

**INCEPTION:**  
July 2016<sup>1</sup>

**BENCHMARK:**  
MSCI EAFE Total Return Index

**STRATEGY ASSETS:**  
US\$ 750 million

**LEAD PORTFOLIO MANAGER:**  
Ome Saidi, MBA, CFA

## STRATEGY OVERVIEW

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

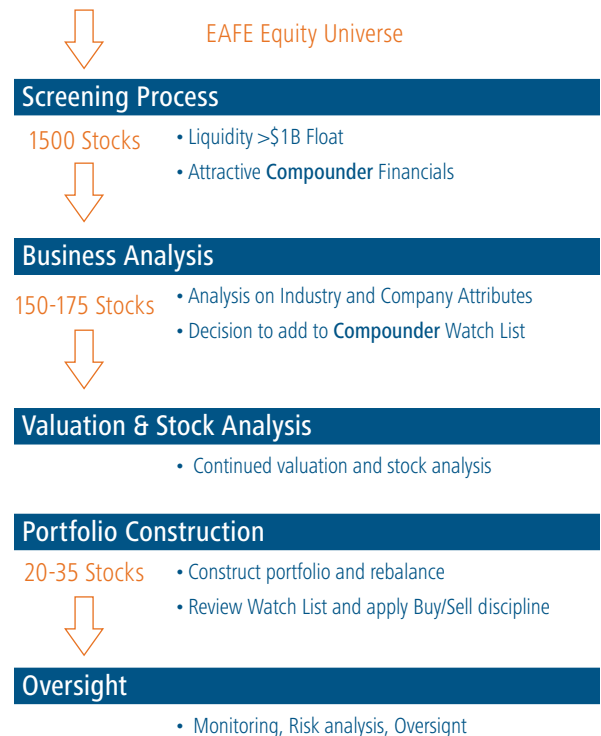
We aim to construct a portfolio with companies that are:

- 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 150-175 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 20-35 securities across the EAFE region 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 International Core Equity assets since July 2016. 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 Discretionary	18.49%	11.86%
Consumer Staples	18.00%	11.94%
Information Technology	14.82%	8.62%
Health Care	14.03%	14.36%
Financials	11.43%	15.07%
Industrials	7.56%	15.23%
Communication Services	7.22%	5.47%
Materials	6.12%	7.62%
Real Estate	2.36%	3.10%
Energy	0.00%	2.77%
Utilities	0.00%	3.97%
	<b>100.00%</b>	<b>100.00%</b>

### GEOGRAPHIC ALLOCATION (Ex. Cash & Equivalents)

COUNTRY	PORTFOLIO	BENCHMARK
Germany	22.39%	9.63%
China	18.61%	0.00%
France	15.57%	10.67%
Japan	9.61%	25.83%
Switzerland	8.90%	10.41%
Netherlands	8.73%	4.36%
United Kingdom	5.19%	13.30%
Taiwan	3.50%	0.00%
Spain	3.26%	2.25%
Denmark	2.31%	2.54%
United States	1.91%	0.00%
Other	0.00%	21.01%
	<b>100.00%</b>	<b>100.00%</b>

### WEIGHTINGS RELATIVE TO BENCHMARK

OVERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Alibaba Group Holding Ltd	Cons. Disc.	China	+5.51%
Deutsche Boerse AG	Financials	Germany	+5.42%
Safran SA	Industrials	France	+5.17%
Kweichow Moutai Co Ltd	Cons. Staples	China	+5.04%
SAP SE	Info. Tech.	Germany	+4.37%

UNDERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Novartis AG	Health Care	Switzerland	-1.41%
AstraZeneca PLC	Health Care	United Kingdom	-1.05%
Toyota Motor Corp	Cons. Disc.	Japan	-1.02%
AIA Group Ltd	Financials	Hong Kong	-0.87%
Sanofi	Health Care	France	-0.83%

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

HOLDING	SECTOR	COUNTRY	WEIGHT
Deutsche Boerse AG	Financials	Germany	5.7%
SAP SE	Info. Tech.	Germany	5.6%
Alibaba Group Holding Ltd	Cons. Disc.	China	5.5%
Safran SA	Industrials	France	5.4%
Kweichow Moutai Co Ltd	Cons. Staples	China	5.0%
Sika AG	Materials	Switzerland	4.6%
Eurofins Scientific SE	Health Care	France	4.3%
Tencent Holdings Ltd	Comm. Serv.	China	4.1%
Sony Corp	Cons. Disc.	Japan	4.0%
New Oriental Education & Technology Group Inc	Cons. Disc.	China	3.8%
<b>Total:</b>			<b>48.0%</b>
Cash & Equivalents			0.6%

### CHARACTERISTICS

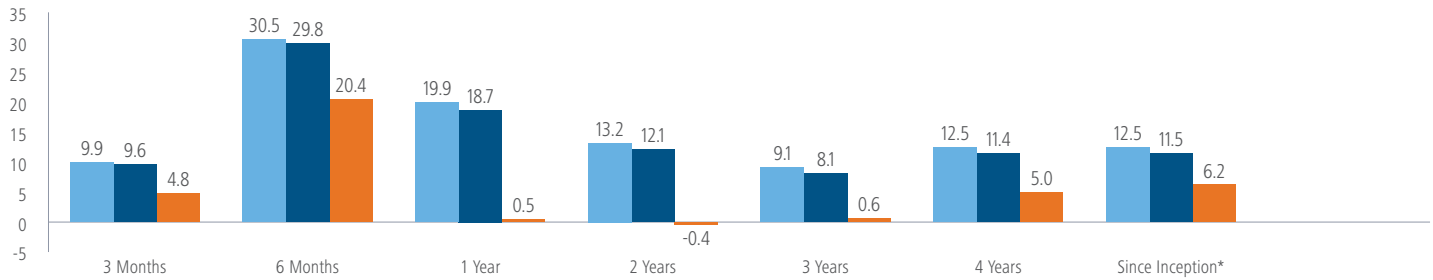
	PORTFOLIO	BENCHMARK
Price/Earnings	28.9	19.9
Forward Price/Earnings	21.9	16.5
EPS Growth	23.0	22.9
Forward EPS Growth Rate	10.6	8.9
Net Debt/EBITDA	0.8	1.6
Operating Margin	21.8	15.5
ROE	18.3	13.0
EBIT/Interest	64.9	44.1
Dividend Yield	1.6	2.7
Turnover (1 year to September)	35.4	N/A
Median Market Cap (US\$ millions)	74,491	10,184
Weighted Market Cap (US\$ millions)	166,450	65,175

### RISK

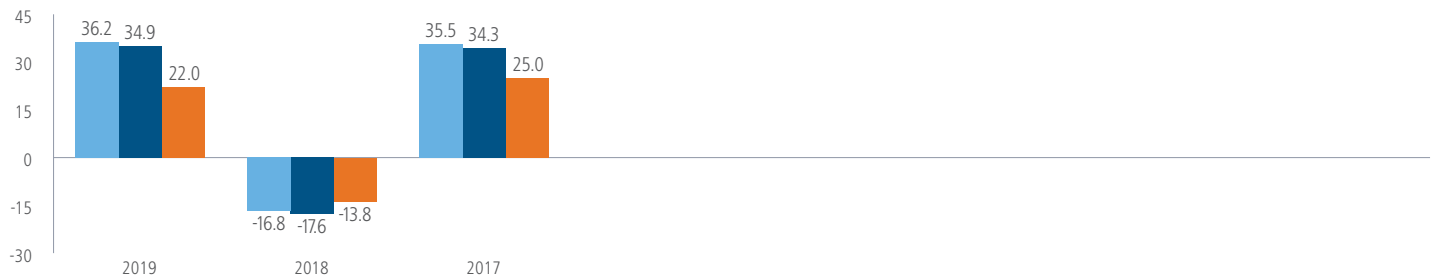
	PORTFOLIO	BENCHMARK
Standard Dev. (3-yr Trailing)	16.1	15.4
Alpha (3-yr Trailing)	8.5	N/A
Beta (3-yr Trailing)	1.0	N/A
Sharpe Ratio (3-yr Trailing)	0.5	-0.1
Tracking Error (3-yr Trailing)	5.6	N/A
Information Ratio (3-yr Trailing)	1.5	N/A

### COMPOSITE PERFORMANCE (US\$)

#### COMPOUND ANNUAL RETURNS (%)



#### CALENDAR YEAR RETURNS (%)



■ Mackenzie International Concentrated Core Equity (Gross) ■ Mackenzie International Concentrated Core Equity (Net) ■ MSCI EAFE Total Return Index

### CONTRIBUTORS

#### TOP 5 CONTRIBUTORS

COMPANY	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q3 RETURNS
Deutsche Boerse AG	Financials	Germany	5.69%	0.96%
Kweichow Moutai Co., Ltd. Class A	Consumer Staples	China	4.34%	0.69%
Tencent Holdings Ltd.	Communication Services	China	3.98%	0.58%
Brenntag AG	Industrials	Germany	1.91%	0.44%
Eurofins Scientific Societe Europeenne	Health Care	France	3.68%	0.41%

### DETRACTORS

#### TOP 5 DETRACTORS

COMPANY	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q3 RETURNS
Philip Morris International Inc.	Consumer Staples	United States	2.14%	-0.37%
Heineken Holding N.V.	Consumer Staples	Netherlands	3.85%	-0.27%
Alibaba Group Holding Ltd. Sponsored ADR	Consumer Discretionary	China	4.58%	-0.17%
SoftBank Group Corp.	Communication Services	Japan	-0.56%	-0.13%
Siemens AG	Industrials	Germany	-0.62%	-0.13%

\*Since Composite Inception on July 1, 2016

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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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. 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 0.95% 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 International Concentrated Core Equity composite aims to achieve a combination of long-term capital growth and current income by primarily investing in dividend paying companies anywhere in the world, outside of Canada and the U.S., 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. Currency exposure is left unhedged. Prior to January 1, 2020, the composite was known as the International Core Equity composite. The composite was created on October 31, 2017.

**BENCHMARK DESCRIPTION**

The benchmark is the MSCI EAFE Total Return Index, net of withholding taxes. The MSCI EAFE (Europe, Australasia, Far East) Index is a free float adjusted, market capitalization weighted index that is designed to measure the equity market performance of developed markets, excluding the United States and Canada. It consists of 21 developed market country indices.

**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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