewater Next Gen Growth Fund

Bluewater philosophy meets innovation investing

Bluewater's long and storied history is centred around the idea that only a small selection of companies can outperform the market, consistently, on a long-term basis. These companies tend to be global leaders in large, important and profitable industries. They have competitive advantages that allow them to maintain advantageous positions within these industries while limiting the number of competitors. This allows these companies to grow their free-cash flow (FCF) at higher rates than the market over the long-term, exploiting a market efficiency of "duration of growth". This is what we refer to as **durable growth**. The final piece of our strategy is not to overpay for these unique, special companies. The Next Gen Growth strategy specifically targets higher growth companies - and attributes them more weight - than traditional Bluewater strategies. Businesses that are tied to powerful secular trends and that are focused on delivering innovative products, services and business models. Most importantly, we have removed the worst parts of innovative growth investing that are often associated with higher risk and volatility. This means no concept stocks, no unproven businesses and no speculation on fads that come and go. In short, this is investing in innovation that lets us all sleep at night.

Distinguishing features of Mackenzie Bluewater Next Gen Growth Fund



Risk mitigation: durable growth, no concept stocks, no unproven business, no unprofitable companies

Innovative businesses with a singular focus

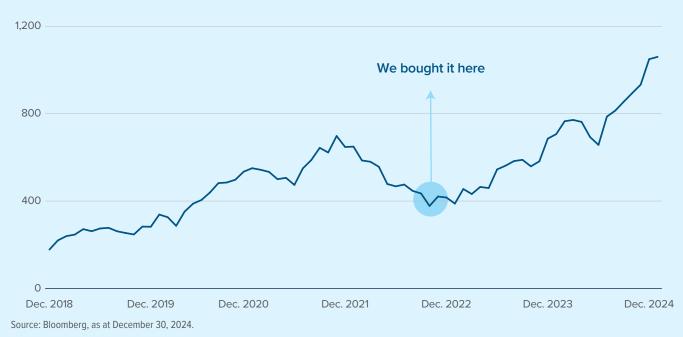
Below, we review names held since fund inception and recently added portfolio positions with tremendous growth opportunities ahead, given the distinct competitive advantages they hold.

ServiceNow: Capitalizing on AI to drive digitization

The global economy is undergoing two significant structural changes: the energy transition and digitization, rapidly advanced by artificial intelligence (Al). Digitization, encompassing technologies such as cloud computing, cybersecurity, and Al, is rapidly transforming industries. Al, in particular, is driving innovation and creating new possibilities for businesses and society specifically around enterprise software.

At product launch, we initiated a position in ServiceNow (NOW), an enterprise software company that automates manual processes and workflows by applying artificial intelligence, allowing their customers to effectively scale their businesses. This process of digitizing manual tasks represents a significant technological shift as there is an endless supply of manual tasks in large organizations.

For the Next Gen Growth Fund, ServiceNow is a perfect fit with its recurring revenue business model, partnership with industry chip designer Nvidia as well as Microsoft, 20% plus growth rates, AI leadership and 98% customer retention. It has a tremendous opportunity to continue growing its business with minimal competitive threats. As illustrated below, ServiceNow has been a strong contributor to Next Gen performance.



Price chart — ServiceNow Inc.

Intuitive Surgical: Transforming healthcare with robotics

At fund inception, we initiated a position in Intuitive Surgical (ISRG), which provides robotic assisted surgical technology and solutions and is, we believe, one of the most innovative healthcare companies on the planet.

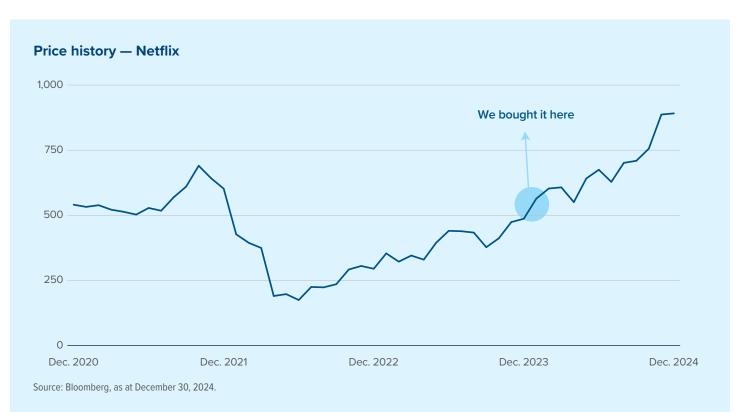
While ISRG has had a virtual monopoly in the market for robotic surgeries, they continue to innovate; they recently launched their latest surgical system (Da Vinci 5), which allows surgeons to perform complex procedures with enhanced precision, with the potential to expand to future surgical indications. We don't believe that Intuitive will have a monopoly in this space forever, but we do believe that earning the trust of surgeons worldwide with an unmatched amount of data and experience from performing millions of surgeries — will allow the company to remain a leader for the foreseeable future. While forecasting future trends can be difficult, we believe it is a near certainty that the number of surgeries performed by robotic devices in 10 years will be multiples more than what will be performed today, and that ISRG will be the prime beneficiary of that. Best of all, the company already generates significant amounts of free-cash-flow at this stage of industry adoption.

At the time of initiating our position in ISRG (Oct. 2022), the US healthcare systems was emerging from the pandemic, working through a shortage in nurses and healthcare practitioners, and there was poor market sentiment around ISRG as the company remained silent around its newest DaVinci 5 robot. With a deep understanding of this business and its focus on innovation, and a track record of buying back stock ahead of major product announcements, this represented an opportune time to initiate a position in ISRG.



Two additions in 2024: Netflix and Shopify

In January 2024, we initiated a new position in Netflix (NFLX), recognizing a pivotal moment as the company reached a free cash flow (FCF) inflection point, aligning perfectly with our team philosophy. Netflix has emerged victorious in the streaming wars, establishing itself as the dominant player in the space. Its ability to curate content surpasses all competitors, driven by an entrepreneurial culture that embraces a first-principles approach to everything they do. Netflix's singular focus, free from legacy exposure, eliminates the need for mergers and acquisitions a unique advantage in the industry. The company boasts the best metrics in terms of brand strength, user engagement and low churn rates. Looking ahead, Netflix's growth potential is further enhanced by its new advertising options. With a vast audience already in place, monetizing through advertising is a natural progression, as advertisers inevitably follow the eyeballs. This positions Netflix for continued success and double-digit free cash flow growth in the years to come.



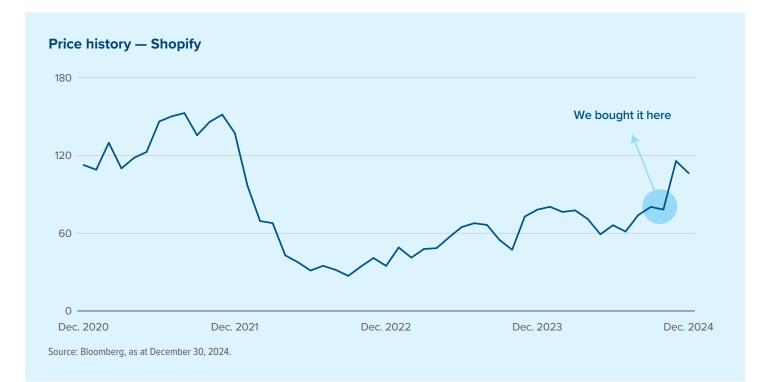
Shopify: Our most recent addition

In mid-October 2024, we initiated a new position in Shopify (SHOP). This is not a new name for the team, as we participated in its initial IPO of the company in May 2015.

After spending months refreshing our views on the company, we believe the company is uniquely positioned to grow at 20%-plus rates for many years to come. Mostly notable to the Bluewater team, was how the company underwent a strategic shift in the business in 2022 and 2023: it exited the capital-heavy logistics business; pulled back on headcount and ROI-generative marketing initiatives; flexed its pricing power for the first time; focused the business on AI and rolled out new marketing tools for its merchants; and positioned the company for success with both its core merchant customers and larger enterprises.

The result of this transformation is a product that is more entrenched with its customers and a business that is capable now of growing free cash flow — an important inflection point for the business.

What we believe is truly unique about the SHOP business model is its alignment: the company is 100% aligned with the customer success via SHOP Payments/SHOP Capital and its other numerous offerings, motivated by removing as much friction as possible for merchants in the running of their business. Most importantly, Shopify didn't get to its current position naturally, but by constantly innovating on the product. We believe this culture rooted in "merchant success and innovation" puts SHOP in an enviable position to significantly grow the business in the decade to come.



	1 year	Since inception
Mackenzie Bluewater Next Gen Growth Fund Series F	21.2%	24.5%

Source: Morningstar Direct, as of December 31, 2024

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Percentile rankings are from Morningstar Research Inc., an independent research firm, based on the Morningstar Global Equity category, and reflect the performance of the Mackenzie Bluewater Next Gen Growth Fund Series F for the 1-year and since inception periods as of December 31, 2024. The percentile rankings compare how a fund has performed relative to other funds in a particular category and are subject to change monthly. Ranking for the Mackenzie Bluewater Next Gen Growth Fund Series F for each period are as follows: one year – 48th percentile; since inception – 1st percentile. The number of Global Equity funds for the Mackenzie Bluewater Next Gen Growth Fund Series F for each period are as follows: one year – 1785 funds.

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