

INCEPTION:
November 2002¹

BENCHMARK:
MSCI Europe Total Return Index

STRATEGY ASSETS:
£ 276 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	20.28%	13.48%
Industrials	19.21%	14.48%
Consumer Discretionary	14.17%	11.54%
Information Technology	13.96%	7.62%
Health Care	12.43%	14.43%
Financials	11.55%	15.54%
Communication Services	6.99%	3.92%
Materials	1.40%	8.21%
Energy	0.00%	4.34%
Real Estate	0.00%	1.45%
Utilities	0.00%	4.99%
	100.00%	100.00%

GEOGRAPHIC ALLOCATION (Ex. Cash & Equivalents)

COUNTRY	PORTFOLIO	BENCHMARK
United Kingdom	43.77%	22.51%
Germany	17.05%	15.07%
Netherlands	12.46%	6.18%
Switzerland	11.13%	15.46%
Sweden	4.15%	5.37%
United States	3.75%	0.00%
Denmark	2.41%	4.04%
Norway	2.09%	0.95%
Italy	1.89%	3.81%
Belgium	1.31%	1.57%
Other	0.00%	25.03%
	100.00%	100.00%

WEIGHTINGS RELATIVE TO BENCHMARK

OVERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Admiral Group PLC	Financials	United Kingdom	+6.83%
Reckitt Benckiser Group PLC	Cons. Staples	United Kingdom	+5.25%
Henkel AG & Co KGaA	Cons. Staples	Germany	+5.09%
Spectris PLC	Info. Tech.	United Kingdom	+4.06%
Koninklijke Philips NV	Health Care	Netherlands	+3.85%

UNDERWEIGHT	SECTOR	COUNTRY	ACTIVE WEIGHT
Novartis AG	Health Care	Switzerland	-2.13%
ASML Holding NV	Info. Tech.	Netherlands	-2.10%
LVMH Moët Hennessy Louis Vuitton SE	Cons. Disc.	France	-1.76%
Unilever PLC	Cons. Staples	United Kingdom	-1.60%
Royal Dutch Shell PLC	Energy	United Kingdom	-1.38%

TOP TEN HOLDINGS (Ex. Cash & Equivalents)

HOLDING	SECTOR	COUNTRY	WEIGHT
Admiral Group PLC	Financials	United Kingdom	6.9%
Reckitt Benckiser Group PLC	Cons. Staples	United Kingdom	5.9%
Henkel AG & Co KGaA	Cons. Staples	Germany	5.4%
Koninklijke Philips NV	Health Care	Netherlands	4.4%
Spectris PLC	Info. Tech.	United Kingdom	4.1%
DCC PLC	Industrials	United Kingdom	3.9%
Greggs PLC	Cons. Disc.	United Kingdom	3.8%
Hennes & Mauritz AB	Cons. Disc.	Sweden	3.7%
Roche Holding AG	Health Care	Switzerland	3.6%
Heineken NV	Cons. Staples	Netherlands	3.5%
Total:			45.0%
Cash & Equivalents			11.6%

CHARACTERISTICS

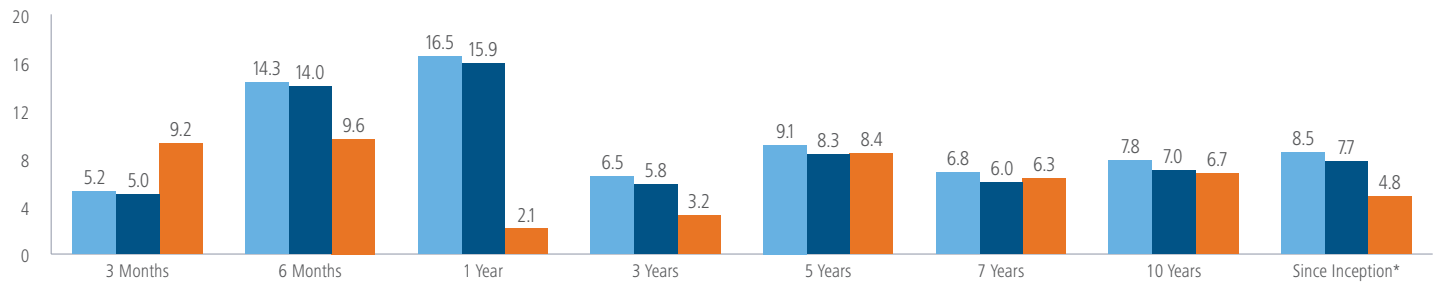
	PORTFOLIO	BENCHMARK
Price/Earnings	27.5	21.9
Price/Book	3.9	1.9
Price/Sales	1.8	1.4
Debt/Equity	74.0	140.4
Net Debt/EBITDA	1.0	1.6
ROC	12.9	9.2
ROE	21.7	13.5
Dividend Yield	1.8	2.4
Turnover (1 year to December)	80.8	N/A
Median Market Cap (GBP millions)	8,622	12,169
Weighted Market Cap (GBP millions)	36,154	61,607

RISK

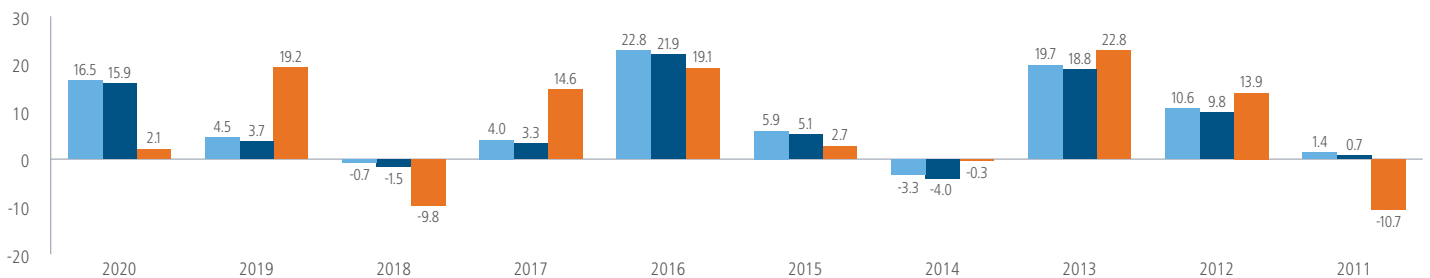
	PORTFOLIO	BENCHMARK
Standard Dev. (3-yr Trailing)	11.2	15.6
Alpha (3-yr Trailing)	4.2	N/A
Beta (3-yr Trailing)	0.6	N/A
Sharpe Ratio (3-yr Trailing)	0.5	0.2
Tracking Error (3-yr Trailing)	8.0	N/A
Information Ratio (3-yr Trailing)	0.4	N/A

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

Company	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q4 RETURNS
Greggs plc	Consumer Discretionary	United Kingdom	3.62%	1.29%
Vestas Wind Systems A/S	Industrials	Denmark	1.88%	0.50%
Electrocomponents plc	Industrials	United Kingdom	2.94%	0.38%
Burford Capital Limited	Financials	United Kingdom	2.27%	0.37%
AstraZeneca PLC	Health Care	United Kingdom	-1.53%	0.36%

DETRACTORS

TOP 5 DETRACTORS

Company	SECTOR	COUNTRY	AVG. ACTIVE WEIGHT	CONTRIBUTION TO Q4 RETURNS
Reckitt Benckiser Group plc	Consumer Staples	United Kingdom	5.22%	-1.25%
DCC Plc	Industrials	United Kingdom	3.70%	-0.66%
Scout24 AG	Communication Services	Germany	2.62%	-0.51%
Wolters Kluwer NV	Industrials	Netherlands	2.92%	-0.49%
SAP SE	Information Technology	Germany	1.55%	-0.45%

*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, underweight to Health Care and overweight to Consumer Discretionary sectors contributed to performance. Also, stock selection in Health Care and Consumer Discretionary positively affected performance.
- At the regional level, overweight to Switzerland and underweight to Netherlands as well as stock selection in Sweden and Denmark contributed to performance.
- The largest active contributors included: **Vestas Wind Systems**, **AstraZeneca PLC**, **Heiniken** and **H&M**.
- **Vestas Wind Systems** was one of the portfolio's strongest performers in the quarter as well as the year overall. Vestas is a world leader in the manufacture and servicing of wind turbines. The industry proved to be quite resilient during 2020, and optimism for future demand was boosted by the European Green Deal, the outcome of the US election, and broad-based global support for renewable energy. While we are confident in the quality of Vestas as a business, valuation discipline is an important element of the Ivy approach. We reduced our exposure to Vestas over the course of the year and continue to evaluate our position.
- Highlighting a relatively new name to the portfolio and strong performer in the Q4 was a UK-based food-on-the-go provider Greggs. The company sells high quality sausage rolls and steak bakes at low prices. **Greggs** is an excellent operator with a clear customer value proposition, and a track record of expanding its addressable market through evolving its menu and its restaurant locations and formats. With fewer Brits "on the go", 2020 was a difficult year for Greggs, and its share price reacted accordingly. There is a lot of near-term uncertainty around the duration and nature of any pandemic-related economic restrictions in the UK, and also some longer-term questions about possible changes in the nature of work and shopping. The team does not have a view on what will happen in this regard, but they do have a view that Greggs is a high quality and adaptable organization, and that the share price on offer at the time of purchase will reward patient investors with a longer time horizon. It was one of the portfolio's largest positive contributors during the quarter.

DETRACTORS FROM PERFORMANCE

- From a sector perspective, a lack of exposure to Energy and Financials hindered the performance. Additionally, stock selection in Financials, Utilities and Consumer Staples detracted from relative performance.
- At the regional level, absence of exposure to France and Spain relative to MSCI Europe index detracted from performance. Also, stock selection in Germany and Switzerland negatively affected performance.
- The cash weight in the portfolio detracted from relative performance as the benchmark had a strong performance during the period.
- The largest active detractors included: **Reckitt Benckiser Group plc**, **DCC Plc**, **Scout24 AG** and **Wolters Kluwer NV**.
- On the back of positive vaccine news in November, the market shifted from favoring work-from-home stocks to businesses that had been hurt by COVID. This caused performance to be held back in names such as Reckitt Benckiser (household cleaning products) and De'Longhi (espresso machines), which were beneficiaries of the pandemic.

MARKET OUTLOOK

The prospect of a broad vaccine roll-out is certainly grounds for optimism, but there is still significant uncertainty regarding the course of the pandemic and the related economic fallout. As usual, the team does not have a specific outlook for the coming year, but instead is focusing on finding great European businesses with strong cultures, that they believe are set for long-term success, while being careful not to overpay.

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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 0.55% from January 1, 2020 and 0.75% 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 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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