

**INCEPTION:**

June 2000

**BENCHMARK:**

MSCI Europe Mid Cap Net TR Index

**STRATEGY ASSETS:**

US\$ 1,181 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.

**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

**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

**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	22.37%	22.08%
Materials	12.76%	11.17%
Financials	12.57%	13.11%
Health Care	12.15%	9.18%
Information Technology	11.78%	8.54%
Consumer Discretionary	8.79%	12.24%
Utilities	5.53%	5.50%
Communication Services	5.52%	7.23%
Consumer Staples	4.05%	4.44%
Real Estate	3.20%	5.15%
Energy	1.26%	1.37%
	<b>100.00%</b>	<b>100.00%</b>

## GEOGRAPHIC ALLOCATION (Ex. Cash & Equivalents)

COUNTRY	PORTFOLIO	BENCHMARK
France	17.52%	17.79%
United Kingdom	16.60%	24.97%
Switzerland	14.39%	7.94%
Germany	13.52%	12.88%
Ireland	10.50%	1.09%
Netherlands	6.22%	3.51%
Denmark	4.97%	6.28%
Italy	3.84%	5.62%
Sweden	3.11%	8.59%
Finland	2.76%	2.69%
Norway	1.87%	1.91%
Russia	1.45%	0.00%
Austria	1.25%	1.39%
Belgium	1.03%	2.82%
Poland	0.85%	0.00%
Spain	0.06%	1.89%
Portugal	0.05%	0.64%
	<b>100.00%</b>	<b>100.00%</b>

## WEIGHTINGS RELATIVE TO BENCHMARK

OVERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
DCC PLC	Industrials	United Kingdom	+2.46%
Uniphar PLC	Health Care	Ireland	+2.41%
ASM International NV	Info. Tech.	Netherlands	+2.39%
United Internet AG	Comm. Serv.	Germany	+2.33%
Partners Group Holding AG	Financials	Switzerland	+2.16%

UNDERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Hexagon AB	Info. Tech.	Sweden	-1.02%
Deutsche Wohnen SE	Real Estate	Germany	-0.96%
Symrise AG	Materials	Germany	-0.93%
Capgemini SE	Info. Tech.	France	-0.89%
Delivery Hero AG	Cons. Disc.	Germany	-0.81%

## TOP TEN HOLDINGS (%)

HOLDING	SECTOR	COUNTRY	WEIGHT
DCC PLC	Industrials	United Kingdom	3.0%
RWE AG	Utilities	Germany	2.7%
United Internet AG	Comm. Serv.	Germany	2.6%
Uniphar PLC	Health Care	Ireland	2.4%
ASM International NV	Info. Tech.	Netherlands	2.4%
Partners Group Holding AG	Financials	Switzerland	2.2%
Atos SE	Info. Tech.	France	2.2%
Diploma PLC	Industrials	United Kingdom	2.1%
DSV PANALPINA A/S	Industrials	Denmark	1.9%
Baloise Holding AG	Financials	Switzerland	1.7%
<b>Total:</b>			<b>23.1%</b>
Cash & Equivalents			1.7%

## CHARACTERISTICS

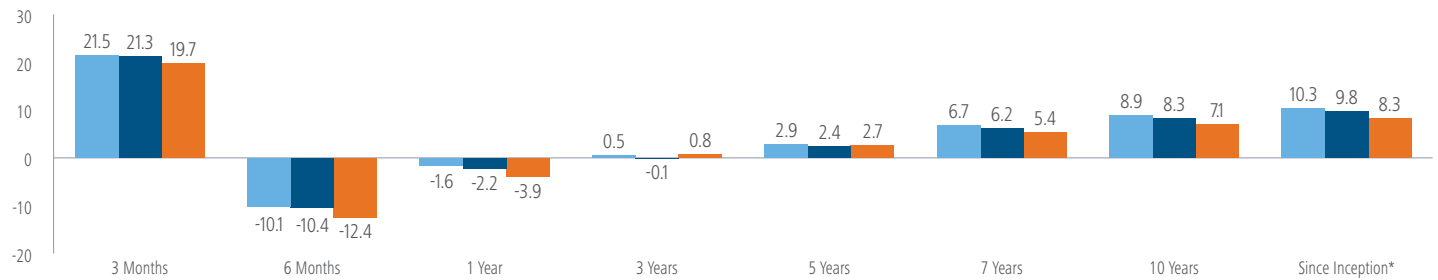
	PORTFOLIO	BENCHMARK
Price/Book	1.9	1.6
Price/Earnings (12M forward)	18.2	18.2
Dividend Yield (12 M forward)	2.5	2.9
ROE	19.7	16.7
Active Share	74.3	N/A
Weighted Market Cap (US\$ Millions)	13,353	10,635
Turnover (1 year to June)	35.0	N/A

## RISK

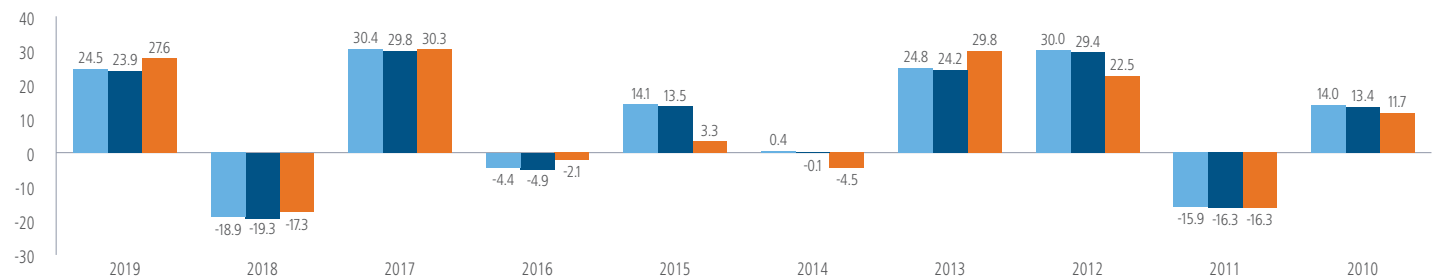
	PORTFOLIO	BENCHMARK
Standard Deviation (3Y)	17.8	18.6
Beta (3Y)	0.9	N/A
Sharpe Ratio (3Y)	-0.1	0.0
Tracking Error (3Y)	2.8	N/A
Information Ratio (3Y)	-0.1	N/A

## COMPOSITE PERFORMANCE (US\$)

### 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

	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q2 RETURNS
Uniphar PLC	Health Care	Ireland	1.43%	0.46%
Svenska Cellulosa Aktiebolaget Class B	Materials	Sweden	1.08%	0.37%
Neste Corporation	Energy	Finland	1.48%	0.32%
United Internet AG	Communication Services	Germany	0.89%	0.27%
Essity AB Class B	Consumer Staples	Sweden	0.93%	0.26%

## DETRACTORS

### TOP 5 DETRACTORS

	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q2 RETURNS
National Express Group PLC	Industrials	United Kingdom	1.22%	-0.67%
Sixt SE Pref	Industrials	Germany	1.63%	-0.39%
OMV AG	Energy	Austria	0.92%	-0.30%
Wolters Kluwer NV	Industrials	Netherlands	-1.15%	-0.27%
Dalata Hotel Group Plc	Consumer Discretionary	Ireland	0.75%	-0.24%

\*Since Composite Inception on January 1, 2009

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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 European Mid Cap Equity 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 of 0.50% 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 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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## MACKENZIE INVESTMENTS

180 Queen Street West, Toronto, Ontario M5V 3K1

T 416 967-2380

F 416 922-3435

E [cdeveau@mackenzieinvestments.com](mailto:cdeveau@mackenzieinvestments.com)

[mackenzieinvestments.com](http://mackenzieinvestments.com)