STRATEGY PROFILE
Q3 | 2021

MACKENZIE
GLOBAL LARGE CAP QUALITY GROWTH | EUR

INCEPTION:
October 1992[1]

BENCHMARK:
MSCI World Total Return Index

STRATEGY ASSETS:
€4,037 million

LEAD PORTFOLIO MANAGER:
Paul Musson, CFA

STRATEGY OVERVIEW

We seek to provide long-term capital growth by investing in high quality, larger capitalization companies from anywhere in the world 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 businesses around the world
- 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 35-55 securities from equity markets around the globe and typically with market capitalizations above US$3 billion

INVESTMENT PROCESS

Global Equity Universe

Initial Filters

3000 Stocks
- Liquidity requirements: average daily trading value of US$ 30 million

Screening

900 Stocks
- Free Cash Flow > 50% of net earnings
- ROC > 10%
- Net Debt/EBITDA < 3
- ROE > 10%

Fundamental Analysis

200 Stocks
- 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+

Fundamental Analysis II

35-55 Stocks
- Labour intensive
- Examine each name starting with A+
- Full models built for high quality names
- Target entry price determined
- Repeat for A and A-

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 Global Large Cap Quality Growth assets since October 1992. 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.

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GLOBAL LARGE CAP QUALITY GROWTH | EUR

Q3 | 2021

SECTOR ALLOCATION (Ex. Cash & Equivalents)

SECTOR	PORTFOLIO	BENCHMARK
Consumer Staples	20.52%	6.89%
Information Technology	17.40%	22.53%
Health Care	13.65%	12.61%
Industrials	11.71%	10.32%
Financials	10.98%	13.69%
Consumer Discretionary	10.50%	12.13%
Communication Serv.	8.27%	9.13%
Materials	6.97%	4.12%
Energy	0.00%	3.20%
Real Estate	0.00%	2.70%
Utilities	0.00%	2.69%
	100.00%	100.00%

GEOGRAPHIC ALLOCATION (Ex. Cash & Equivalents)

COUNTRY	PORTFOLIO	BENCHMARK
United States	48.95%	67.66%
United Kingdom	12.80%	4.18%
Germany	5.47%	2.65%
Japan	4.76%	7.04%
Switzerland	4.21%	2.77%
Australia	3.77%	2.02%
China	3.60%	0.00%
Hong Kong	3.07%	0.86%
Netherlands	2.92%	1.41%
Canada	2.82%	3.24%
Spain	1.68%	0.69%
Taiwan	0.67%	0.00%
South Korea	0.58%	0.00%
Sweden	0.26%	1.07%
Other	4.44%	6.41%
	100.00%	100.00%

WEIGHTINGS RELATIVE TO BENCHMARK

OVERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Reckitt Benckiser Group PLC	Cons. Staples	United Kingdom	+3.31%
Admiral Group PLC	Financials	United Kingdom	+2.98%
SPDR Gold Shares ETF	Materials	Other	+2.63%
Seven & i Holdings Co Ltd	Cons. Staples	Japan	+2.60%
Koninklijke Philips NV	Health Care	Netherlands	+2.55%

UNDERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Apple Inc	Info. Tech.	United States	-4.08%
Amazon.com Inc	Cons. Disc.	United States	-2.57%
Facebook Inc	Comm. Services	United States	-1.40%
Tesla Inc	Cons. Disc.	United States	-1.10%
NVIDIA Corp	Info. Tech.	United States	-0.89%

TOP TEN HOLDINGS (Ex. Cash & Equivalents)

HOLDING	SECTOR	COUNTRY	WEIGHT
Alphabet Inc	Comm. Services	United States	3.7%
Reckitt Benckiser Group PLC	Cons. Staples	United Kingdom	3.4%
Admiral Group PLC	Financials	United Kingdom	3.0%
Procter & Gamble Co/The	Cons. Staples	United States	2.9%
Seven & i Holdings Co Ltd	Cons. Staples	Japan	2.7%
SPDR Gold Shares ETF	Materials	Other	2.6%
Microsoft Corp	Info. Tech.	United States	2.6%
Koninklijke Philips NV	Health Care	Netherlands	2.6%
Danaher Corp	Health Care	United States	2.6%
Compass Group PLC	Cons. Disc.	United Kingdom	2.6%
Total:			28.7%
Cash & Equivalents			10.2%

CHARACTERISTICS

	PORTFOLIO	BENCHMARK
Price/Earnings	24.3	21.4
Price/Book	3.7	3.0
Price/Sales	2.6	2.3
Debt/Equity	128.1	138.3
Net Debt/EBITDA	1.2	1.3
ROC	17.0	16.0
ROE	24.7	29.3
Dividend Yield	1.8	1.7
Turnover (1 year to December)	54.45%	N/A
Median Market Cap (EUR millions)	99,158	16,836
Weighted Market Cap (EUR Millions)	251,661	343,427

RISK

	PORTFOLIO	BENCHMARK
Standard Dev. (3-yr Trailing)	10.9	17.2
Alpha (3-yr Trailing)	2.8	N/A
Beta (3-yr Trailing)	0.6	N/A
Sharpe Ratio (3-yr Trailing)	1.0	0.8
Tracking Error (3-yr Trailing)	7.9	N/A
Information Ratio (3-yr Trailing)	-0.3	N/A

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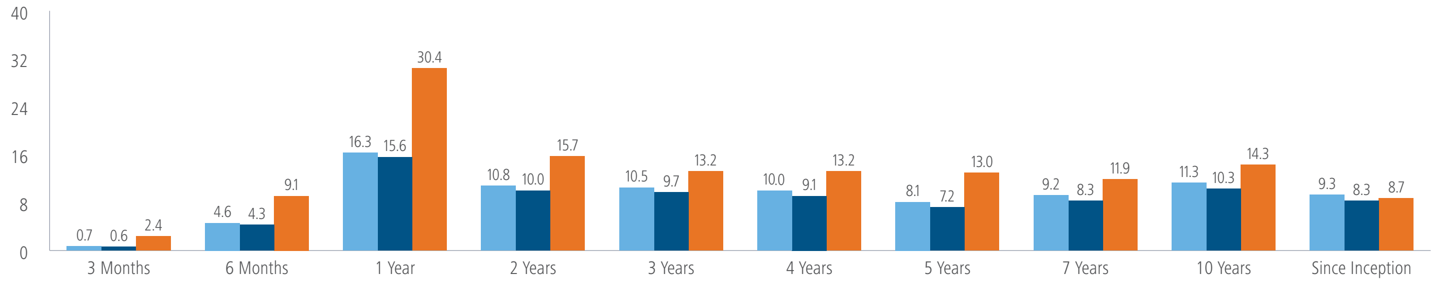
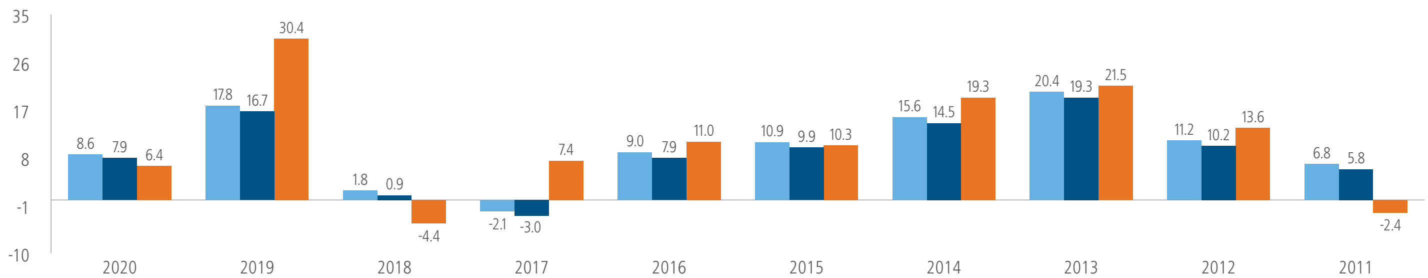
Q3 | 2021

COMPOSITE PERFORMANCE (€)

COMPOUND ANNUAL RETURNS (%)



CALENDAR YEAR RETURNS (%)



Mackenzie Global Large Cap Quality Growth (Gross) Mackenzie Global Large Cap Quality Growth (Net) MSCI World Total Return Index

CONTRIBUTORS

TOP 5 CONTRIBUTORS	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q3 RETURNS
Danaher Corporation	Health Care	United States	2.28%	0.28%
Costco Wholesale Corporation	Consumer Staples	United States	1.96%	0.24%
Oracle Corporation	Information Technology	United States	1.52%	0.22%
Brookfield Asset Management Inc. Class A	Financials	Canada	2.41%	0.14%
Accenture Plc Class A	Information Technology	United States	1.55%	0.12%

DETRACTORS

TOP 5 DETRACTORS	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q3 RETURNS
Alibaba Group Holding Ltd.	Consumer Discretionary	China	1.81%	-0.77%
Tencent Holdings Ltd.	Communication Services	China	1.67%	-0.41%
Reckitt Benckiser Group plc	Consumer Staples	United Kingdom	3.14%	-0.33%
CK Hutchison Holdings Ltd	Industrials	Hong Kong	1.82%	-0.27%
Koninklijke Philips N.V.	Health Care	Netherlands	2.40%	-0.25%

*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.

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Q3 | 2021

MARKET OVERVIEW

Over the third quarter the debate about the how long could high inflation rates persist and still be called transitory raged on. Further fuel was added to the fire as stories of accute energy shortages in Europe and Asia made headline news. Oil prices were charging toward $80 at the end of the September. Further, we started to understand that supply chains kinks were not likely to be solved as quickly as previously hoped. Yields in developed countries started to move higher with US Treauries and Government of Canada bonds closing out the quarter near or at the highs for the period. The US Federal Reserve (Fed) announced that it would likely begin tapering their quantitative easing program at their next meeting on November 3. News from the other side of the world continued to play with investor confidence as China's largest real estate firm Evergrande appeared poised for bankruptcy. Real estate is a key driver of economic growth in China and its importance to growth far exceeds that in Canada or the US or Europe. Further the regulatory environment in China is challenging causing investor hesitation. However, corporate earnings in the US, Canada and Europe remain strong and economic growth is still robust even if it is disappointing to some of the more optomistic estimates. And while September saw a rare pull back equity markets could very well move higher given the healthy economic back drop.

PERFORMANCE

- On a sector basis, the security selection in materials and information technology contributed the most to performance while security selection in consumer discretionary and industrials detracted the most.
- On a country basis, exposure to Canada and the US contributed the most to performance while exposure to China detracted significantly.

SECURITY CONTRIBUTORS

- Stocks that contributed the most to performance were Danaher Corporation,, Costco Wholesale Corporation, Oracle Corporatio, Alphabet Inc. Class A and Brookfield Asset Management Inc. Class A
- While we monitor our near-term performance, our focus remains on the long-term prospects of our holdings and on finding more attractively priced high-quality businesses that will benefit unitholders. One such high quality business that we’ve owned for over two decades is Danaher. It was featured here last quarter and saw its share price move higher again this quarter. The core life science and diagnostics businesses continue to enjoy a strong demand environment supported by robust biotechnology R&D and an increased standard of health care globally. Danaher is executing well, putting the customer at the core of strategic decisions, and using the Danaher Business System to focus on financial metrics and drive free cash flow.
- Another long-term holding and frequent contributor that requires no introduction is Costco. The company was able to show strong growth on top of what was a challenging comparison in the prior year. While Costco’s top-line growth may slow as the world recovers from COVID, we believe it’s well positioned over the long-term due to its unique business model and phenomenal culture centered on offering value to its members. The value focus will enable growth in new geographies through warehouse expansion, as well as help to increase spend per member as Costco penetrates new categories and bolsters its e-commerce offerings.
- Oracle’s share price moved higher as the company reported a quarter that demonstrated its continued business model transition. Unlike Costco, Oracle is a more controversial holding for Ivy, a function of leader Larry Ellison, the contentious nature of large-scale enterprise software, its product focused culture (as opposed to customer focused) and its aggressive share repurchase programs. In contrast to another software holding Microsoft, which decided to transition its business model approach to customers earlier, Oracle has been slow
- to adapt its business and culture. As a result, growth has been disappointing and the stock has traded at a depressed valuation for years. Oracle has acknowledged this and has begun to gradually evolve its approach somewhat, mirroring the path taken by its multi-decade foe. Although we don’t expect the same degree of cultural change or product success as we’ve seen at Microsoft, Oracle’s infrastructure and enterprise resource planning (ERP) offerings are world class, both with substantial growth runways. Of late the market has shown more appreciation for Oracle’s growth prospects – its rising stock price has reduced the expected return, and we have reduced our position accordingly.

SECURITY DETRACTORS

- Stocks that detracted the most from performance werer Alibaba Group Holding Ltd., Tencent Holdings Ltd., Reckitt Benckiser, CK Hutchison Holdings Ltd and Koninklijke Philips N.V.
- Alibaba and Tencent were meaningful detractors to performance during the quarter, due largely to the Chinese government's accelerated regulatory crackdown on various sectors. These actions included banning for-profit activities for China's publicly traded after-school tutoring companies, restricting the ability of these companies to raise foreign capital, suspending US IPOs of China-based companies, reducing the maximum allowable time that minors can engage in online gaming activities, and others. These actions exerted significant downward pressure on stocks in several industries, including the Chinese Internet sector in which Alibaba and Tencent both participate.
- Investor sentiment toward China has turned sharply negative over the last several months, which is in stark contrast to one year ago. Market participants are now questioning the viability of investing in China given the regulatory uncertainty. While this has always been a risk when investing in China, the pressure has intensified over the last several months. This may be due to increased social pressures from COVID, rising inequality in China, or President Xi Jingping's desire to secure greater support ahead of the 20th National Party Congress of the Chinese Communist Party in 2022.
- In addition to the regulatory news, the market has grown concerned about the prospect of an economic slowdown in China, along with supply chain issues due to the recent power shortage, as well as the risk associated with Evergrande's financial woes. We believe there is likely to be further volatility ahead, but we remain of the view that the long-term opportunities for both Alibaba and Tencent are attractive. We believe the current negative market sentiment offers an attractive long-term opportunity. Both operate multiple platforms that have strong competitive advantages and serve growing end markets. While the government is pushing "Common Prosperity" and greater competition in certain markets, we think that both companies can prosper over the long-term. We therefore added to our position.
- Reckitt reported Q2 results that disappointed the market. Despite having a non-controversial business model, Reckitt is one of the more controversial European stocks. Over the last 18 months, the company has invested a significant amount in the business and investors are anxious to see a clear return on this investment. Complicating the near-term outlook, some of Reckitt's products (Lysol and Dettol) that benefited from the pandemic have started to see this benefit fade. During the pandemic, cough and cold products suffered, as incidence of colds and the flu declined. These contrasting impacts have added to near-term uncertainty. We believe the investments Reckitt has made will serve the company well over the long term and we added to our position during the quarter.

PORTFOLIO ACTIVITIES

- We continue to find new investment opportunities and recently initiated three new positions, including one in RELX PLC. RELX is a provider of information, data, analytics and decision tools for a variety of professional and business customers. Several years ago, RELX completed a long and difficult transition away from print-based to digital products. Now the company is again evolving its business, moving away from providing strictly data and information, to digital based analytical tools that help its customers make better decisions. The company recently remarked that it's seeing increased momentum in this transition, which we believe will translate to higher organic growth. RELX management is thoughtful with a long-term focus on carefully building a sustainably growing business. We believe the shares represent good return potential given the defensive nature of the business.
- For what is normally a relatively stable business, Canadian National Railway had an unusually exciting summer. With the bid saga complete and an increased share price based on improved sentiment we exited our position due to valuation.

OUTLOOK, POSITIONING

- Identifying companies that are successful today is fairly straightforward; having confidence that that success will continue long into the future and what to pay for that success is exceedingly difficult. There are many aspects of a business model that are required for long-term sustainability of success, such as a strong balance sheet, reinvestment and ensuring that all constituents of the successful business model are benefiting. The Ivy Team finds these companies via a lengthy due diligence process, which encompasses patience, discipline, and independent thought. This process is conducted by a team that has been carefully built over many years, a team of professional investors with similar values in terms of caution, respect, humility, intellectual honesty and realism. Building a strong team that aims to provide long-term sustainable investment results for our clients requires a lot of effort and teamwork. And just as we continuously improve our investment process, we also continuously strive to improve and strengthen the Ivy Team: this will be a constant.
- The world is perhaps facing the greatest level of uncertainty we have witnessed in our careers. However, it's important to remain invested, but do so with your eyes wide open with respect to the potential risks we all face. In terms of getting our clients to their long-term financial goals, we don't expect it to be a straight line, but we do believe that the Ivy Investment Philosophy, painstakingly applied through the Ivy Investment Process by a strong team of likeminded professionals gives us a pretty good chance of meeting their expectations.

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Q3 | 2021

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Past performance does not guarantee or indicate future results. Information under "Composite and Benchmark Performance (EUR)" reflects the performance of the Mackenzie Global 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 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 Large Cap Quality Growth Composite seeks to provide long-term capital growth by investing in high quality, larger capitalization companies from anywhere in the world with a focus on maximizing risk-adjusted returns.

BENCHMARK DESCRIPTION

The benchmark 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.

REPORTING CURRENCY

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

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