

## Performance Summary

- During Q3 2020, the Fund returned 10.2%. This compares with the MSCI Europe Total Return Index (net) CAD return of 2.5%.

## Contributors to Performance

- From a sector perspective, the Fund significantly outperformed the benchmark MSCI Europe Index primarily because of strong stock selection in Financials, Industrials and Health Care. A lack of exposure to the worst performing sector - Energy, also contributed to relative performance.
- At the regional level, stock selection in the United Kingdom, Denmark, and Germany contributed to relative performance.
- The largest contributors included: **Vestas Wind Systems, De'Longhi, and Admiral,**
- The economic environment has proved challenging for many companies, but a handful have actually benefited from the changed world of 2020. One such business is **De'Longhi**. De'Longhi makes small domestic appliances, notably espresso machines, a category where it is a global leader. Demand for De'Longhi's products was resilient in the first half of the year, as people working from home sought a quality alternative to their usual morning Starbucks. Interestingly, rather than see a drop-off in recent months, De'Longhi this week disclosed that demand accelerated significantly over the summer, causing them to raise their full-year expectations. There is clearly an element of good luck at play, but as the saying goes, "luck is what happens when preparation meets opportunity", and De'Longhi has been preparing for years: they invest consistently in product innovation, they increased their brand investment to record levels last year, and they operate with no debt. De'Longhi has been a significant positive contributor to the portfolio this year.

## Detractors from Performance

- From a sector perspective, an underweight exposure to Materials detracted from relative performance but it was offset by positive stock selection of the same sector.
- At the regional level, an underweight exposure and stock selection in Netherlands, as well as stock selection in Germany, detracted from relative performance.
- Cash weighting in the portfolio detracted from relative performance as the benchmark rebounded strongly during the period.
- The largest detractors included: **Heineken, DCC, and EVS Broadcast.**
- **EVS** is a global leader in technology for live sports broadcast and studio production. Demand tends to spike every four years due to the summer Olympics, which obviously didn't happen this year. Sports cancellations and general recession make for a very poor environment for EVS. However, we believe recent results are decent under the circumstances, and we are encouraged by the strategic clarity and direction under the new CEO. The company has no debt and is trading at what we believe is a very undemanding valuation, so we believe patience will pay off over the long term.

## Portfolio Activity

- Portfolio activity and market effect resulted in increased exposure to Communication Services and Health Care, with reduced exposure to Industrials and Consumer Discretionary. Cash level was slightly increased.

## Outlook

- In general, we continued to be more active traders than usual, as 2020 has produced some big price swings that have presented us with opportunities for both buying and selling. During the quarter (and not for the first time in 2020) we sold our entire position in a stock that we had added earlier in the year as the valuation no longer presented us with an attractive return. Normally we are content to hold positions in high quality businesses for several years, but high volatility can compress that time period. When volatility falls back to lower levels, we would expect our trading activity to revert to its historical rhythm.

## PORTFOLIO MANAGEMENT TEAM:

**Matt Moody**, Vice President, Portfolio Manager, Investment Management, Mackenzie Investments

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<b>Fund and Benchmark Performance as at: September 30, 2020</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
Mackenzie Ivy European Class - Series F	12.7%	4.2%	3.9%	6.9%
MSCI Europe Total Return Index (CAD)	0.1%	1.6%	4.2%	7.0%