

**INCEPTION:**  
September 2012<sup>1</sup>

**BENCHMARK:**  
MSCI World Total Return Index

**STRATEGY ASSETS:**  
£670 million

**LEAD PORTFOLIO MANAGER:**  
Paul Musson, CFA

## STRATEGY OVERVIEW

We seek to provide long-term capital growth by investing in high quality, larger capitalization companies from anywhere in the world with a focus on maximizing risk-adjusted returns

We seek to create a portfolio with the following attributes:

- Low volatility relative to benchmark that seeks to achieve superior risk/return attributes
- Low correlation to benchmark providing improved diversification
- High conviction portfolio with higher concentration of holdings

## APPROACH

- Labor intensive, bottom-up investment approach focused on identifying high quality businesses around the world
- Intensive fundamental analysis of the company's competitive position, management strengths, expected profitability and financial position
- Once high quality companies are identified, proprietary valuation models determine appropriate entry prices for positions
- Portfolio will often not resemble the composition of its benchmark and due to its strict high quality criteria will have an emphasis on developed markets
- Target 35-55 securities from equity markets around the globe and typically with market capitalizations above US\$3 billion
- Constrained vehicle seeks to be fully invested. Maximum 10% cash weight

## INVESTMENT PROCESS

Global Equity Universe



**Initial Filters**

3000 Stocks

- Liquidity requirements: average daily trading value of US\$ 30 million



**Screening**

900 Stocks

- Free Cash Flow > 50% of net earnings
- Net Debt/EBITDA < 3
- ROC > 10%
- ROE > 10%



**Fundamental Analysis**

- Labour intensive
- Analysts must be able to "understand" the company and its financials
- Uncover the quality of the business
- Rank names from A- to A+

200 Stocks



**Fundamental Analysis II**

- Labour intensive
- Examine each name starting with A+
- Full models built for high quality names
- Target entry price determined
- Repeat for A and A-

35-55 Stocks



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.

<sup>1</sup> Mackenzie Investments (the "Firm") has been managing Global Large Cap Quality Growth Constrained assets since September 2012. The Firm claims compliance with GIPS® starting January 1, 2008 and has been independently verified for the period of January 1, 2008 to December 31, 2018.

### SECTOR ALLOCATION (Ex. Cash & Equivalents)

SECTOR	PORTFOLIO	BENCHMARK
Consumer Staples	23.77%	7.18%
Information Technology	15.75%	21.34%
Health Care	14.88%	12.41%
Financials	12.72%	13.72%
Industrials	11.53%	10.86%
Consumer Discretionary	10.19%	12.06%
Communication Services	8.48%	9.05%
Materials	2.68%	4.54%
Energy	0.00%	3.16%
Real Estate	0.00%	2.69%
Utilities	0.00%	2.99%
	<b>100.00%</b>	<b>100.00%</b>

### GEOGRAPHIC ALLOCATION (Ex. Cash & Equivalents)

COUNTRY	PORTFOLIO	BENCHMARK
United States	49.68%	66.45%
United Kingdom	10.64%	4.33%
Canada	5.51%	3.26%
Japan	5.25%	7.52%
Switzerland	4.77%	2.78%
China	4.48%	0.00%
Australia	4.05%	2.13%
Germany	4.04%	2.88%
Hong Kong	3.79%	1.02%
Netherlands	3.47%	1.28%
Spain	1.62%	0.72%
Sweden	0.97%	1.09%
Taiwan	0.88%	0.00%
South Korea	0.86%	0.00%
Other	0.00%	6.54%
	<b>100.00%</b>	<b>100.00%</b>

### WEIGHTINGS RELATIVE TO BENCHMARK

OVERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Admiral Group PLC	Financials	United Kingdom	+3.67%
Reckitt Benckiser Group PLC	Cons. Staples	United Kingdom	+3.55%
Koninklijke Philips NV	Health Care	Netherlands	+3.25%
Seven & i Holdings Co Ltd	Cons. Staples	Japan	+2.66%
Procter & Gamble Co/The	Cons. Staples	United States	+2.61%

UNDERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Apple Inc	Info. Tech.	United States	-3.86%
Amazon.com Inc	Cons. Disc.	United States	-2.45%
Facebook Inc	Comm. Serv.	United States	-1.32%
Tesla Inc	Cons. Disc.	United States	-0.94%
JPMorgan Chase & Co	Financials	United States	-0.86%

### TOP TEN HOLDINGS (Ex. Cash & Equivalents)

HOLDING	SECTOR	COUNTRY	WEIGHT
Admiral Group PLC	Financials	United Kingdom	3.7%
Reckitt Benckiser Group PLC	Cons. Staples	United Kingdom	3.7%
Koninklijke Philips NV	Health Care	Netherlands	3.4%
Alphabet Inc	Comm. Serv.	United States	3.3%
Procter & Gamble Co/The	Cons. Staples	United States	3.2%
Oracle Corp	Info. Tech.	United States	2.9%
Comcast Corp	Comm. Serv.	United States	2.8%
Seven & i Holdings Co Ltd	Cons. Staples	Japan	2.7%
Canadian National Railway Co	Industrials	Canada	2.7%
Costco Wholesale Corp	Cons. Staples	United States	2.7%
<b>Total:</b>			<b>31.0%</b>
Cash & Equivalents			3.5%

### CHARACTERISTICS

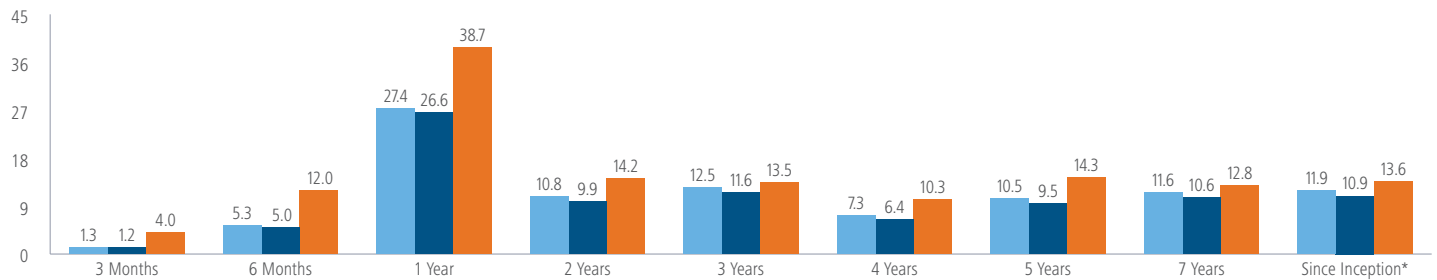
	PORTFOLIO	BENCHMARK
Price/Earnings	27.6	25.8
Price/Book	3.7	3.0
Price/Sales	2.6	2.3
Debt/Equity	131.5	145.2
Net Debt/EBITDA	1.3	1.4
ROC	13.5	13.6
ROE	23.8	22.1
Dividend Yield	1.8	1.7
Turnover (1 year to March)	49.93%	N/A
Median Market Cap (GBP millions)	106,812	12,776
Weighted Market Cap (GBP millions)	185,553	231,855

### RISK

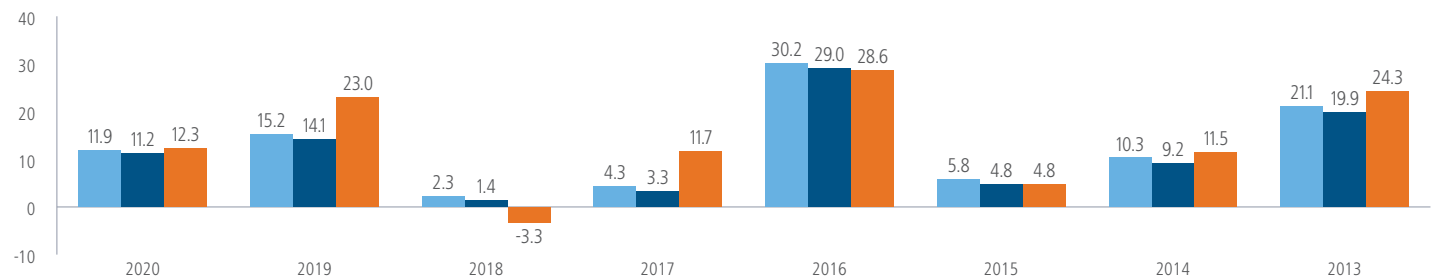
	PORTFOLIO	BENCHMARK
Standard Dev. (3-yr Trailing)	11.4	15.0
Alpha (3-yr Trailing)	3.0	N/A
Beta (3-yr Trailing)	0.7	N/A
Sharpe Ratio (3-yr Trailing)	1.0	0.9
Tracking Error (3-yr Trailing)	6.6	N/A
Information Ratio (3-yr Trailing)	-0.1	N/A

### COMPOSITE PERFORMANCE (£)

#### COMPOUND ANNUAL RETURNS (%)



#### CALENDAR YEAR RETURNS (%)



■ Mackenzie Global Large Cap Quality Growth Constrained (Gross) ■ Mackenzie Global Large Cap Quality Growth Constrained (Net) ■ MSCI World TR Index

### CONTRIBUTORS

#### TOP 5 CONTRIBUTORS

	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q1 RETURNS
Apple Inc.	Information Technology	United States	-4.16%	0.54%
Seven & I Holdings Co., Ltd.	Consumer Staples	Japan	2.75%	0.26%
Amazon.com, Inc.	Consumer Discretionary	United States	-2.56%	0.26%
CK Hutchison Holdings Ltd	Industrials	Hong Kong	2.24%	0.19%
Tencent Holdings Ltd.	Communication Services	China	2.40%	0.13%

### DETRACTORS

#### TOP 5 DETRACTORS

	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q1 RETURNS
Kao Corp.	Consumer Staples	Japan	2.17%	-0.44%
Colgate-Palmolive Company	Consumer Staples	United States	2.21%	-0.28%
W.W. Grainger, Inc.	Industrials	United States	2.62%	-0.27%
Alibaba Group Holding Ltd.	Consumer Discretionary	NA	2.37%	-0.19%
Costco Wholesale Corporation	Consumer Staples	United States	1.96%	-0.18%

\*Since Composite Inception on October 1, 2012

Past performance does not guarantee or indicate future results. Mackenzie Portfolio Analytics Group is responsible for calculating the non-benchmark information shown above. That information, which does not constitute formal investment guidelines/restrictions, is subject to change from time to time and over time.

### CONTRIBUTORS TO PERFORMANCE

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- From a sector perspective, lack of exposure to Information Technology, and stock selection in Communication Services and Information Technology contributed to relative performance.
- At a regional level, an underweight exposure and stock selection in Denmark, along with stock selection in Hong Kong and overweight exposure in Taiwan contributed to relative performance.
- The largest active contributors were **Seven & I Holdings, CK Hutchison, and Admiral**.
- CK Hutchison Holdings' (CKHH) valuation continued to recover in Q1 from depressed levels. CKHH closed the first tranche of the sale of its European telecom tower assets to Cellenex in late Q4 and early Q1, with the remaining tranches expected to close later in 2021. CKHH is selling these assets at a high valuation and expects to re-deploy the proceeds into other business growth opportunities, debt reduction, and share repurchases. CKHH's business is also showing good recovery after being negatively impacted by COVID-related closures.

### DETRACTORS FROM PERFORMANCE

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- From a sector perspective, an overweight exposure to Consumer Staples detracted from relative performance, along with stock selection in Financials and Industrials.
- At a regional level, stock selection in the United States and Germany, in addition to an overweight exposure in China detracted from relative performance.
- Cash weighting in the portfolio detracted from relative performance as the benchmark achieved positive return during the period.
- The largest active detractors were **Kao, Colgate-Palmolive, W.W. Grainger, and Alibaba**.
- Kao reported soft Q4 2020 results and offered weaker than expected 2021 guidance in January, as its cosmetics and professional hair care segments continue to be impacted by COVID-related movement restrictions. The remainder of Kao's segments are performing reasonably well, and we expect the segments that have been negatively impacted due to COVID to show improved performance over time.

### MARKET OUTLOOK

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- Looking back at the past year, the mandate has underperformed the benchmark by a wide margin, however this performance trend is in keeping with our expectations given the starting point (which is essentially the bottom of the market) and is consistent with the historical performance trend of this mandate (and quality in general) when exiting a bear market. The mandate remains conservatively positioned overall, but with a good balance of high-quality defensive names, businesses that have compelling long-term growth potential, and stocks whose valuations are rather depressed but where we feel the long-term remains sound. We also hold some higher quality cyclical businesses whose valuations are relatively attractive, and who we believe can grow at attractive rates through economic cycles.
- The consensus view is that ultra-supportive monetary policy and much more supportive fiscal policy, combined with continued economic re-opening, will lead to a global economic boom that will in turn drive a strong persistent bull market. We are generally not comfortable making these types of bets; instead, we focus on trying to find high quality businesses with enduring competitive advantages that can grow at attractive rates over time. We try to own these businesses at reasonable valuations. Our aim is to hold a collection of these businesses, in varying proportions, such that the portfolio overall will deliver good absolute and relative returns over time, while producing a smoother path for clients. Our performance is bound to diverge from the benchmark throughout various intervals within the cycle, however over the long-term we remain confident that this approach will serve our clients well.

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**Past performance does not guarantee or indicate future results.** Information under "Composite and Benchmark Performance (GBP)" reflects the performance of the Mackenzie Global Large Cap Quality Growth Constrained Composite, and does not necessarily reflect the performance that any particular account investing in the same or similar securities may have had during the period. The performance of other accounts is likely to differ from the performance shown for a variety of reasons, including, but not limited to: differences in market conditions, portfolio turnover and in the number, types, availability and diversity of securities that can be purchased; economies of scale, regulations and other factors applicable to the management of large separate accounts and funds; client-imposed investment restrictions; the timing of client investments and withdrawals; the deduction of taxes; tax considerations; and other factors. Information regarding portfolio characteristics relates to a representative account within the composite.

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 0.95% 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 Global Large Cap Quality Growth Constrained Composite seeks to provide long-term capital growth by investing in high quality, larger capitalization companies from anywhere in the world with a focus on maximizing risk-adjusted returns. This strategy differs from the Global Large Cap Quality Growth strategy in that cash weights will generally be limited to less than 10%.

### BENCHMARK DESCRIPTION

The benchmark is the MSCI World Total Return Index, net of withholding taxes. The MSCI World Index is a free float adjusted, market capitalization weighted index that is designed to measure the equity market performance of developed markets. It consists of 23 developed market country indices.

### REPORTING CURRENCY

Valuations and composite performance are reported in Pounds. The composite includes Canadian dollar and U.S. 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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