

# Mackenzie International Dividend Fund

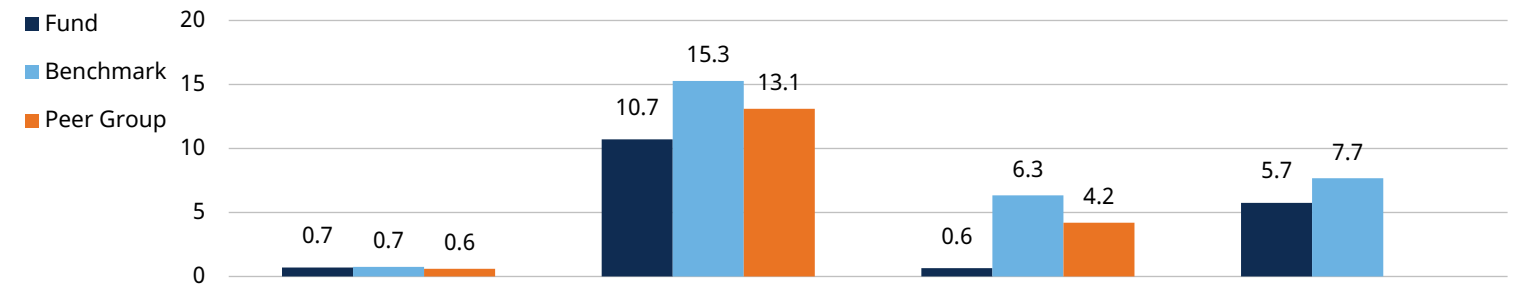
## Fund snapshot

Inception date	10/15/2019
AUM (millions in CAD)	485.0
Management Fee	0.80%
MER	1.06%
Benchmark	MSCI EAFE
CIFSC Category	International Equity
Risk Rating	Medium
Lead portfolio manager	Ome Saidi
Investment exp. Since	2007
Target # of holdings	20-35

## Strategy Overview

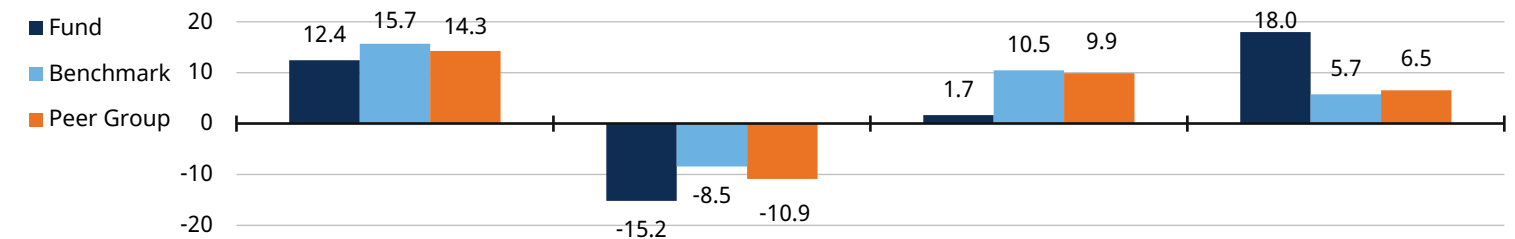
- Enhance portfolio construction with international businesses that have diverse revenue sources by geography, allowing for exposure to regions in different economic cycles.
- Focus on high-quality, dividend-paying companies with higher returns on invested capital.
- Access proven expertise to navigate the complexities of international markets with the Mackenzie Global Equity & Income Team.

## Trailing returns %



	3 Mth	1 Yr	3 Yr	SI
Excess return	0.0	-4.6	-5.7	-2.0
% of peers beaten	52	31	13	-

## 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	36	742
% top 10 holdings	43.0	16.2
Weighted average market cap	235,207.7	143,276.7
EPS growth (FY E)	13.1	8.8
Dividend yield	1.7	3.0
FCF margin	17.8	12.7
P/E Trailing 12M	23.4	16.0
P/E (forecast)	19.5	14.4
Net debt/EBITDA	0.3	1.3
ROE (latest FY)	17.4	14.2

## Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	12.7	12.5
Sharpe Ratio	-0.2	0.3
Tracking Error	4.8	-
Information Ratio	-1.2	-
Alpha	-5.5	-
Beta	0.9	-
Upside Capture (%)	81.0	-
Downside Capture (%)	110.8	-

## Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
International	88.6	100.0	-11.4
Emerging Markets	11.3	-	11.3
Other	0.1	-	0.1

## Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	18.0	20.0	-2.0
Energy	2.8	4.1	-1.3
Materials	8.8	6.8	2.0
Industrials	18.8	16.9	1.9
Information Technology	16.3	9.5	6.8
Communication Services	1.3	4.1	-2.8
Utilities	-	3.1	-3.1
Consumer Staples	11.9	8.5	3.4
Consumer Discretionary	12.0	11.4	0.6
Real Estate	-	2.0	-2.0
Health Care	10.2	13.5	-3.3
Other	-0.1	0.1	-0.2

## Country allocation

Country	Portfolio	Benchmark	Relative Weight
Japan	20.1	22.7	-2.6
France	14.2	11.2	3.0
Germany	13.5	8.7	4.9
Netherlands	12.2	5.4	6.8
United Kingdom	10.9	14.9	-4.0
Taiwan	5.5	-	5.5
Other	23.6	37.1	-13.5

## Currency exposure

Region	Gross	Benchmark
CAD	-	-
USD	3.4	0.9
Other	96.6	99.1

## Top 10 holdings

Security name	Country	Sector	Weight
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Information Technology	5.5
SAP SE	Germany	Information Technology	5.3
Safran SA	France	Industrials	4.9
Hannover Rueck SE	Germany	Financials	4.9
Novo Nordisk A/S Class B	Denmark	Health Care	4.8
Itochu Corporation	Japan	Industrials	4.4
Air Liquide SA	France	Materials	3.3
ASML Holding NV	Netherlands	Information Technology	3.3
Deutsche Boerse AG	Germany	Financials	3.2
Bandai Namco Holdings Inc.	Japan	Consumer Discretionary	3.2

## Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	Taiwan Semiconductor Manufacturing Co., Ltd.	5.3	1.2
	Novo Nordisk A/S Class B	1.8	0.5
	Itochu Corporation	3.2	0.5
Detractors	Pernod Ricard SA	2.4	-0.4
	Ryanair Holdings Plc Sponsored ADR	2.0	-0.4
	Adyen NV	2.9	-1.1

## Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Information Technology	6.6	0.2	1.3	1.5
	Consumer Discretionary	1.2	-0.1	1.1	0.9
	Communication Services	-2.8	0.0	0.2	0.2
Detractors	Industrials	1.8	0.0	-0.4	-0.4
	Consumer Staples	3.9	0.0	-0.9	-1.0
	Financials	-2.0	-0.1	-1.3	-1.3

## Commentary

### **1) QFR Highlights**

The Fund returned 0.7% during Q2-2024 and has now returned 5.8% since inception. This compares to the MSCI EAFE Index (CAD) which returned 0.7% and 7.7% over the same time periods.

### **2) Market overview**

Overall, the market was slightly positive over the quarter (in CAD). Sector performance was mixed, but most sectors were positive. Notable exceptions were the Consumer Discretionary and Real Estate sectors (-7.90% and -5.4% respectively). The best performing sectors were Health Care (+5.8%) and Financials (+4.5%).

### **3) Fund Performance**

Stock selection in the Information Technology and Consumer Discretionary sectors contributed to relative performance over the quarter. Stock selection in the Financials sector detracted from relative performance.

### **4) Security contributors**

The largest contributors to performance over the quarter were TSMC, Novo Nordisk, and Itochu Corporation.

### **5) Security detractors**

The largest detractors to performance over the quarter were Adyen NV, Ryanair, and Pernod Ricard.

### **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.

### **7) Outlook, Positioning**

In the context of a number of significant elections taking place worldwide in 2024, market reactions seem to be more focused on perceived stability of the incumbent or incoming regime rather than political leanings. The team believes that in periods of elevated volatility, it is most important to focus on what can be controlled. In the team's view, this involves investing in leading companies that generate high returns on their capital base, have strong cash flow and are in a position to improve their market share in times of uncertainty. The investment strategy remains consistent, focusing on high-quality companies with superior financial metrics and appropriate valuations. Our portfolio is constructed to be resilient to political shifts by diversifying across geographies and industries and by focusing on companies less reliant on national support.

### **8) Stock stories**

**HDFC Bank** returned 19% in the second quarter. HDFC Bank merged with HDFC Ltd on March 28, 2024; effectively a \$57B acquisition by the former of the latter. The transaction will create significant corporate value over time but in the short term there is noise. The company guidance then missed. While there were very modest integration issues, this was principally due to the change in the macro environment between when the deal was announced (April 2022) and when it was consumated in 2024. Mainly, higher interest rates led to slower loan growth. Market participants speculated that Net Interest Margin, or the profitability on loans, would decline and additionally higher provisions would be taken. Loan growth did slow, but the other anticipated negative developments did not occur. This supported the share price. The path to higher shareholder value remains clear: improving return-on-assets through higher loan yields, lower costs of funds via recycling of HDFC Ltd's funding/liability base, all enhanced by favorable operating leverage. The stock is historically cheap from a Price/Book and Price/Earnings, while long term growth and returns are robust and very attractive.

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