

**INCEPTION:**  
June 2000

**BENCHMARK:**  
MSCI Europe Mid Cap Net  
TR Index

**STRATEGY ASSETS:**  
£732 million

**LEAD PORTFOLIO MANAGER:**  
Martin Fahey, MBS, CFA

## INVESTMENT OBJECTIVE

The strategy aims to provide long-term capital growth by investing primarily in the common shares of mid-capitalization corporations within European markets.

## APPROACH

- Narrow the investment universe by market cap followed by proprietary screens by sector focusing primarily on factors based around earnings momentum, leverage and valuation
- Fundamental Analysis consists of identifying stock ideas through proprietary research (internal analysis) consisting of financial statement analysis, valuation modeling and meeting company management supplemented with sell-side analyst exchange
- Incorporate top down thematic trends at macroeconomic, sector and sub-sector levels
- Compare internal projections with both positive/negative sell-side estimates in order to gauge potential upside and identify potential investment risks
- Portfolio investments are typically made within the context of a 3-5 year time horizon and are continuously monitored for changes in company fundamentals, valuations and thematic changes

## PORTFOLIO ADVANTAGE

- Lead portfolio manager has been investing in the asset class for more than 25 years and has deep understanding of the investable universe
- Combine indepth fundamental research, thematic views, and industry expectations to identify investments that have a strong probability of outperforming over the next 3-5 yrs
- Construct a risk controlled portfolio to ensure that majority of relative returns are driven through stock selection, resulting in high Active Share while industry and country exposures are monitored to coincide with thematic views

## INVESTMENT PROCESS

MSCI Europe Mid Cap Universe



### Initial Filters



- Weighted average market cap screen: max 60% above market cap of benchmark

### Criteria

- ROE
- EV/EBITDA
- EV/Capital Employed
- P/B
- Leverage Ratios
- ROC Employed
- Dividend Yield
- FCF Yield



### Fundamental Analysis

- Management focus
- Internal analyst discussion + sell-side
- Financial statement analysis
- Valuation modelling



### Portfolio Construction

Typically  
50-80 Stocks

- Sector and Country constraints
- Individual positions <10%, +/- 4% of BM
- Aims to be fully invested, typically cash is less than 5%



Investing involves risk. Please read the important disclosures under "Disclaimer" which contain more information about the significance and the limitations of the information on this page.

## SECTOR ALLOCATION (Ex. Cash & Equivalents)

SECTOR	PORTFOLIO	BENCHMARK
Industrials	25.56%	21.59%
Financials	19.31%	14.35%
Consumer Discretionary	11.95%	14.56%
Materials	11.37%	11.69%
Health Care	9.38%	8.58%
Information Technology	8.93%	6.60%
Communication Services	4.58%	6.71%
Consumer Staples	3.28%	4.16%
Utilities	2.58%	4.84%
Energy	2.02%	2.21%
Real Estate	1.05%	4.71%
	<b>100.00%</b>	<b>100.00%</b>

## GEOGRAPHIC ALLOCATION (Ex. Cash & Equivalents)

COUNTRY	PORTFOLIO	BENCHMARK
United Kingdom	16.80%	26.33%
France	16.54%	15.47%
Switzerland	13.14%	8.13%
Ireland	11.44%	1.17%
Germany	9.43%	12.93%
Netherlands	7.27%	3.68%
Italy	5.15%	5.87%
Finland	4.32%	2.65%
Denmark	3.52%	4.94%
Austria	2.84%	1.42%
Sweden	2.72%	9.30%
Belgium	2.62%	2.90%
United States	1.37%	0.00%
Norway	1.23%	2.41%
Russia	0.87%	0.00%
Chile	0.60%	0.00%
Spain	0.10%	2.31%
Portugal	0.04%	0.48%
Other	0.00%	0.00%
	<b>100.00%</b>	<b>100.00%</b>

## WEIGHTINGS RELATIVE TO BENCHMARK

OVERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Uniphar PLC	Health Care	Ireland	+3.12%
Diploma PLC	Industrials	United Kingdom	+2.27%
DCC PLC	Industrials	United Kingdom	+2.09%
NN Group NV	Financials	Netherlands	+1.90%
Ageas SA/NV	Financials	Belgium	+1.75%

UNDERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Evolution Gaming Group AB	Cons. Disc.	Sweden	-1.12%
Epiroc AB	Industrials	Sweden	-1.09%
Repsol SA	Energy	Spain	-0.88%
Delivery Hero AG	Cons. Disc.	Germany	-0.80%
Smith & Nephew PLC	Health Care	United Kingdom	-0.79%

## TOP TEN HOLDINGS

HOLDING	SECTOR	COUNTRY	WEIGHT
Uniphar PLC	Health Care	Ireland	3.1%
NN Group NV	Financials	Netherlands	2.6%
DCC PLC	Industrials	United Kingdom	2.5%
Diploma PLC	Industrials	United Kingdom	2.3%
Ageas SA/NV	Financials	Belgium	2.3%
ASM International NV	Info. Tech.	Netherlands	2.2%
Logitech International SA	Info. Tech.	Switzerland	2.1%
Capgemini SE	Info. Tech.	France	2.0%
Teleperformance	Industrials	France	2.0%
Publicis Groupe SA	Comm. Serv.	France	2.0%
<b>Total:</b>			<b>23.0%</b>
Cash & Equivalents			3.2%

## CHARACTERISTICS

	PORTFOLIO	BENCHMARK
Price/Book	1.9	2.0
Price/Earnings (12M forward)	18.8	16.5
Dividend Yield (12M forward)	2.6	2.6
ROE	14.5	11.6
Active Share	72.1	N/A
Weighted Market Cap (GBP Millions)	11,350	10,234
Turnover (1 year to March)	0.00%	N/A

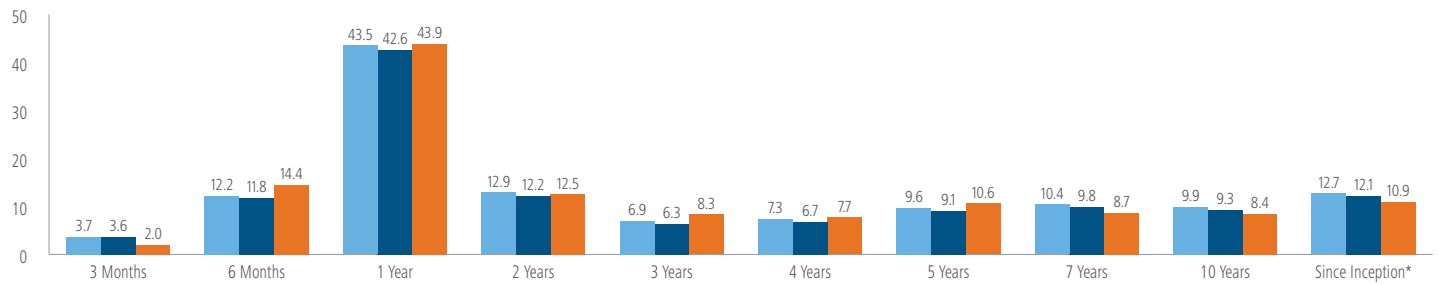
## RISK

	PORTFOLIO	BENCHMARK
Standard Deviation (3Y)	16.5	17.5
Beta (3Y)	0.9	N/A
Sharpe Ratio (3Y)	0.4	0.4
Tracking Error (3Y)	3.4	N/A
Information Ratio (3Y)	-0.4	N/A

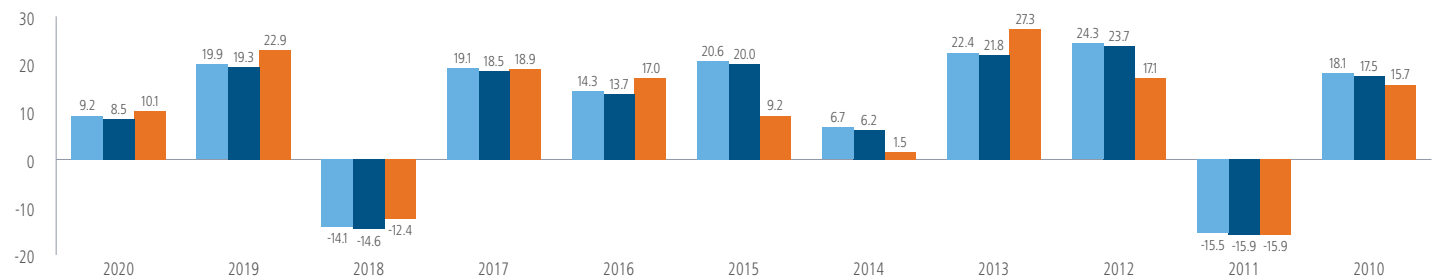
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## COMPOSITE PERFORMANCE (£)

### COMPOUND ANNUAL RETURNS (%)



### CALENDAR YEAR RETURNS (%)



■ Mackenzie European Mid Cap Equity (Gross) ■ Mackenzie European Mid Cap Equity (Net) ■ MSCI Europe Mid Cap Net TR Index

## CONTRIBUTORS

### TOP 5 CONTRIBUTORS

COMPANY	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q1 RETURNS
ASM International N.V.	Information Technology	Netherlands	2.32%	0.63%
Total Produce Plc	Consumer Staples	Ireland	1.08%	0.34%
DCC Plc	Industrials	United Kingdom	1.83%	0.30%
Konecranes Oyj	Industrials	Finland	1.28%	0.28%
Diploma PLC	Industrials	United Kingdom	2.13%	0.28%

## DETRACTORS

### TOP 5 DETRACTORS

COMPANY	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q1 RETURNS
Vestas Wind Systems A/S	Industrials	Denmark	1.33%	-0.38%
Evolution Gaming Group AB	Consumer Discretionary	Sweden	-0.91%	-0.33%
Polymetal International Plc	Materials	Russia	1.12%	-0.22%
Avast Plc	Information Technology	United Kingdom	0.94%	-0.19%
Alstom SA	Industrials	France	0.65%	-0.16%

\*Since Composite Inception on January 1, 2009

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Gross and net returns do not include the deduction of custody fees. The returns assume the reinvestment of dividends, interest, and realized and unrealized capital gains and losses. Gross performance results also do not reflect the deduction of management fees and other fees and expenses. Net performance results reflect the deduction of the maximum standard fee 0.65% from January 1, 2020 and 0.50% until December 31, 2019 charged to institutional clients without considering breakpoints, calculated daily and invoiced quarterly, as well as the transaction costs and other fees and expenses, including certain taxes. Index returns do not reflect transaction costs or the deduction of other fees and expenses and it is not possible to invest directly in an index.

## COMPLIANCE STATEMENT

Mackenzie Investments claims compliance with the Global Investment Performance Standards (GIPS®).

## COMPOSITE DESCRIPTION

The European Mid Cap Equity Composite pursues long-term capital growth, while maintaining a commitment to protection of its capital by investing in European small and mid-capitalization equity securities. European Mid capitalization companies are defined as non-Canadian companies with market capitalization of less than US\$5 billion at the time of investment. The strategy follows a blended growth and value investment style.

## BENCHMARK DESCRIPTION

The benchmark is the MSCI Europe Mid Cap Index, net of withholding taxes. The MSCI Europe Mid Cap Index captures mid cap representation across the 15 Developed Markets (DM) countries in Europe. With 242 constituents, the index covers approximately 15% of the free float-adjusted market capitalization across the European Developed Markets equity universe.

## REPORTING CURRENCY

Valuations and composite performance are reported in Pounds. The composite includes Canadian dollar portfolios that have been converted to Pounds. Returns were converted at the end of each month based on the 4:00 PM spot rate on the last business day of the month as reported by StatPro to our system vendor CGI StarSource.

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