

INCEPTION:
November 2002¹

BENCHMARK:
MSCI Europe Total Return Index

STRATEGY ASSETS:
£ 274 million

LEAD PORTFOLIO MANAGER:
Matt Moody, MBA, CFA

STRATEGY OVERVIEW

We seek to provide long-term capital growth by investing in high quality, larger capitalization European companies 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 European businesses
- 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 15-25 securities from European equity markets typically with market capitalizations above US\$1 billion

INVESTMENT PROCESS

European Equity Universe



Initial Filters

1000 Stocks

- Liquidity requirements: average daily trading value of US\$2.5 million



Screening

150-200 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+

75-100 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-

15-25 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.

¹ Mackenzie Investments (the "Firm") has been managing European Large Cap Quality Growth assets since November 2002. 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	20.70%	14.77%
Information Technology	19.99%	7.45%
Industrials	17.39%	13.42%
Consumer Discretionary	17.35%	9.86%
Financials	10.24%	15.14%
Health Care	7.70%	16.51%
Communication Services	3.54%	4.21%
Materials	3.10%	7.59%
Energy	0.00%	4.68%
Real Estate	0.00%	1.40%
Utilities	0.00%	4.96%
	100.00%	100.00%

GEOGRAPHIC ALLOCATION (Ex. Cash & Equivalents)

COUNTRY	PORTFOLIO	BENCHMARK
United Kingdom	36.09%	22.58%
Germany	25.18%	14.83%
Switzerland	13.73%	16.52%
Italy	5.53%	3.66%
Denmark	5.32%	3.75%
Sweden	4.34%	4.89%
Norway	3.35%	0.83%
United States	2.58%	0.00%
Netherlands	2.51%	6.92%
Belgium	1.36%	1.48%
Other	0.00%	24.53%
	100.00%	100.00%

WEIGHTINGS RELATIVE TO BENCHMARK

OVERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Admiral Group PLC	Financials	United Kingdom	+6.63%
Henkel AG & Co KGaA	Cons. Staples	Germany	+5.80%
Reckitt Benckiser Group PLC	Cons. Staples	United Kingdom	+5.36%
De' Longhi SpA	Cons. Disc.	Italy	+4.84%
Electrocomponents PLC	Info. Tech.	United Kingdom	+4.41%

UNDERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Novartis AG	Health Care	Switzerland	-2.29%
ASML Holding NV	Info. Tech.	Netherlands	-1.91%
AstraZeneca PLC	Health Care	United Kingdom	-1.67%
LVMH Moët Hennessy	Cons. Disc.	France	-1.49%
Louis Vuitton SE			
Royal Dutch Shell PLC	Energy	United Kingdom	-1.49%

TOP TEN HOLDINGS (%)

HOLDING	SECTOR	COUNTRY	WEIGHT
Admiral Group PLC	Financials	United Kingdom	6.7%
Reckitt Benckiser Group PLC	Cons. Staples	United Kingdom	6.2%
Henkel AG & Co KGaA	Cons. Staples	Germany	6.1%
De' Longhi SpA	Cons. Disc.	Italy	4.8%
SAP SE	Info. Tech.	Germany	4.8%
Vestas Wind Systems A/S	Industrials	Denmark	4.7%
Electrocomponents PLC	Info. Tech.	United Kingdom	4.4%
DCC PLC	Industrials	United Kingdom	4.3%
Roche Holding AG	Health Care	Switzerland	4.0%
Hennes & Mauritz AB	Cons. Disc.	Sweden	3.8%
Total:			49.8%
Cash & Equivalents			12.5%

CHARACTERISTICS

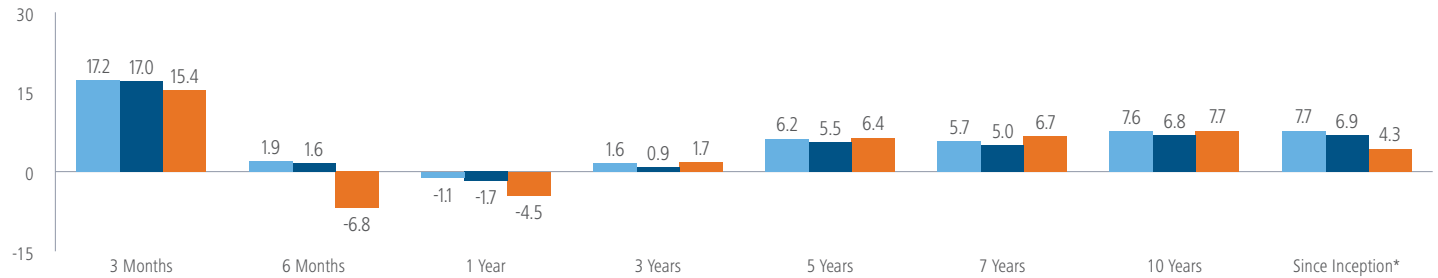
	PORTFOLIO	BENCHMARK
Price/Earnings	20.7	16.5
Price/Book	3.8	1.6
Price/Sales	1.5	1.1
Debt/Equity	71.0	126.3
Net Debt/EBITDA	0.6	1.6
ROC	14.5	9.9
ROE	18.2	16.8
Dividend Yield	2.3	3.0
Turnover (1 year to June)	71.0	N/A
Median Market Cap (GBP millions)	9,595	10,202
Weighted Market Cap (GBP millions)	43,311	62,977

RISK

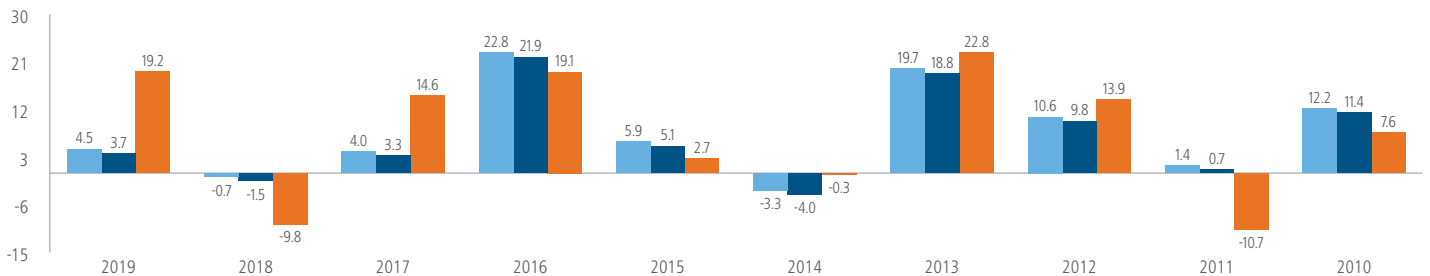
	PORTFOLIO	BENCHMARK
Standard Dev. (3-yr Trailing)	10.0	13.0
Alpha (3-yr Trailing)	0.2	N/A
Beta (3-yr Trailing)	0.7	N/A
Sharpe Ratio (3-yr Trailing)	0.1	0.1
Tracking Error (3-yr Trailing)	6.3	N/A
Information Ratio (3-yr Trailing)	0.0	N/A

COMPOSITE PERFORMANCE (£)

COMPOUND ANNUAL RETURNS (%)



CALENDAR YEAR RETURNS (%)



■ Mackenzie European Large Cap Quality Growth (Gross) ■ Mackenzie European Large Cap Quality Growth (Net) ■ MSCI Europe Total Return Index

CONTRIBUTORS

TOP 5 CONTRIBUTORS

	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q2 RETURNS
De'Longhi S.p.A.	Consumer Discretionary	Italy	4.71%	1.51%
DCC Plc	Industrials	United Kingdom	4.89%	0.88%
Electrocomponents plc	Industrials	United Kingdom	4.92%	0.70%
HSBC Holdings Plc	Financials	United Kingdom	-1.34%	0.57%
Vestas Wind Systems A/S	Industrials	Denmark	4.81%	0.46%

DETRACTORS

TOP 5 DETRACTORS

	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q2 RETURNS
Compass Group PLC	Consumer Discretionary	United Kingdom	2.55%	-0.65%
Admiral Group plc	Financials	United Kingdom	6.77%	-0.57%
ASML Holding NV	Information Technology	Netherlands	-1.75%	-0.35%
Spectris plc	Information Technology	United Kingdom	2.97%	-0.34%
Siemens AG	Industrials	Germany	-1.01%	-0.21%

*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

- From a sector perspective, the strategy outperformed the benchmark MSCI Europe Index primarily because of overweight exposure and stock selection in Industrials and Consumer Discretionary. Stock selection in Consumer Staples and Communication Services, along with a lack of exposure to the worst performing Energy sector, also contributed to relative performance.
- At the regional level, stock selection in the United Kingdom and Italy contributed to relative performance.
- The largest active contributors included: **De'Longhi**, **DCC Plc**, **Electrocomponents** and **Vestas Wind Systems**.
- **Vestas Wind Systems** performed well as it became apparent that demand for wind turbines has so far remained resilient in the crisis. We also added to our position in Vestas during April, which boosted its contribution to quarterly performance.

DETRACTORS FROM PERFORMANCE

- From a sector perspective, an underweight exposure to Materials and stock selection in Information Technology and Financials detracted from relative performance.
- At the regional level, an underweight exposure and stock selection in Netherlands, as well as stock selection in Germany, detracted from relative performance.
- Cash weighting in the portfolio detracted from relative performance as the benchmark rebounded strongly during the period.
- The largest active detractors included: **Compass**, **Admiral**, **ASML Holding** and **Spectris Plc**.
- **Compass'** shares declined significantly due to COVID related closures of sports, education and business facilities. We added to the position before the full impact of the virus was obvious to us. Due to continued social distancing and the closure of several end markets, the shares remain well below their highs and have not participated in the market rally.

MARKET OUTLOOK

Stock markets and the overall business environment have been quite volatile and are likely to remain so given the evolving COVID-19 situation. Against this backdrop, we could continue to be more active than usual. Our team adheres to a long-term investment discipline that typically results in low turnover, but when the economic ground shifts and prices move more than normal, we are presented with more opportunities to allocate our clients' capital while remaining focused as ever on the careful growth of that capital over the long-term.

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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 European Large Cap Quality Growth 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 0.75% 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 Large Cap Quality Growth Composite seeks long-term growth of capital by investing in equity securities of European companies. Portfolios within the composite will invest in established European markets and, to a lesser extent, in emerging European markets. The strategy follows a blended growth and value investment style and seeks companies having prospects for long-term growth with lower volatility. Generally, once an investment is made, it is held for the long-term. Currency exposure is left unhedged.

BENCHMARK DESCRIPTION

The benchmark is the MSCI Europe Total Return Index, net of withholding taxes. The MSCI Europe Index is a free float adjusted, market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. It consists of 15 developed market country indices.

REPORTING CURRENCY

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

mackenzieinvestments.com