

# Mackenzie Canadian Small Cap Fund

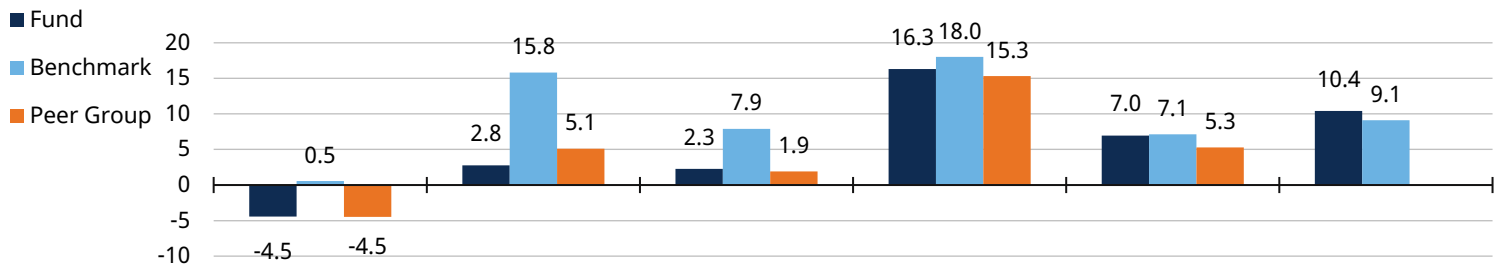
## Fund snapshot

Inception date	06/05/2009
AUM (millions in CAD)	156.9
Management Fee	0.75%
MER	0.99%
Benchmark	S&P/TSX Completion
CIFSC Category	Canadian Small/Mid Cap Equity
Risk Rating	Medium
Lead portfolio manager	Scott Carscallen
Investment exp. Since	1994
Target # of holdings	40-45

## Strategy Overview

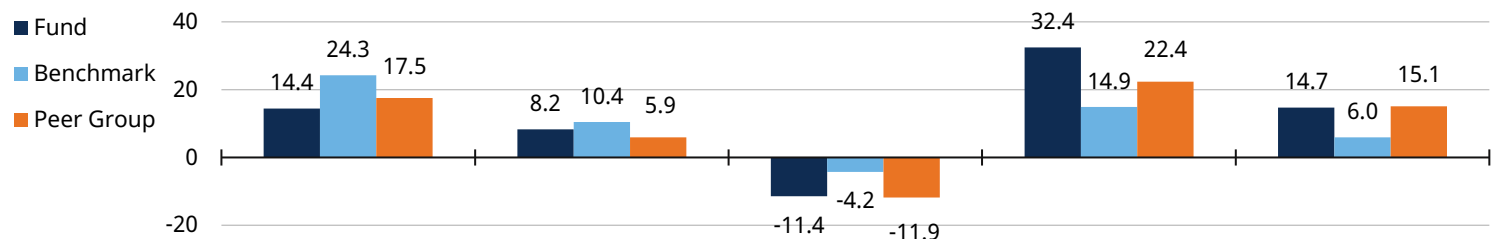
- Managed by an experienced investment team offering focused and specialized Canadian small cap expertise
- Small cap investment opportunities can enhance potential for returns and add diversity

## Trailing returns %



	3 Mth	1 Yr	3 Yr	5Yr	10Yr	SI
Excess return	-5.0	-13.0	-5.6	-1.7	-0.1	1.3
% of peers beaten	50	36	48	56	75	NA

## Calendar returns %



	2024	2023	2022	2021	2020
Excess return	-9.9	-2.2	-7.2	17.5	8.7
% of peers beaten	29	60	47	92	60

## Portfolio characteristics

	Portfolio	Benchmark
# of holdings	58	158
% top 10 holdings	33.3	26.2
Weighted average market cap	5,251.6	11,357.3
EPS growth (FY E)	34.3	23.8
Dividend yield	1.4	2.2
FCF margin	13.6	-13.4
P/E Trailing 12M	21.9	16.0
P/E (forecast)	15.0	12.9
Net debt/EBITDA	2.0	2.3
ROE (latest FY)	10.8	9.6

## Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	14.4	13.9
Sharpe Ratio	-0.1	0.3
Tracking Error	6.7	-
Information Ratio	-0.8	-
Alpha	-5.3	-
Beta	0.9	-
Upside Capture (%)	81.1	-
Downside Capture (%)	107.4	-

## Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
Canada	96.5	100.0	-3.5
Other	3.5	-	3.5

## Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	12.6	16.9	-4.3
Energy	14.2	16.8	-2.6
Materials	15.0	23.4	-8.4
Industrials	25.8	16.9	8.9
Information Technology	9.1	5.4	3.7
Communication Services	-	1.2	-1.2
Utilities	0.1	7.2	-7.1
Consumer Staples	1.5	2.2	-0.7
Consumer Discretionary	4.7	1.5	3.2
Real Estate	8.0	7.3	0.7
Health Care	5.5	1.4	4.1
Other	3.5	-0.2	3.7

## Country allocation

Country	Portfolio	Benchmark	RelativeWeight
Canada	96.5	100.0	-3.5
Other	3.5	-	3.5

## Currency exposure

Region	Gross	Benchmark
CAD	100.0	100.0
USD	-	-

## Top 10 holdings

Security name	Country	Sector	Weight
Definity Financial Corp.	Canada	Financials	3.9
Alamos Gold Inc.	Canada	Materials	3.7
Descartes Systems Group Inc.	Canada	Information Technology	3.4
Savaria Corporation	Canada	Industrials	3.3
Chartwell Retirement Residences	Canada	Health Care	3.2
Element Fleet Management Corporation	Canada	Industrials	3.2
TECSYS Inc.	Canada	Information Technology	3.0
Stantec Inc	Canada	Industrials	2.9
New Gold Inc.	Canada	Materials	2.9
Atkinsrealis Group Inc.	Canada	Industrials	2.7

## Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	Alamos Gold Inc.	1.8	1.4
	New Gold Inc.	2.1	1.1
	Wesdome Gold Mines Ltd.	1.5	0.5
Detractors	ADENTRA Inc	2.0	-0.6
	TFI International Inc.	-0.7	-0.6
	Savaria Corporation	3.6	-0.7

## Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Materials	-9.7	-1.1	1.7	0.7
	Health Care	2.4	-0.2	0.3	0.1
	Utilities	-6.9	0.1	0.0	0.1
Detractors	Information Technology	4.0	-0.2	-0.5	-0.7
	Financials	-3.5	-0.2	-0.9	-1.2
	Industrials	10.5	-1.2	-0.9	-2.1

## Commentary

### QFR Highlights

The Mackenzie Canadian Small Cap Fund returned 4.5% underperforming the completion index which returned 0.5% in Q1 largely due to allocation to industrials, and selection within industrials, financials and energy.

### Market Overview

- In early March, the U.S. administration imposed 25% tariffs on all Canadian goods, including a 10% tariff on Canadian energy exports. Although exemptions have since been granted, key exports of automobiles and auto parts, steel, aluminum, and energy remained impacted.
- Heightened uncertainty in global markets led to significant drawdowns which had been quite indiscriminatory as sectors and companies which are less impacted by tariffs have also seen their stock prices come under pressure.
- Bank of Canada cut its key policy interest rate twice during the period – in response to economic slowdown and trade uncertainties.
- Inflation concerns remain an issue given the possible impact of tariffs.
- Consumer and business confidence showing sharp declines amid tariff confusion.

### Fund Performance

- Industrials was the largest sector allocation where underperformance vs the completion index was due to a higher allocation to holdings impacted negatively by proposed policy changes to be implemented under Trump and a deteriorating economic outlook. Both tariff exposed names, as well as rate sensitive sectors saw weakness.
- The index benefited from strength in GFL Environmental, a larger cap index constituent with a defensive business model which we did not own.
- In financials, selection was the headwind as unowned, larger cap names outperformed.

### Security Contributors

- Gold producers represented significantly in the top individual contributors to fund performance including Alamos Gold, New Gold Inc, and Wesdome Gold Mines.
- The top owned contributors outside of gold were Definity Financial, a defensive holding benefitting from robust conditions in property and casualty insurance and a new holding in TerraVest Industries given an attractive entry point, and an attractive acquisition subsequently announced in the quarter.
- On a relative basis, the fund benefitted from the significant pullback in artificial intelligence and power related companies in the index including Celestica, Capital Power, TransAlta and NexGen Energy.
- Underweights in transports that saw significant pullbacks included Air Canada (which was not held), and an underweight position in TFI International were also positive contributors vs the index.

### Security Detractors

- The largest individual detractors were manufacturers and distributors reliant on the US market including Savaria corporation, Adentra Inc, and AG Growth International.
- From an index perspective, Great West Lifeco, TMX Group, and Fairfax Holdings were all strong contributors to the index, not held in the portfolio due to their large cap nature.

### Portfolio Activities

- The fund had an active quarter as we reallocated proceeds from the strong returns in our precious metals holdings, took advantage of liquidity or price in several smaller cap names, and to reallocate our energy weighting between producers and service providers. We also took the opportunity to add a well positioned REIT focused in senior's accommodation to the portfolio.

## Commentary

- We added two energy names, CES energy Solutions and PHX energy services given our view on potential incremental benefits to activity vs overall commodity pricing.
- We added two precious metals royalty players, Triple Flag and Osisko Royalty, and Oceana Gold, a gold producer, given a positive view on the space, as well as reallocating from existing holdings that had outperformed and become larger portfolio weights.
- We added to Dominion Lending as well as Kits Eyecare given attractive fundamental outlooks and valuations, and the opportunity to begin building positions in these smaller cap names.
- TerraVest was added after pulling back to an attractive level for a well managed company with a positive outlook. We added Chartwell Retirement Residences given defensive qualities benefitting from tailwinds to growth given demographics changes forecasted in Canada. We eliminated InterRent to reduce our overall exposure to real estate and REITs given a deteriorating outlook on rates and immigration. As we repositioned our energy holdings we eliminated Freehold royalties, Athabasca Oil, and Parkland Corporation. Calian technologies was eliminated due to concerns on execution and strategic missteps.
- TFII International was eliminated as the prolonged trucking recession coincided with unfortunately timed acquisitions, leaving TFII in a difficult position to compete and improve its operations. We eliminated Wheaton Precious metals given its market cap, reallocating the exposure across our precious metals holdings. Finally, Capstone mining was eliminated as our outlook on base metals deteriorated given the change in the macroeconomic backdrop and Chinese economy to begin 2025.

## Outlook, Positioning

The unprecedented global trade turmoil has created both challenges and opportunities for Canadian small-cap companies. The escalation in tariffs and uncertainty surrounding cross-border commerce have weighed heavily on the asset class. Historically, small-cap equities tend to lag their large-cap peers during risk-off periods but often lead during market recoveries. We believe this cycle may follow a similar pattern.

Given the current macroeconomic backdrop, we have re-evaluated our portfolio construction multiple times throughout the quarter and made several tactical adjustments to better align with the evolving environment. We increased exposure to companies that we believe are relatively insulated from trade-related pressures—while staying true to our focus on businesses with strong industry fundamentals and identifiable catalysts for growth.

While some holdings may face near-term headwinds related to rising input costs and potential demand disruption, we believe much of the macroeconomic shock has already been priced into valuations. Importantly, in our portfolio we favor companies with strong management teams, who provide meaningful value to their customers, and manage their balance sheets responsibly, giving us confidence in their ability to weather current conditions, adapt their businesses where needed, and emerge stronger on the other side.

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Percentile rankings are from Morningstar Research Inc., an independent research firm, based on the Canada Fund Canadian Small/Mid Cap Equity category and reflect the performance of the Mackenzie Canadian Small Cap Fund for the 3-month, 1-, 3-, 5- and 10-year periods as of March 31, 2025. 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 Small/Mid Cap Equity category funds for Mackenzie Canadian Small Cap Fund for each period are as follows: one year - 176 ; three years - 172 ; five years - 155 ; ten years - 116.

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