

INCEPTION:
December 1985¹

BENCHMARK:
S&P/TSX Composite Total
Return Index

STRATEGY ASSETS:
US\$2,573 million

LEAD PORTFOLIO MANAGER:
William Aldridge, MBA, CFA

STRATEGY OVERVIEW

We seek to provide superior long-term capital appreciation by investing in a portfolio of undervalued Canadian equities across all market capitalizations

- The bottom-up, value philosophy and disciplined stock selection process have been firmly entrenched over the past 25+ years
- Entry and exit prices are guided by assessed fair market value, resulting in tight buy and sell disciplines

APPROACH

- Utilizes a bottom-up investment strategy with a value oriented philosophy and process that provides a consistent, statistically grounded approach to the analysis of investment opportunities
- Employs a disciplined, consistent and repeatable approach to stock selection focusing on companies whose stock prices are trading below their intrinsic or fair market value
- Investment decisions are guided by the team's rigorous process and assessment of fair market value. The fair market value estimate seeks to provide a margin of safety by establishing a minimum discount to fair market value entry price
- The portfolio targets holding 35-65 securities and is well diversified by company, sector, and market capitalization

INVESTMENT PROCESS

Canadian Equity
Universe



Initial Filters

- Liquidity considerations
- >C\$250 million market cap
- Industry-specific valuation screening
- Industry/Company reports

100
Stocks



In-Depth Fundamental Analysis

- Quantitative/Valuation Analysis
- Qualitative Analysis

35-65
Stocks



Portfolio Construction

- Well diversified
- Typical weight 0.5 – 5.0%
- Minimum of 7 GICS sectors represented
- Financial Profile/Monitoring

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.

¹ Mackenzie Investments (the "Firm") has been managing Canadian All Cap Value assets since December 1985. 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
Financials	35.76%	31.34%
Industrials	13.17%	11.43%
Energy	11.21%	12.98%
Consumer Staples	8.64%	3.55%
Materials	8.47%	11.63%
Consumer Discretionary	6.16%	3.87%
Utilities	5.32%	4.55%
Real Estate	4.31%	3.22%
Information Technology	3.95%	11.18%
Communication Services	2.65%	4.88%
Health Care	0.34%	1.38%
	100.00%	100.00%

GEOGRAPHIC ALLOCATION (Ex. Cash & Equivalents)

COUNTRY	PORTFOLIO	BENCHMARK
Canada	100.00%	100.00%
	100.00%	100.00%

WEIGHTINGS RELATIVE TO BENCHMARK

OVERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Alimentation Couche-Tard Inc	Cons. Staples	Canada	+2.41%
Boardwalk Real Estate Investment Trust	Real Estate	Canada	+2.25%
Empire Co Ltd	Cons. Staples	Canada	+2.16%
Canadian Pacific Railway Ltd	Industrials	Canada	+2.13%
Toronto-Dominion Bank/The	Financials	Canada	+1.82%

UNDERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Shopify Inc	Info. Tech.	Canada	-7.06%
Canadian Imperial Bank of Commerce	Financials	Canada	-2.18%
BCE Inc	Comm. Services	Canada	-1.91%
Waste Connections Inc	Industrials	Canada	-1.33%
Constellation Software Inc/Canada	Info. Tech.	Canada	-1.29%

TOP TEN HOLDINGS (Ex. Cash & Equivalents)

HOLDING	SECTOR	COUNTRY	WEIGHT
Royal Bank of Canada	Financials	Canada	7.5%
Toronto-Dominion Bank/The	Financials	Canada	7.3%
Bank of Nova Scotia/The	Financials	Canada	4.4%
Canadian Pacific Railway Ltd	Industrials	Canada	4.3%
Canadian National Railway Co	Industrials	Canada	3.7%
Alimentation Couche-Tard Inc	Cons. Staples	Canada	3.7%
Canadian Natural Resources Ltd	Energy	Canada	3.0%
Enbridge Inc	Energy	Canada	2.8%
Brookfield Asset Management Inc	Financials	Canada	2.6%
Sun Life Financial Inc	Financials	Canada	2.6%
Total:			42.0%
Cash & Equivalents			0.2%

CHARACTERISTICS

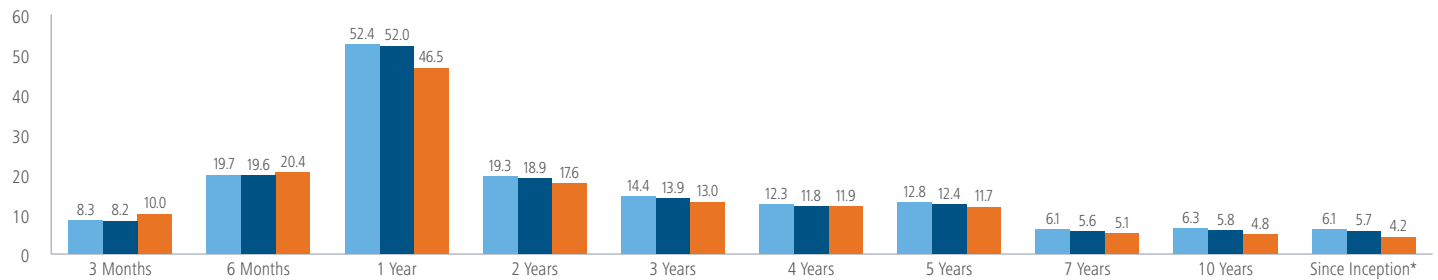
	PORTFOLIO	BENCHMARK
Price/Earnings	17.9	19.1
Price/Book	1.9	2.2
Price/Sales	1.7	2.1
Price/Cash Flow	7.1	8.0
Dividend Yield	2.6	2.6
Turnover (1 year to December)	9.24%	N/A
Median Market Cap (US\$ millions)	9,883	3,676
Weighted Market Cap (US\$ millions)	46,929	55,301

RISK

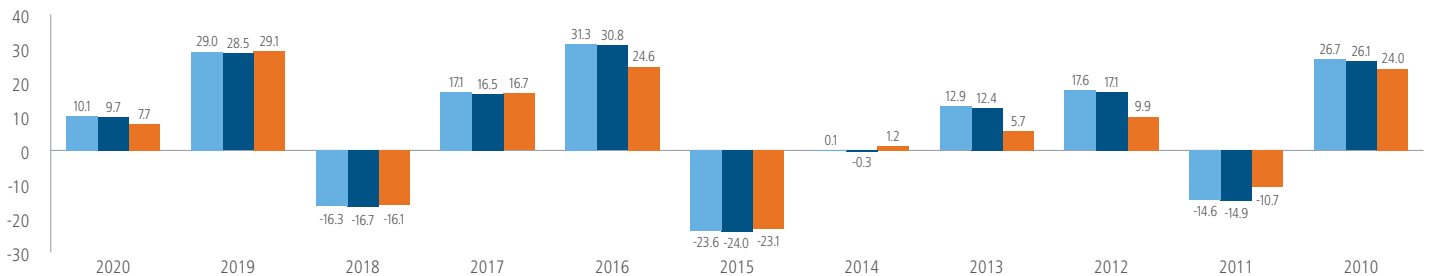
	PORTFOLIO	BENCHMARK
Standard Dev. (3-yr Trailing)	21.2	22.0
Alpha (3-yr Trailing)	1.3	N/A
Beta (3-yr Trailing)	1.0	N/A
Sharpe Ratio (3-yr Trailing)	0.6	0.5
Tracking Error (3-yr Trailing)	3.2	N/A
Information Ratio (3-yr Trailing)	0.2	N/A

COMPOSITE PERFORMANCE (US\$)

COMPOUND ANNUAL RETURNS (%)



CALENDAR YEAR RETURNS (%)



■ Mackenzie Canadian All Cap Value (Gross) ■ Mackenzie Canadian All Cap Value (Net) ■ S&P/TSX Composite TR

CONTRIBUTORS

TOP 5 CONTRIBUTORS

CONTRIBUTOR	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q2 RETURNS
ECN Capital Corp.	Financials	Canada	1.63%	0.16%
Intact Financial Corp	Financials	Canada	0.85%	0.14%
Subscription Receipts Restricted For Shs				
Canopy Growth Corporation	Health Care	Canada	-0.26%	0.11%
Tourmaline Oil Corp.	Energy	Canada	0.32%	0.10%
Ballard Power Systems Inc.	Industrials	Canada	-0.20%	0.09%

DETRACTORS

TOP 5 DETRACTORS

DETRACTOR	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q2 RETURNS
Shopify, Inc. Class A	Information Technology	Canada	-6.03%	-1.18%
Canadian Pacific Railway Limited	Industrials	Canada	2.14%	-0.20%
Northland Power Inc.	Utilities	Canada	1.12%	-0.19%
Empire Co. Ltd. Class A	Consumer Staples	Canada	2.27%	-0.19%
iA Financial Corporation Inc.	Financials	Canada	1.74%	-0.15%

*Since Composite Inception on January 1, 2008

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

The largest contributors to relative performance at the security level included:

- **ECN Capital Corp.** – ECN provides credit portfolio solutions to its bank, insurance and other financial institution partners. ECN is focused on home improvement loans, manufactured home financing and credit card management programs. ECN's Service Finance division has benefited from strong originations in residential improvement funding as homeowners have taken advantage of low borrowing costs and reduced spending in other areas. Similarly, ECN's Triad division, which focuses on manufactured homes, has benefited from existing clients refinancing at attractive rates and increased new home activity. ECN's credit card business is also benefitting from renewed interest in consumer credit by its financial institution partners.
- **Boardwalk REIT** – Boardwalk is Canada's second largest residential landlord, with rental properties across the country and a focus on Alberta. Boardwalk has managed its portfolio well throughout the downturn. Recent strength in energy pricing is improving the fundamentals of the Alberta rental market, with pricing and occupancy stable and beginning to turn positive. Recent property transactions in the Alberta market suggest Boardwalk shares are trading well below private market value.
- **Tourmaline Oil Corp.** – Tourmaline operates oil and gas assets in Western Canada, with a focus on the prolific Montney play. Tourmaline has taken advantage of its strong balance sheet and free cash generation to grow production both organically and through acquisition. Production has grown by some 60% over 2019 levels. Tourmaline has done an exceptional job growing production on a per share basis (debt adjusted), something we watch closely as a key determinant of management's ability. Commodity price strength in both oil and natural gas has meant strong cash flow to reinvest back into the business to grow net asset value.

DETRACTORS FROM PERFORMANCE

The largest detractors from relative performance at the security and sector level included:

- **Shopify Inc.** – Shopify shares increased 30% during the quarter, adding some US\$42B to its market cap. To put that into perspective, this is greater than the market caps of all but 10 companies that trade on the TSX. The underperformance of the portfolio is entirely explained by not owning Shopify. Shopify shares performed well during the quarter as a result of several developments relating to partner initiatives. We believe the valuation of the stock is dependent upon continued strong merchant growth and maintaining, if not growing, its take rate of gross sales on its network.
- **Empire Company Ltd.** – Empire, the grocery company operating under the Sobeys, FreshCo, Farm Boy and Longo's banners, has performed well over the past couple of years due to strong market conditions and improving profitability following growth and cost management initiatives. The shares sold off at the end of the quarter following the release of quarterly results as investors factored in conservative guidance from management.
- **Northland Power Inc.** – Northland Power shares have underperformed in 2021 after strongly outperforming in 2020 based on both strong positive developments in its business strategy and the decline in interest rates. Utility stocks tend to trade in a similar fashion to bond prices. At least until recently, falling bond prices (i.e., higher bond yields), reflecting the expectation of strong economic growth, led investors to re-rate utility and renewable energy stocks lower. Though we trimmed our position in Northland towards the end of the year, we continue to believe the company is very well positioned in the longer term as governments seek to build out renewable generation capacity.

MARKET OUTLOOK

After generating strong returns during the first half of 2021 as investors priced a full years' earnings growth into share prices, investors are looking into 2022 for drivers of continued growth and have begun to question what will be the next positive catalyst for the market. In short, the good news seems priced in. This has been demonstrated recently with textbook clarity by companies "beating" estimates, and often their own "guidance", only to see their shares decline – a clear sign of overexuberance. Questions abound regarding the direction of interest rates and whether central banks will continue to support markets at the current pace; the direction of covid case counts and whether re-openings are prudent and sustainable; the level of government support for fiscal initiatives such as infrastructure spending; whether economies can continue to grow at above average rates once extenuating circumstances like the chip shortage are resolved. While such questions can make an equity investor's mind spin (if not that of the bond investor), we fall back on the axiom that stock prices depend on earnings (or perhaps rather free cash flow) and the multiple applied to those earnings. So, can earnings grow from here? Certainly, but clearly not at a pace anything like we have seen recently. Consumers will once again become further indebted if they continue to spend near the current rate, companies will need to deal with potential wage pressures, energy prices may begin to bite into cash flows. Such headwinds will make it difficult for companies to continue to grow, at least at a rate to support current earnings multiples. We would not be surprised to see a more normalized operating environment begin to be priced into the market. Certainly, we are not finding many attractively priced stocks currently though continue to seek out attractively valued companies in which to invest, focused as always on protecting the downside.

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Past performance does not guarantee or indicate future results. Information under "Composite and Benchmark Performance (USD)" reflects the performance of the Mackenzie Canadian All Cap Value 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 with-in 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 0.30% from January 1, 2020 and 0.45% 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 Canadian All Cap Value Composite seeks to provide superior long-term capital appreciation by investing in a portfolio of undervalued Canadian equities across all market capitalizations.

BENCHMARK DESCRIPTION

The benchmark is the S&P/TSX Composite Total Return Index. The S&P/TSX Composite Index is a capitalization-weighted index that represents some of the largest float-adjusted stocks trading on the Toronto Stock Exchange.

REPORTING CURRENCY

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