

**INCEPTION:**  
July 2016<sup>1</sup>

**BENCHMARK:**  
MSCI EAFE Total Return Index

**STRATEGY ASSETS:**  
C\$1,012 million

**LEAD PORTFOLIO MANAGER:**  
Ome Saidi, MBA, CFA

## STRATEGY OVERVIEW

We seek to provide long-term capital growth by constructing a well-diversified portfolio of compounder companies.

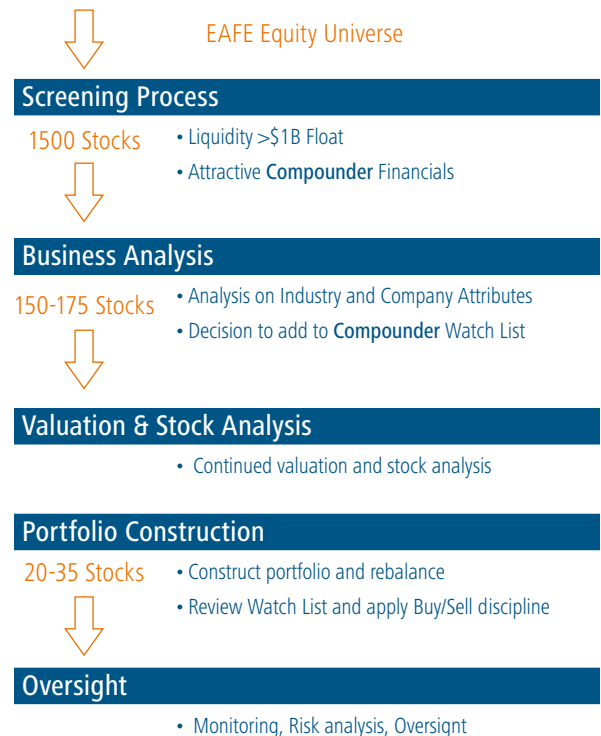
We aim to construct a portfolio with companies that are:

- Highly cash generative with a proven track record of generating high returns on capital and reinvesting retained earnings at similar high rates of return
- High up in their respective value chains and supported by a powerful intangible or tangible asset – a strong brand, exclusive patent, advantaged distribution or proprietary technology that is very difficult for competitors to replicate
- Carry manageable financial or business risk
- Often ignored by a short-sighted market fixated on quick gains

## APPROACH

- Bottom-up, fundamental research-driven process, focused on a select group of high quality compounder companies that form a watch list of approximately 150-175 securities
- Companies must have predictable economics, high free cash flow conversion and returns on invested capital typically well in excess of their cost of capital
- Seek companies that have an economic moat in the form of high switching costs, network economics, intellectual property, privileged assets or regulatory barriers, among other
- Companies move from the watch list to the portfolio based on valuation, contribution to portfolio diversification and attractiveness relative to other positions
- Target 20-35 securities across the EAFE region and diversify by sector, industry and regional exposure.

## INVESTMENT PROCESS



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 International Core Equity assets since July 2016. 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 Discretionary	18.28%	12.81%
Information Technology	17.26%	8.96%
Consumer Staples	14.47%	10.26%
Health Care	13.87%	11.95%
Financials	11.65%	17.29%
Industrials	11.02%	15.49%
Materials	6.17%	7.95%
Communication Services	5.20%	5.22%
Real Estate	2.08%	3.09%
Energy	0.00%	3.32%
Utilities	0.00%	3.65%
	<b>100.00%</b>	<b>100.00%</b>

## GEOGRAPHIC ALLOCATION (Ex. Cash & Equivalents)

COUNTRY	PORTFOLIO	BENCHMARK
Germany	23.83%	9.51%
France	18.52%	11.14%
China	13.86%	0.00%
Netherlands	10.90%	4.21%
Switzerland	9.49%	9.18%
Japan	9.17%	24.82%
Taiwan	4.50%	0.00%
Spain	3.86%	2.39%
United Kingdom	3.70%	14.29%
Denmark	2.18%	2.38%
Other	0.00%	22.09%
	<b>100.00%</b>	<b>100.00%</b>

## WEIGHTINGS RELATIVE TO BENCHMARK

OVERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Safran SA	Industrials	France	+6.68%
Hannover Rueck SE	Financials	Germany	+5.01%
Deutsche Boerse AG	Financials	Germany	+4.80%
Eurofins Scientific SE	Health Care	France	+4.78%
Taiwan Semiconductor Manufacturing Co Ltd	Info. Tech.	Taiwan	+4.50%

UNDERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Novartis AG	Health Care	Switzerland	-1.17%
Toyota Motor Corp	Cons. Disc.	Japan	-1.01%
Royal Dutch Shell PLC	Energy	United Kingdom	-0.91%
Unilever PLC	Cons. Staples	United Kingdom	-0.90%
AIA Group Ltd	Financials	Hong Kong	-0.90%

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

HOLDING	SECTOR	COUNTRY	WEIGHT
Safran SA	Industrials	France	7.0%
SAP SE	Info. Tech.	Germany	5.1%
Sony Corp	Cons. Disc.	Japan	5.1%
Hannover Rueck SE	Financials	Germany	5.1%
Deutsche Boerse AG	Financials	Germany	5.0%
Eurofins Scientific SE	Health Care	France	4.9%
Sika AG	Materials	Switzerland	4.7%
Taiwan Semiconductor Manufacturing Co Ltd	Info. Tech.	Taiwan	4.5%
Brenntag SE	Industrials	Germany	4.1%
New Oriental Education & Technology Group Inc	Cons. Disc.	China	3.9%
<b>Total:</b>			<b>49.3%</b>
Cash & Equivalents			0.1%

## CHARACTERISTICS

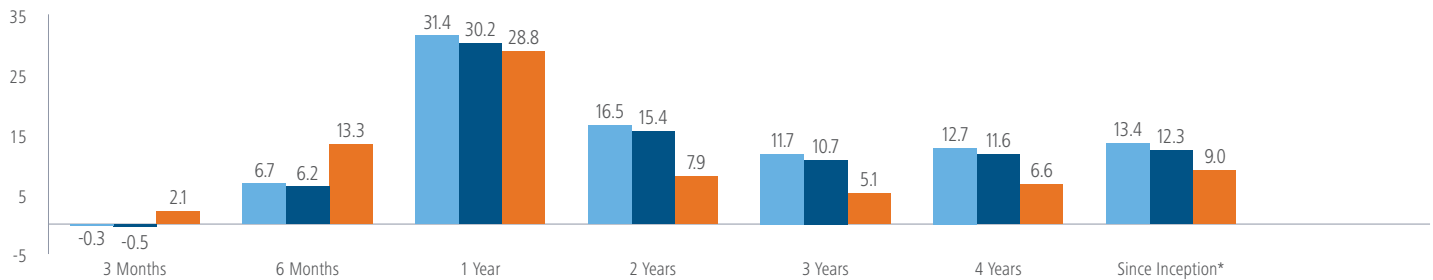
	PORTFOLIO	BENCHMARK
P/E (12m forward)	23.0	16.7
1 YR Fwd EPS Growth	15.7	13.3
Dividend Yield	1.4	2.3
Gross Margin	54.0	44.3
Operating Profit Margin	17.4	14.8
Return on Equity	15.7	11.6
Net Debt/EBITDA	3.0	1.9
Turnover (1 year to March)	8.46%	N/A
Median Market Cap (C\$ millions)	78,053	16,197
Weighted Market Cap (C\$ millions)	201,122	90,640

## RISK

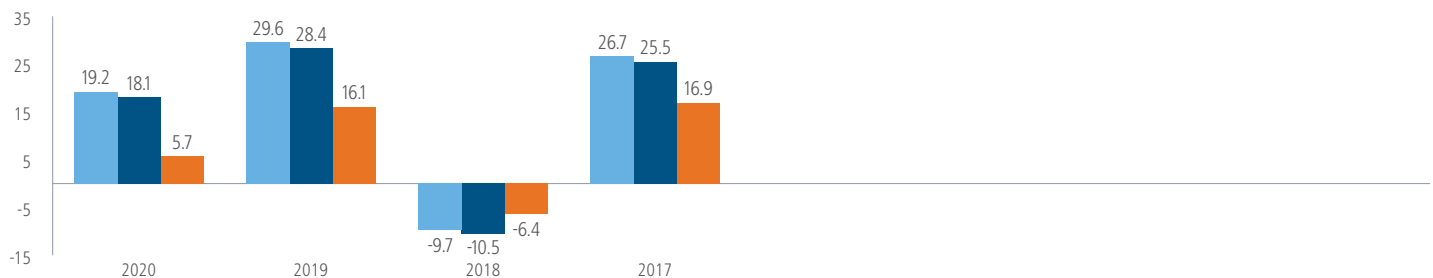
	PORTFOLIO	BENCHMARK
Standard Dev. (3-yr Trailing)	12.2	13.0
Alpha (3-yr Trailing)	7.3	N/A
Beta (3-yr Trailing)	0.8	N/A
Sharpe Ratio (3-yr Trailing)	0.9	0.3
Tracking Error (3-yr Trailing)	6.5	N/A
Information Ratio (3-yr Trailing)	1.0	N/A

## COMPOSITE PERFORMANCE (C\$)

### COMPOUND ANNUAL RETURNS (%)



### CALENDAR YEAR RETURNS (%)



■ Mackenzie International Concentrated Core Equity (Gross) ■ Mackenzie International Concentrated Core Equity (Net) ■ MSCI EAFE Total Return Index

## CONTRIBUTORS

### TOP 5 CONTRIBUTORS

	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q1 RETURNS
Kweichow Moutai Co., Ltd. Class A	Consumer Staples	China	4.42%	0.64%
Eurofins Scientific Societe Europeenne	Health Care	France	4.54%	0.44%
ASML Holding NV	Information Technology	Netherlands	1.86%	0.38%
Hannover Rueck SE	Financials	Germany	3.87%	0.38%
Taiwan Semiconductor Manufacturing Co., Ltd.	Information Technology	Taiwan	4.57%	0.29%

## DETRACTORS

### TOP 5 DETRACTORS

	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q1 RETURNS
New Oriental Education & Technology Group, Inc. Sponsored ADR	Consumer Discretionary	China	4.08%	-1.24%
Safran S.A.	Industrials	France	6.60%	-0.54%
BANDAI NAMCO Holdings Inc.	Consumer Discretionary	Japan	2.39%	-0.50%
London Stock Exchange Group plc	Financials	United Kingdom	1.69%	-0.45%
SAP SE	Information Technology	Germany	4.35%	-0.44%

\*Since Composite Inception on July 1, 2016

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.

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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. 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 of 0.95% 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 International Concentrated Core Equity composite aims to achieve a combination of long-term capital growth and current income by primarily investing in dividend paying companies anywhere in the world, outside of Canada and the U.S., or in companies that are expected to pay dividends in the future. The approach to stock selection is bottom-up fundamental analysis including the examination of the company's financial position, revenue growth, profitability, the competitive landscape and management. Currency exposure is left unhedged. Prior to January 1, 2020, the composite was known as the International Core Equity composite. The composite was created on October 31, 2017.

## BENCHMARK DESCRIPTION

The benchmark is the MSCI EAFE Total Return Index, net of withholding taxes. The MSCI EAFE (Europe, Australasia, Far East) Index is a free float adjusted, market capitalization weighted index that is designed to measure the equity market performance of developed markets, excluding the United States and Canada. It consists of 21 developed market country indices.

## REPORTING CURRENCY

Valuations and composite performance are reported in Canadian dollars. The composite includes U.S. dollar portfolios that have been converted to Canadian dollars.

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