

**INCEPTION:**  
July 2013<sup>1</sup>

**BENCHMARK:**  
MSCI ACWI Total Return Index  
MSCI World Total Return Index

**STRATEGY ASSETS:**  
£3,965 million

**LEAD PORTFOLIO MANAGER:**  
Darren McKiernan, CFA

## STRATEGY OVERVIEW

We seek to provide long-term capital growth by constructing a well-diversified portfolio of compounder companies.

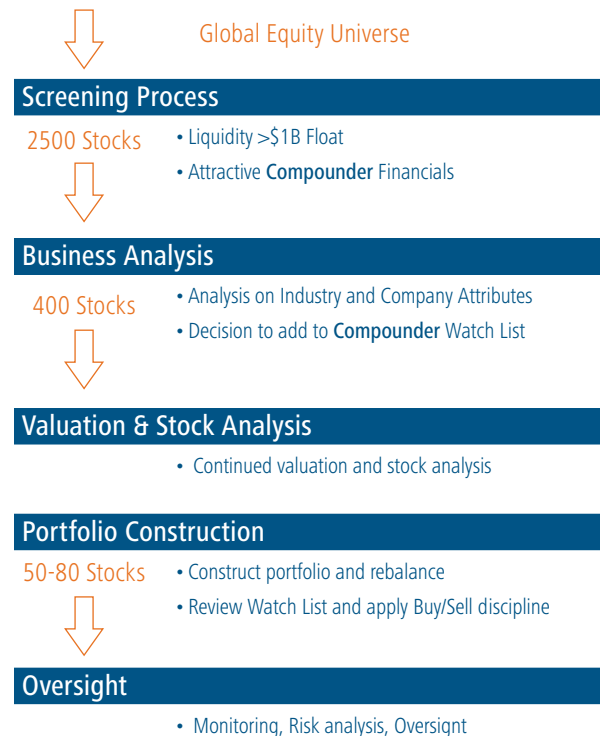
We aim to construct a portfolio with companies that are:

- Highly cash generative with a proven track record of generating high returns on capital and reinvesting retained earnings at similar high rates of return
- High up in their respective value chains and supported by a powerful intangible or tangible asset – a strong brand, exclusive patent, advantaged distribution or proprietary technology that is very difficult for competitors to replicate
- Carry manageable financial or business risk
- Often ignored by a short-sighted market fixated on quick gains

## APPROACH

- Bottom-up, fundamental research-driven process, focused on a select group of high quality compounder companies that form a watch list of approximately 400 securities
- Companies must have predictable economics, high free cash flow conversion and returns on invested capital typically well in excess of their cost of capital
- Seek companies that have an economic moat in the form of high switching costs, network economics, intellectual property, privileged assets or regulatory barriers, among other
- Companies move from the watch list to the portfolio based on valuation, contribution to portfolio diversification and attractiveness relative to other positions
- Target 50-80 securities from around the globe and diversify by sector, industry and regional exposure.

## INVESTMENT PROCESS



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.

<sup>1</sup> Mackenzie Investments (the "Firm") has been managing Global Core Equity assets since July 2013. 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	MSCI ACWI
Financials	22.50%	14.38%
Information Technology	17.94%	22.33%
Consumer Staples	11.56%	6.77%
Health Care	11.41%	11.69%
Industrials	11.24%	9.67%
Materials	7.00%	4.66%
Consumer Discretionary	5.71%	12.44%
Communication Services	5.58%	9.27%
Energy	3.65%	3.52%
Real Estate	2.36%	2.62%
Mutual & Pooled Funds	1.04%	0.00%
Utilities	0.00%	2.64%
	<b>100.00%</b>	<b>100.00%</b>

## GEOGRAPHIC ALLOCATION (Ex. Cash & Equivalents)

COUNTRY	PORTFOLIO	MSCI ACWI
United States	61.37%	59.56%
Switzerland	6.29%	2.44%
Germany	5.90%	2.33%
Japan	4.53%	6.20%
France	4.52%	2.87%
Ireland	2.96%	0.18%
Netherlands	2.92%	1.24%
Hong Kong	1.76%	0.76%
Taiwan	1.72%	1.76%
China	1.52%	4.07%
Denmark	1.40%	0.67%
Spain	1.36%	0.61%
United Kingdom	1.28%	3.68%
India	0.73%	1.46%
Sweden	0.70%	0.94%
Other	1.04%	11.23%
	<b>100.00%</b>	<b>100.00%</b>

## WEIGHTINGS RELATIVE TO MSCI ACWI

OVERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
JPMorgan Chase & Co	Financials	United States	+2.93%
Philip Morris International Inc	Cons. Staples	United States	+2.13%
Blackstone Inc	Financials	United States	+2.07%
Aon PLC	Financials	Ireland	+1.97%
US Bancorp	Financials	United States	+1.82%

UNDERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Apple Inc	Info. Tech.	United States	-1.76%
Amazon.com Inc	Cons. Disc.	United States	-1.26%
Tesla Inc	Cons. Disc.	United States	-0.96%
NVIDIA Corp	Info. Tech.	United States	-0.78%
Alphabet Inc	Comm. Services	United States	-0.64%

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

HOLDING	SECTOR	COUNTRY	WEIGHT
JPMorgan Chase & Co	Financials	United States	3.7%
Microsoft Corp	Info. Tech.	United States	3.5%
Philip Morris International Inc	Cons. Staples	United States	2.4%
Blackstone Inc	Financials	United States	2.2%
Aon PLC	Financials	Ireland	2.1%
US Bancorp	Financials	United States	1.9%
Marathon Petroleum Corp	Energy	United States	1.9%
Bank of America Corp	Financials	United States	1.9%
Nestle SA	Cons. Staples	Switzerland	1.8%
Apple Inc	Info. Tech.	United States	1.8%
<b>Total:</b>			<b>23.1%</b>
Cash & Equivalents			2.5%

## CHARACTERISTICS

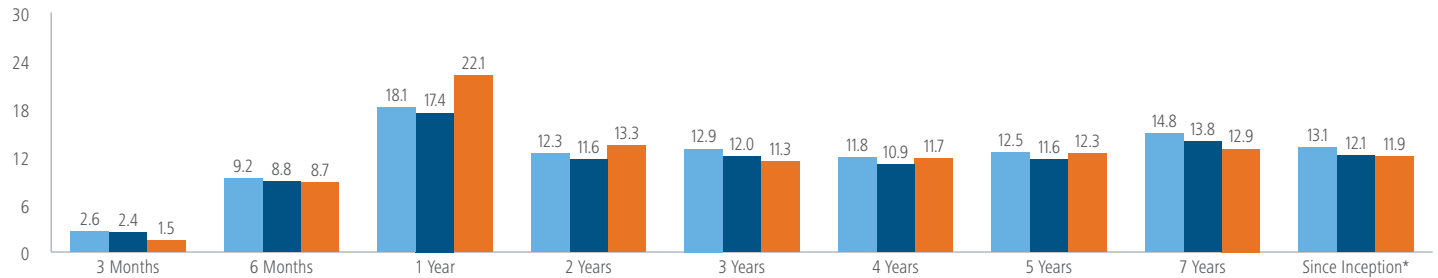
	PORTFOLIO	MSCI ACWI
Price/Earnings	22.4	20.2
Forward Price/Earnings	19.7	17.2
EPS Growth	29.6	32.4
Forward EPS Growth Rate	12.4	16.8
Net Debt/EBITDA	2.0	1.2
Operating Margin	29.4	21.4
ROE	37.7	28.0
EBIT/Interest	40.6	35.0
Dividend Yield	2.0	1.8
Turnover (1 year)	28.78%	N/A
Median Market Cap (GBP millions)	89,518	9,606
Weighted Market Cap (GBP millions)	247,849	260,863

## RISK

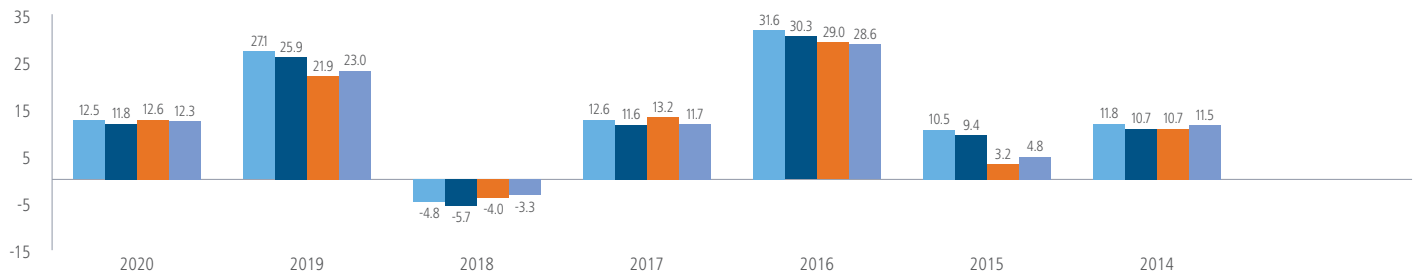
	PORTFOLIO	MSCI ACWI
Standard Dev. (3-yr Trailing)	13.5	14.8
Alpha (3-yr Trailing)	2.8	N/A
Beta (3-yr Trailing)	0.9	N/A
Sharpe Ratio (3-yr Trailing)	0.9	0.7
Tracking Error (3-yr Trailing)	3.4	N/A
Information Ratio (3-yr Trailing)	0.5	N/A

## COMPOSITE PERFORMANCE (£)

### COMPOUND ANNUAL RETURNS (%)



### CALENDAR YEAR RETURNS (%)



■ Mackenzie Global Core Equity (Gross) ■ Mackenzie Global Core Equity (Net) ■ MSCI ACWI Total Return Index

## CONTRIBUTORS

### TOP 5 CONTRIBUTORS

	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q3 RETURNS
Blackstone Inc.	Financials	United States	2.54%	0.54%
Aon Plc Class A	Financials	United States	1.81%	0.34%
Alibaba Group Holding Ltd.	Consumer Discretionary	China	-0.52%	0.22%
Sony Group Corporation	Consumer Discretionary	Japan	1.41%	0.21%
Glencore plc	Materials	United Kingdom	1.59%	0.20%

## DETRACTORS

### TOP 5 DETRACTORS

	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q3 RETURNS
TAL Education Group Sponsored ADR Class A	Consumer Discretionary	China	0.03%	-0.37%
New Oriental Education & Technology Group, Inc. Sponsored ADR	Consumer Discretionary	China	0.12%	-0.18%
Stanley Black & Decker, Inc.	Industrials	United States	1.05%	-0.15%
Tesla Inc	Consumer Discretionary	United States	-0.82%	-0.12%
Safran S.A.	Industrials	France	1.25%	-0.12%

\*Since Composite Inception on August 1, 2013

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

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- At the sector level, stock selection in Financials and Materials contributed positively to relative performance over the quarter.
- From a geographic perspective, stock selection in the United States, Japan and the United Kingdom contributed to relative performance.
- At a security level, the greatest contributors were **Blackstone**, **AON Plc**, and **JP Morgan Chase & Co**, as Financials benefited from a view to continued economic expansion and potential rate increases.

### DETRACTORS FROM PERFORMANCE

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- At the sector level, stock selection in Consumer Discretionary and Industrials detracted.
- From a geographic perspective, stock selection in Netherlands, and asset allocation in China detracted from relative performance.
- At a security level, the greatest detractors were **Tencent Holdings** and **New Oriental Education**, as Chinese companies broadly came market pressure.

### MARKET REVIEW & OUTLOOK

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The portfolio management team believes the significant stimulus that has been – and is expected to be – injected into the global economy may result in robust growth into 2022, but expects the level of growth to depend heavily on how well COVID-19 and any future variants of the virus are controlled. Based on this outlook, the team has positioned the portfolio with a modest bias toward more cyclical businesses. However, the team continues to take a long-term approach of maintaining holdings in high-quality, predominantly dividend-paying companies across a range of industries.

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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 Global Core 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 0.65% from January 1, 2020 and 0.95% 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 Global Core Equity Composite aims to achieve a combination of long-term capital growth and current income by primarily investing in dividend paying companies around the world or in companies that are expected to pay dividends in the future. The approach to stock selection is bottom-up fundamental analysis including the examination of the company's financial position, revenue growth, profitability, the competitive landscape and management.

Effective December 6, 2013, a new portfolio management team was appointed for the Global Core Equity Composite.

## BENCHMARK DESCRIPTION

<sup>†</sup> Benchmark (1) is the MSCI AC (All Country) World Total Return Index, net of withholding taxes. The MSCI AC World Index is a free float adjusted, market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The index consists of 23 developed and 24 emerging market country indices.

<sup>‡</sup> Benchmark (2) is the MSCI World Total Return Index, net of withholding taxes. The MSCI World Index is a free float adjusted, market capitalization weighted index that is designed to measure the equity market performance of developed markets. It consists of 23 developed market country indices.

On Jan 1, 2017, the benchmark was changed from the MSCI World High Dividend Yield Index to the MSCI All Country World and MSCI World Index Indices. This change was made retroactively as the new benchmarks better reflect the composite's investment universe and historical and ongoing portfolio management.

## 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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