

**INCEPTION:**  
May 2018

**BENCHMARK:**  
MSCI Emerging Markets  
IMI Index

**STRATEGY ASSETS:**  
€ 337 million

**LEAD PORTFOLIO MANAGER:**  
Arup Datta, MBA, CFA

## STRATEGY OVERVIEW

We seek to provide long-term capital appreciation by applying a quantitative, bottom-up stock selection investment process, based on fundamental insights, to a broad emerging market universe.

- Focus on Stock Selection
- Core focus that aims to add value across a variety of market conditions, both growth and value
- Nimble – incorporating daily changes in stock alpha rankings
- Daily rebalancing & trading, predictive transaction cost modelling, focus on capacity
- Mid and small cap focus

## APPROACH

- Bottom-up, quantitative stock selection process applied to a broad investable universe of over 5,000 securities from 24 emerging markets countries and a select number of frontier countries.
- Stocks are analyzed through a region/sector relative model framework.
- Individual stock weights are assigned based upon sub-factors, which are grouped into the three aggregate factors, Value, Revisions, and Quality.
  - **Value:** focuses on value metrics, consisting of cash flow, dividend, book, revenue and earnings based sub-factors.
  - **Revisions:** focuses on analyst revisions in forecasts.
  - **Quality:** incorporates sub-factors based upon capital allocation, operating efficiency and the application of accounting principles.
- Contextual modeling is utilized to further refine the weights of factors assigned to stocks.
- The priority in executing the investment process is to remain nimble in seeking to generate alpha for clients. To retain this advantage, the team uses a proprietary transaction cost model, rebalances daily and maintains a strict focus on capacity.

## INVESTMENT PROCESS

### Universe



- Proprietary data warehouse
- Investable universe of 5,000 securities
- Emerging Markets
- Select Frontier Markets

### Stock selection



- Bottom-up
- Region and sector relative
- Alpha Factors
- Contextual

### Portfolio construction



- Return Forecast
- Constraint-based optimization
- Proprietary risk models
- PM review

### Implementation

- Transaction cost estimates
- Pre/Post trade analysis
- Capacity limits
- CIO/Compliance review

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
Information Technology	18.95%	17.11%
Financials	16.75%	18.14%
Consumer Discretionary	15.69%	16.96%
Communication Services	13.59%	12.57%
Materials	8.72%	7.29%
Consumer Staples	6.97%	6.38%
Health Care	6.69%	4.96%
Industrials	5.18%	5.50%
Energy	4.06%	5.53%
Real Estate	2.09%	3.08%
Utilities	1.31%	2.48%
	<b>100.00%</b>	<b>100.00%</b>

## GEOGRAPHIC ALLOCATION (Ex. Cash & Equivalents)

COUNTRY	PORTFOLIO	BENCHMARK
China	39.80%	38.07%
Taiwan	16.71%	13.47%
South Korea	14.13%	12.16%
India	7.29%	8.36%
Brazil	4.89%	5.37%
Russia	4.27%	3.04%
South Africa	2.43%	3.74%
Saudi Arabia	2.08%	2.66%
Malaysia	1.57%	1.92%
United Arab Emirates	1.31%	0.53%
Indonesia	1.31%	1.50%
Philippines	1.12%	0.83%
Mexico	0.88%	1.77%
Turkey	0.55%	0.54%
Egypt	0.39%	0.15%
Thailand	0.33%	2.41%
Nigeria	0.31%	0.00%
Argentina	0.25%	0.20%
Vietnam	0.21%	0.00%
Pakistan	0.07%	0.07%
Czech Republic	0.06%	0.10%
Greece	0.03%	0.25%
Other	0.00%	2.88%
	<b>100.00%</b>	<b>100.00%</b>

## WEIGHTINGS RELATIVE TO BENCHMARK

OVERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Realtek Semiconductor Corp	Info. Tech.	Taiwan	+1.40%
United Microelectronics Corp	Info. Tech.	Taiwan	+1.25%
Fubon Financial Holding Co Ltd	Financials	Taiwan	+1.23%
Anhui Conch Cement Co Ltd	Materials	China	+1.22%
China National Building Material Co Ltd	Materials	China	+1.21%

UNDERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Alibaba Group Holding Ltd	Cons. Disc.	China	-2.17%
Naspers Ltd	Cons. Disc.	South Africa	-1.26%
Meituan Dianping	Cons. Disc.	China	-1.23%
Samsung Electronics Co Ltd	Info. Tech.	South Korea	-1.06%
Reliance Industries Ltd	Energy	India	-1.00%

## TOP TEN HOLDINGS (%)

HOLDING	SECTOR	COUNTRY	WEIGHT
Tencent Holdings Ltd	Comm. Serv.	China	4.9%
Alibaba Group Holding Ltd	Cons. Disc.	China	4.1%
Taiwan Semiconductor Manufacturing Co Ltd	Info. Tech.	Taiwan	3.5%
Samsung Electronics Co Ltd	Info. Tech.	South Korea	2.7%
China Construction Bank Corp	Financials	China	2.1%
China Mobile Ltd	Comm. Serv.	China	1.6%
Realtek Semiconductor Corp	Info. Tech.	Taiwan	1.5%
Fubon Financial Holding Co Ltd	Financials	Taiwan	1.4%
Anhui Conch Cement Co Ltd	Materials	China	1.4%
Bank of China Ltd	Financials	China	1.4%
<b>Total:</b>			<b>24.4%</b>
Cash & Equivalents			20.0%

## CHARACTERISTICS

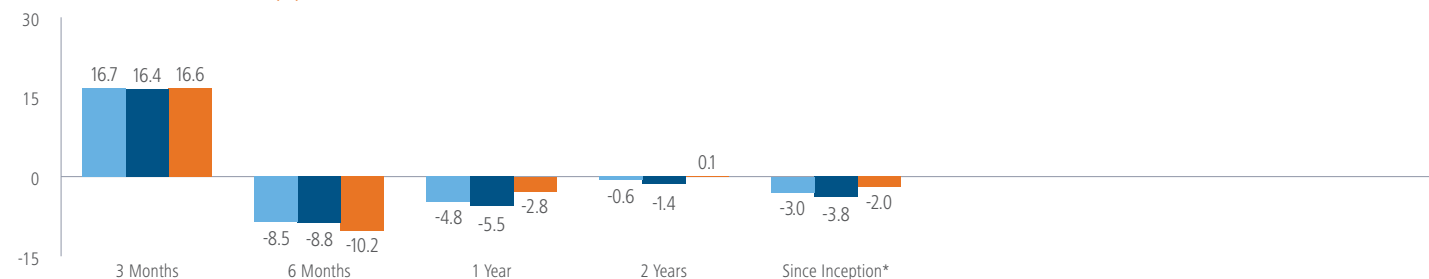
	PORTFOLIO	BENCHMARK
Forward Price/Earnings	8.6	13.5
Price/Tangible Book	1.3	1.8
Price/Cash Flow	4.3	6.9
Price/Sales	0.8	1.2
% Net Earnings Revisions (3M)	6.7%	-15.4%
% Net Sales Revisions (3M)	0.3%	-16.1%
% Net Target Price Revisions (3M)	17.1%	8.3%
Share Buy Back	0.2%	-1.4%
FCF Margin	10.6%	10.4%
Predicted Beta	1.0	1.0
Dividend Yield	3.7	2.6
Turnover (1 year to June)	172.6	N/A
Median Market Cap (EUR millions)	1,798	1,540
Weighted Market Cap (EUR millions)	101,237	108,670

## RISK

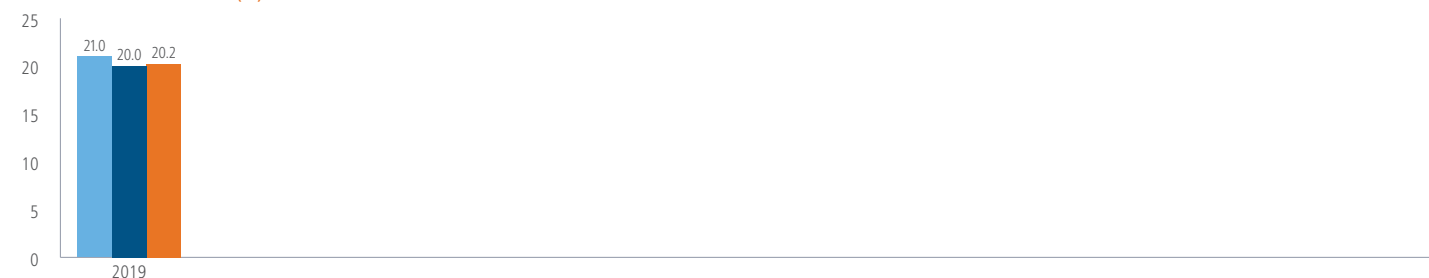
	PORTFOLIO	BENCHMARK
Standard Dev. (3-yr Trailing)	N/A	N/A
Alpha (3-yr Trailing)	N/A	N/A
Beta (3-yr Trailing)	N/A	N/A
Sharpe Ratio (3-yr Trailing)	N/A	N/A
Tracking Error (3-yr Trailing)	N/A	N/A
Information Ratio (3-yr Trailing)	N/A	N/A

## COMPOSITE PERFORMANCE (€)

### COMPOUND ANNUAL RETURNS (%)



### CALENDAR YEAR RETURNS (%)



■ Mackenzie Emerging Markets All Cap Equity (Gross)
 ■ Mackenzie Emerging Markets All Cap Equity (Net)
 ■ MSCI Emerging Markets IMI Index

\*Since Composite Inception on June 1, 2018

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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 of 0.85% 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 Emerging Markets All Cap Composite seeks to provide long-term capital appreciation and outperform its benchmark (MSCI EM IMI Index). The strategy applies a quantitative, bottom-up stock selection investment process, based on fundamental insights, to emerging and selected frontier markets across all-cap stocks. The investment process focuses on a succinct, high conviction set of factors, which are applied within the context of a region/sector/ industry relative model.

## BENCHMARK DESCRIPTION

The benchmark is the MSCI Emerging Markets Investable Market Index, net of withholding tax. The MSCI Emerging Markets Investable Market Index is a free float adjusted, market capitalization weighted index that is designed to measure the large, mid and small cap equity market performance of emerging markets. It consists of 24 emerging market country indices.

## REPORTING CURRENCY

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