

**INCEPTION:**

May 2018

**BENCHMARK:**

MSCI Emerging Markets Index

**STRATEGY ASSETS:**

C\$294 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
- Large and mid cap focus

## APPROACH

- Bottom-up, quantitative stock selection process applied to a broad investable universe of over 6,000 securities from 26 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 four super factors, Value, Revisions, Quality and Informed Investor.
  - **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.
  - **Informed Investor:** analyzes informed market participant activity, such as short interest in and option pricing on securities.
- 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 6,000 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	22.88%	20.92%
Financials	18.08%	19.48%
Consumer Discretionary	13.43%	14.68%
Materials	10.28%	8.66%
Communication Services	8.97%	10.34%
Energy	7.36%	5.86%
Consumer Staples	4.42%	5.90%
Utilities	3.80%	2.26%
Real Estate	3.68%	2.09%
Health Care	3.55%	4.95%
Industrials	3.54%	4.86%
	<b>100.00%</b>	<b>100.00%</b>

## GEOGRAPHIC ALLOCATION (Ex. Cash & Equivalents)

COUNTRY	PORTFOLIO	BENCHMARK
China	36.86%	33.97%
Taiwan	17.68%	14.71%
South Korea	15.16%	12.61%
India	10.02%	12.18%
Russia	4.92%	3.93%
South Africa	4.83%	3.16%
Brazil	4.35%	4.45%
Malaysia	1.68%	1.33%
Mexico	1.34%	1.91%
Saudi Arabia	1.30%	3.35%
Turkey	0.58%	0.26%
Philippines	0.42%	0.64%
Egypt	0.32%	0.07%
Pakistan	0.24%	0.02%
Argentina	0.12%	0.16%
Chile	0.07%	0.44%
United Arab Emirates	0.06%	0.81%
Indonesia	0.05%	1.36%
Other	0.00%	4.63%
	<b>100.00%</b>	<b>100.00%</b>

## WEIGHTINGS RELATIVE TO BENCHMARK

OVERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Petroleo Brasileiro SA	Energy	Brazil	+2.14%
Sasol Ltd	Materials	South Africa	+1.81%
Magnit PJSC	Cons. Staples	Russia	+1.74%
Jinke Properties Group Co Ltd	Real Estate	China	+1.68%
JiuGui Liquor Co Ltd	Cons. Staples	China	+1.67%

UNDERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Tencent Holdings Ltd	Comm. Services	China	-2.31%
Alibaba Group Holding Ltd	Cons. Disc.	China	-1.60%
Reliance Industries Ltd	Energy	India	-1.23%
Housing Development Finance Corp Ltd	Financials	India	-0.81%
JDcom Inc	Cons. Disc.	China	-0.80%

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

HOLDING	SECTOR	COUNTRY	WEIGHT
Taiwan Semiconductor Manufacturing Co Ltd	Info. Tech.	Taiwan	8.1%
Samsung Electronics Co Ltd	Info. Tech.	South Korea	3.9%
China Construction Bank Corp	Financials	China	2.4%
Sberbank of Russia PJSC	Financials	Russia	2.2%
Petroleo Brasileiro SA	Energy	Brazil	2.1%
Tencent Holdings Ltd	Comm. Services	China	2.0%
Sasol Ltd	Materials	South Africa	2.0%
Alibaba Group Holding Ltd	Cons. Disc.	China	1.9%
BYD Co Ltd	Cons. Disc.	China	1.9%
MTN Group Ltd	Comm. Services	South Africa	1.8%
<b>Total:</b>			<b>28.3%</b>
Cash & Equivalents			1.4%

## CHARACTERISTICS

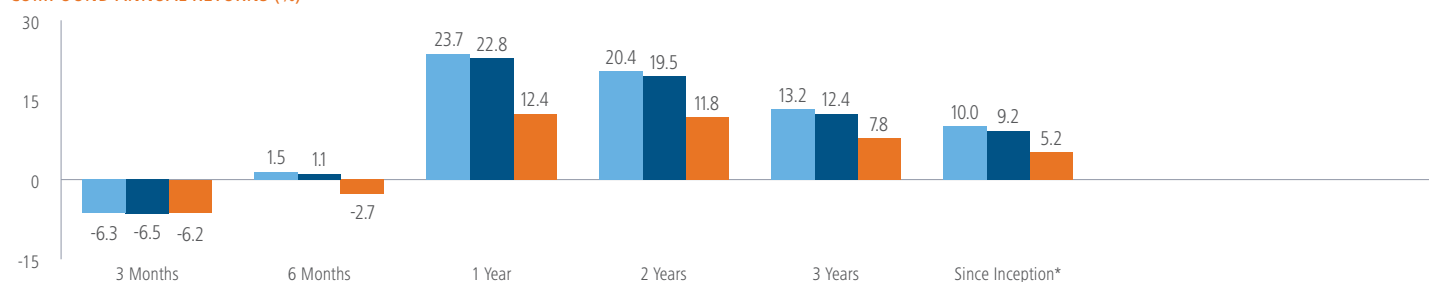
	PORTFOLIO	BENCHMARK
Forward Price/Earnings	6.9	12.0
Price/Tangible Book	1.2	2.1
Price/Cash Flow	3.7	7.5
Price/Sales	0.7	1.5
% Net Earnings Revisions (3MO)	28.50%	6.30%
% Net Sales Revisions (3MO)	32.00%	11.90%
Predicted Beta	1.1	1.0
Dividend Yield	3.8	2.3
Turnover (1 year to December)	171.86%	N/A
Median Market Cap (C\$ millions)	17,110	9,692
Weighted Market Cap (C\$ millions)	141,884	169,208

## RISK

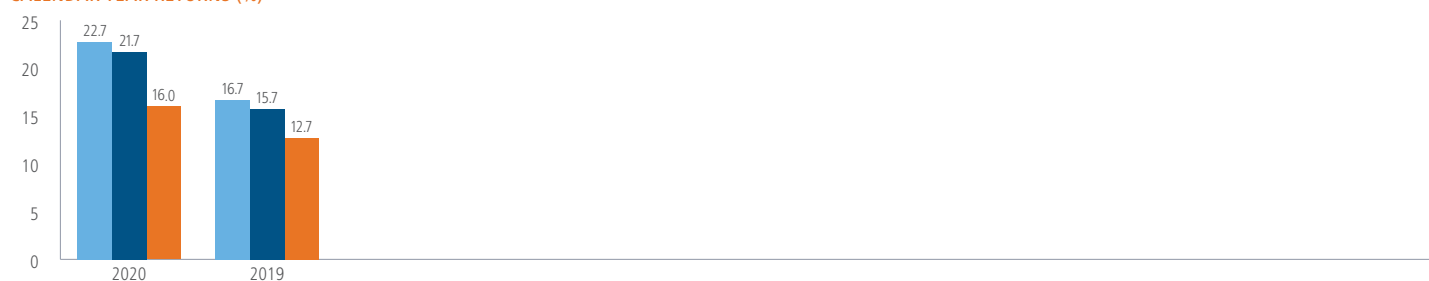
	PORTFOLIO	BENCHMARK
Standard Dev. (3-yr Trailing)	15.0	15.1
Alpha (3-yr Trailing)	5.8	N/A
Beta (3-yr Trailing)	0.9	N/A
Sharpe Ratio (3-yr Trailing)	0.8	0.5
Tracking Error (3-yr Trailing)	4.8	N/A
Information Ratio (3-yr Trailing)	1.1	N/A

## COMPOSITE PERFORMANCE (C\$)

### COMPOUND ANNUAL RETURNS (%)



### CALENDAR YEAR RETURNS (%)



■ Mackenzie Emerging Markets Large Cap Equity (Gross) ■ Mackenzie Emerging Markets Large Cap Equity (Net) ■ MSCI Emerging Markets 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 0.75% from January 1, 2020 and 0.80% 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 Emerging Markets Large Cap Composite seeks to provide long-term capital appreciation and outperform its benchmark. The strategy applies a quantitative, bottom-up stock selection investment process, based on fundamental insights, to emerging and selected frontier markets across large and mid-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. The composite was created on June 1, 2018.

## BENCHMARK DESCRIPTION

The benchmark is the MSCI Emerging Markets Index, net of withholding taxes. The MSCI Emerging Markets Index is a free float adjusted, market capitalization weighted index that is designed to measure the large and mid cap equity market performance of emerging markets. It consists of 26 emerging market country indices.

## REPORTING CURRENCY

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

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