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Mackenzie Investments Europe Limited

IFR Public Disclosure for the year 2026 / 2027



Executive Summary

The Purpose of IFR Public disclosures is to provide information on the risks, capital, and risk management arrangements of Mackenzie Investments Europe Limited (“the Company”).

Following completion of the Company’s financial audit for the year ended 31 December 2025, the Company’s total regulatory capital resources, net of Dividend was C\$9,145k.

This exceeded our regulatory capital requirement by C\$5,327k, a 206% capital surplus.



Nature of Business

Ownership of the Company

The Company is a wholly owned subsidiary of Mackenzie Financial Corporation (“MFC”), which in turn is a wholly owned subsidiary of IGM Financial Inc. (“IGM”), a publicly listed Canadian company based in Winnipeg, Manitoba.

Regulatory Requirements

The Company is based in Ireland and is regulated by the Central Bank of Ireland. It is authorised as an Investment Firm under Regulation 8 (3) and deemed authorised under Regulation 5 (2) of the Statutory Instrument No. 375/2017 European Union (Markets in Financial Instruments) Regulations 2017. The Company is authorised for the following investment services:

- receive/transmit orders
- portfolio management
- execute client orders
- investment advice

in the following financial instruments:

Financial Instruments

- Transferable securities
- Money-market Instruments
- Units/shares in collective investment undertakings
- Derivatives relating to securities, currencies, interest rates or yields, emission allowances, indices or physical/cash settled financial measures

Investment Instruments (Investment Intermediaries Act 1995)

- Non transferable securities
- Sale, repo and reverse repo agreements
- Securities borrowing/lending agreements
- Certs conferring property rights

The Company is categorised as a “Class 2 Firm” under the Investment Firms Regulation (IFR). It is a “Union Parent Investment Firm” as defined by Article 4(1)(56) and as such is required to comply with the IFR regulations on a consolidated basis.



Executive Summary

MIEL Business Activities

Overview of the Company's business activities

- The Company provides portfolio management services in a variety of long-only equity investment strategies.
- In a number of cases, it has appointed its wholly-owned subsidiary, Mackenzie Investments Asia Limited (MIAL), as a Sub-Investment manager. The ICAAP assumes that MIEL will pay sub-investment manager fees to MIAL only upon receipt of fees from its clients, in accordance with the terms of a Side Letter Agreement between MIAL and MIEL.
- It does not provide investment advice (as defined in MiFID) or order transmission / execution services to clients.
- It operates a highly outsourced business model, with critical services such as trade operations, cyber security, IT support supplied by Mackenzie Financial Corporation and IGM Financial Inc.

The Company has been profitable since it was formed in 1993. The last five years' results are presented in the Summary of Historic Earnings and Capital Resources section in Appendix A. As at June 30, 2026 it managed assets of CAD 8.5 billion from 3 institutional clients. These figures rise to AUM of CAD 9.5 billion / 4 clients when consolidated with its subsidiary.

The Company's revenue comes from portfolio management fees based on the value of assets under management. Fees are paid monthly / quarterly in accordance with the relevant client agreement. Interest income is negligible.

The company does not hold client assets, does not trade proprietary capital or grant credit facilities. It is rated "Low Risk" on the Central Bank's Probability Risk Impact System ("PRISM") model. In the event of MIEL's failure, MIEL's clients' assets would remain securely held at third party custodians. MIEL's creditors have no claim on client assets.

The Company pays a dividend on an annual basis to Mackenzie Financial Corporation Inc. The Company also receives annual dividends from its subsidiary company, Mackenzie Investments Asia Limited.



Risk Management Framework

The Risk Management framework is intended to ensure compliance with the requirements of the Central Bank of Ireland and Securities and Exchange Commission of the United States, as appropriate for a firm of The Company's limited scale and complexity.

The Company operates within the Enterprise Risk Management structure of IGM Financial, Inc. while remaining responsible for ensuring its risks are properly identified and managed through its own Risk Management Committee.

The Company has responsibility for risk management using the Three Lines of Defence model, with the First Line reflecting the business units having primary responsibility for risk management, supported by Second Line risk management functions and a Third Line Internal Audit function providing assurance and validation of the design and effectiveness of its Risk Management Framework.

First Line of Defense

The leaders of the various business units and support functions have primary ownership and accountability for the ongoing risk management associated with their respective activities. Responsibilities of business unit and support function leaders include: i) establishing and maintaining procedures for the identification, assessment, documentation and escalation of risks, ii) implementing control activities to mitigate risks, iii) identifying opportunities for risk reduction or transfer, and iv) aligning business and operational strategies with the risk culture and risk appetite of the Company as established by the Company's Risk Management Committee.

The Company's senior management are risk owners and have primary responsibility for managing business activity in a manner compliant with the company's policies, procedures, and risk appetite.

Second Line of Defense – Risk Management Committee and the IGM Group

The IGM Enterprise Risk Management (ERM) Department provides oversight, analysis and reporting to the Risk Management Committee on the level of risks relative to the established risk appetite for all activities of the Company. Other responsibilities include: i) developing and maintaining the enterprise risk management program and framework, ii) managing the enterprise risk management process, and iii) providing guidance and training to business unit and support function leaders.

IGM has a number of committees which provide oversight of specific business risks, including the Financial Risk Management, the IGM Executive Risk Management committee and Operational Risk Management committees. These committees perform critical reviews of risk assessments, risk management practices and risk response plans developed by business units and support functions. Other oversight accountabilities reside with the Company's corporate and compliance groups which are responsible for ensuring compliance with policies, laws and regulations.



Risk Management Framework

Three Lines of Defence Model - Continued

Second Line of Defense

The Company's Compliance & Finance Functions along with supported Group Functions, have responsibility for oversight of the 1LOD, including:

- Ensuring risk management policies and associate procedures and registers are complete and up-to-date
- Identifying and assessing the impact of new regulation and the implications of new business activity
- Supporting the 1LOD through the provision of advice and training
- Working with the equivalent functions in MFC and IGM to ensure common standards where possible and an appropriate level of group oversight
- Completing comprehensive risk assessments and prioritizing actions arising therefrom
- Providing the Board with sufficiently accurate and timely information for it to obtain reasonable assurance as to the state of the Company's compliance with the company's stated Risk Appetite and regulatory obligations

Third Line of Defense

The Company's third line of defense is provided by the IGM Internal Audit Department. The Internal Audit Department is the third line of defense and provides independent assurance to senior management and the Board of Directors on the effectiveness of risk management policies, processes and practices.



Risk Management Framework

Risk Monitoring and Compliance

The Company has implemented control, monitoring and reporting systems to ensure on-going operational compliance with the Risk Management Framework and Risk Appetite.

- Company policies are subject to annual reviews to ensure they are up-to-date and that they reflect the Company's tolerance for risk.
- The company maintains risk and incident registers and reports these in summary form to the Board.
- Management reports to the Board every quarter on Company activities and adherence to policies.
- IGM Internal Audit periodically reviews components of the Company's operations to provide an independent assessment of the Company's adherence to guidelines and the Company's policies.



Governance & Oversight

Board of Directors

The Company has three Directors serving on the Board, two Irish resident and one non-resident. The Board schedules five meetings a year and meets at other times as required.

The Board of Directors are responsible for ensuring that the company is compliant with its regulatory obligations and is managed in accordance with its documented business strategy and risk appetite.

Organisation Structure

The Company currently employs twelve people comprising two Portfolio Managers, four Investment Analysts, one Trader, and five Finance, Compliance and Administrative staff.

Sean Laphen is the Regional Director and Head of Finance. Sean reports directly to the Board of Directors and is an Executive Director.

Seamus Kelly is the Senior Vice-President, Portfolio Manager, and the Company's Chief Investment Officer. Seamus attends the Board meetings by invitation and reports to the Board on the performance of each of the Funds under his management.

Laura Moynihan is the Head of Compliance and Head of Anti-Money Laundering and Counter-Terrorist Financing.

Jean Carroll is the Company Secretary.

Risk Committee

The Risk Committee has four members. The Regional Director, the Company's Chief Investment Officer, the Head of Compliance and a Vice President, IGM's Enterprise Risk Management team. The Committee schedules four meetings a year and meets at other times as required.

The Risk Committee is responsible for ensuring that the Company considers all relevant risks relating to the Company, allocates a risk control owner, documents the risk control activities and assigns residual risk ratings to each identified risk.



Regulatory Capital Requirements

MiFID / IFD / IFR Regulatory Requirements

Firms must meet minimum capital requirements defined by the regulation and following a detailed analysis of the risks facing a firm, assess any such additional capital requirements as may be required.

The minimum capital required is the higher of the Minimum Capital Requirement, the Fixed Overhead Requirement, and the K-Factor Requirement. For the Company, the requirement is set by the Fixed Overhead Requirement. It is calculated by reference to the Company's prior year audited expenses.

Investment firms subject to IFR/IFD are required to assess the risks to their business and their mitigation and determine whether additional capital is required for those risks.

Time Horizon

The Company uses a 12-month timeframe to estimate the probability and impact of risk. This horizon recognises that the Company is a subsidiary of a larger group and in the event of a serious risk incident causing significant capital erosion, the Board and shareholder will consider the business model and determine whether to continue in business or commence an orderly wind- down without loss to clients or creditors.

Minimum Regulatory Capital Requirement

The company has a minimum regulatory capital requirement of EUR 75,000 (**CAD 121,650** at 30 June 2026)

The Fixed Overhead Requirement is derived from 3 months' Fixed Overheads in the previous financial year. This was calculated at **CAD 3.4** million based on audited consolidated financial statements at **31 December 2025**.

The K-Factor Requirement amounts to **CAD 1.67m**, based on average AUM of 8.3bn in the year to 30 June 2026



Regulatory Capital Requirements

Internally-assessed Capital requirement (“Pillar II”)

The Company performs an annual Risk Assessment which is submitted and approved by IGM Enterprise Risk Management. This assessment uses a 5x5 impact and probability matrix, pre- and post- risk controls, to each risk identified as being material to MIEL.

In the absence of an actual loss history, both losses and probabilities represent the best estimates of management.

The risk assessment is used to provide a base-case capital requirement, using a time horizon of 12 months to calculate the estimated impact and probability.

In addition, pessimistic but realistic stress scenarios are calculated, as follows:

- Impact of largest risk
- Impact of a correlated risk incident
- Impact of losing third party clients
- Impact of a Market Conduct Risk incident
- Impact of ‘wrong-way’ movement in FX rates

The company also calculates the estimated cost of an orderly wind-down

The internal capital requirements is assessed as the largest of the expected outcome, the stress scenarios and the cost of an orderly wind-down.

The internal minimum capital requirement is the larger of the minimum regulatory capital requirement and the internally-assessed capital requirement.

Internal Assessment of Capital

At **30 June 2026**, the internal assessment of capital required is **CAD 4.44m** (see calculation on following page).



Capital Requirements

Capital Requirements 30 June 2026

	IFD/IRR
	Consolidated
	CAD
CAD:EUR	
1.622	
Minimum Capital	121,650
Fixed Overhead Requirement	3,390,934
K-Factor Requirement	1,665,845
Regulatory Capital requirement	3,390,934
Internal Assessment of Capital required	4,444,368
Orderly Wind-down scenario	3,443,737
ICAAP requirement	4,444,368
Own Funds at 31 December 2023	21,144,251
Less dividends declared May 2024	12,000,000
Allowable Own Funds	9,144,251
Capital surplus (deficit):	4,699,883
Capital Buffer	1,130,311
Excess over Capital + Buffer	3,569,572



Capital Requirements

ICAAP Requirement:

CAD

CAD

Fixed Overhead Requirement

3,390,934

K Factor Requirement

1,665,845

Internally-assessed Capital Requirement

Market Risk

646,493

Credit Risk

17,000

Other Risks

- Expected Loss 921,536
- Pessimistic outcome 1,471,491
- Stress Scenario (i) - Occurance of largest "other" risk 3,234,100
- Stress Scenario - (ii) Correlated risk incident: Info security, litigation, reg compliance 1,160,875
- Stress Scenario - (iii) loss of third party institutional clients 686,000
- Stress Scenario - (iv) Market Conduct risk incident 3,780,875
- Stress Scenario - (v) wrong-way FX risk incident 646,493

Worst Case Other Risks:

3,780,875

ICAAP Requirement

4,444,368

Cost of Orderly winding up:

3,443,737



Capital Requirements

Capital Buffer

In addition to the minimum capital requirement, the company will maintain a capital buffer equal to the Internal Liquidity Assessment Process (ILAAP) on the next slide.

This ensures that in the event of severe stress to the balance sheet, the company's Board and Shareholders will have sufficient time to determine a course of action without immediately being in breach of capital requirements.

At **30 June 2026**, the capital buffer amounts to **CAD 1.13m**

Capital Buffer:

	CAD
Fixed Overhead Requirement	3,390,934
Liquidity Requirement @ 1/3 FOR	<u>1,130,311</u>



Internal Liquid Assets Assessment Process (ILAAP)

The Company is required to maintain liquid assets equal to a minimum of 1/3 of the Fixed Overhead Requirement, i.e. 1 month's expenses

Acceptable liquid assets include short-term deposits

- Short term deposits at credit institutions
- Other qualifying instruments (with haircuts)
- Short term trade receivables (with haircuts)

As the company maintains ample liquidity in short term deposits and current accounts, the company will not measure short-term receivables or other instruments when assessing this requirement.

At **30 June 2026**, the liquidity requirement amounts to **CAD 1.13m** (consolidated) and the Company has excess liquidity of CAD **14.8m** (consolidated)

Liquidity Requirement	Consolidated CAD
Fixed Overhead Requirement	<u>3,390,934</u>
Liquidity Requirement @ 1/3 FOR	<u>1,130,311</u>
Liquid Assets at 30 June 2026	
- Current & Call Accounts	4,547,520
- Short term deposits	<u>11,400,000</u>
	<u>15,947,520</u>
Excess over minimum regulatory requirement	<u><u>14,817,209</u></u>



Capital Projections

MIEL has not made forecasts beyond 2025, but expects to have sufficient capital in 2026 and 2027

Consolidated Net Income

CAD 000

	2025 audit	2026 plan	1H2026 actual	1H /Plan %
Fee Income	30,598	28,275	17,025	
Other Income	356	281	162	
FX gain/(loss)	- 209	-	- 155	
Total Revenues	30,745	32,439	17,032	53%
Compensation & Benefits	11,603	12,038	6,480	
Total Expenses	4,092	4,379	2,211	
	15,695	16,417	8,691	53%
Net Income before Tax	15,050	16,022	8,341	
Tax	2,266	2,418	1,173	
Net Income after tax	12,784	13,604	7,168	53%

Own Funds for capital adequacy purposes

CAD 000

	2025 audit	2026 plan	1H2026 actual
Called up share capital	500	500	500
Other capital reserves	1,448	1,448	1,448
Retained earnings at end of period	19,197	20,801	19,197
	21,145	22,749	21,145
Dividends paid following audit	(12,000)	(12,000)	(6,000)
Own funds net of dividend payments:	9,145	10,749	15,145
Internally-assessed Capital Requirement	4,444	4,444	4,444
Surplus Capital	4,701	6,305	10,701
Capital buffer	1,130	1,130	1,130
Excess over buffer:	3,570	5,174	9,570



Internal Capital Adequacy Assessment Process (“ICAAP”)

Under IFR/IFD, the Company is required to undertake an internal assessment of capital requirements, reported through an ICAAP.

The Internal Capital Adequacy Assessment Process (“ICAAP”). The ICAAP requires firms:

- To identify, measure and monitor its risks; and
- To identify the internal/economic capital requirements in relation to the Company’s risk profile

The ICAAP is prepared by the CEO and presented to the Board of Directors for review and approval. The data and assumptions utilised in the assessment of risk and capital adequacy are continually monitored and updated. The ICAAP is reviewed on an annual basis, or more frequently as required. The most recent review of the Firm’s ICAAP was in August 2026.

Diversity and Inclusion

Please see link to the Mackenzie Stewardship report referencing the Company’s policy on Diversity and Inclusion
[Mackenzie Investments 2020 Stewardship Report](#)

CONTACT INFORMATION

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