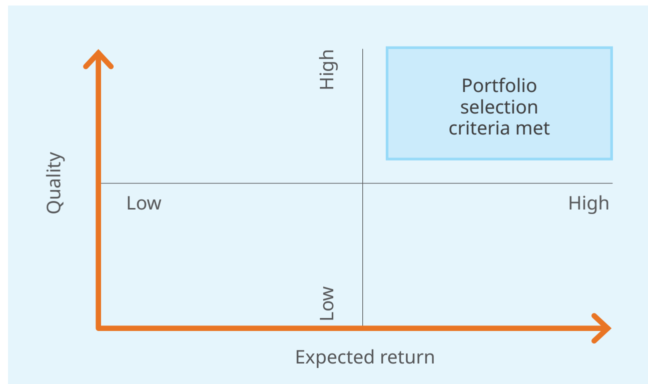
Mackenzie Ivy Foreign Equity Fund

An essential part of any professional portfolio management approach is a structured and consistent process for buying and selling securities. The key difference between great professional money managers and good ones is their method of buying and selling assets. Great managers use consistent strategies based on vigorous, repeatable research and portfolio construction processes.

The Ivy process in brief

The Mackenzie Ivy Team's research process determines which high-quality companies we target. We evaluate the expected rate of return to determine the prices we're prepared to pay for those stocks. With other things being equal, the higher the quality of the business and its expected rate of return, the higher the weight we would assign to it in our funds.

Another feature of Ivy funds is to hold cash in our equity portfolios when we consider target stocks to be too expensive at current prices.



What happened in your portfolio?

The most common reason we alter our portfolios is when there's a change in an asset's valuation, usually after its stock price has moved. However, there are also times when we will buy stock in a company that has been on our radar, when the price is right. Equally, we may sell a name when our investment thesis changes, and we can no longer justify holding it.

Below you will find a list of changes we have made to the Mackenzie Ivy Foreign Equity Fund, including a description of each company and the reason behind our decision.

Top changes: Year-to-date period ending April 30, 2020*

	Change in position	What is it?	Why we like it	Change rationale
Vestas Wind Systems A/S	**2.2%**	Vestas is the largest and, in our opinion, the best-run producer of wind turbines globally.	Technology advances, supply chain efficiencies, and pricing reductions have led wind power to become increasingly competitive with other forms of power generation, with the added benefit of being "renewable". The wind turbine industry is very concentrated, and is likely to remain so, as scale confers big economic advantages. The more volatile equipment side of the industry is partially offset by the more predictable and higher-margin business of servicing installed turbines. Vestas has by far the largest installed base of turbines globally, adding some stability to the business, and also has no net debt on its balance sheet.	New Purchase
Abbott Laboratories	**2.1%**	Abbott Laboratories is US-based health care company that engages in the discovery, development, manufacture, and sale of a broad and diversified line of health care products.	Abbott Labs has attractive positions in a number of growing end-markets which are geographically and otherwise well-diversified. Combined with an strong and improving capital structure we saw a favorable opportunity.	New Purchase

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Industria de Diseno Textil, S.A.	**2.1%**	A Spanish multinational clothing company, also known as Inditex. Inditex is the biggest fashion group in the world which owns flagship brand Zara and other fashion chains.	We initiated a small position in Inditex as the Coronavirus crisis began, and added to the position as Southern Europe was forced into full lockdowns and the share price fell further presenting an attractive expected return from a long-term perspective. Inditex has a strong competitive position related to its design processes, speed of supply chain, inventory management capabilities, and brand awareness. We think there is potential for Inditex to emerge from the pandemic an even stronger company given its secure balance sheet, geographic diversity, track record of execution, and prudent capital allocation.	New Purchase
Alibaba Group Holding Ltd.	**1.7%**	Alibaba is the owner and operator of China's leading e-commerce platform.	Alibaba has a vertically integrated platform (e-commerce, logistics, cloud infrastructure, etc.) and is pursuing a number of initiatives to capture greater wallet share from consumers and its merchant customers. We believe Alibaba has a very compelling long-term growth opportunity from continued expansion of e-commerce in China, as well as growth in other emerging areas. The business economics are very good, and Alibaba has a very strong balance sheet with net cash.	New Purchase
Compass Group PLC	**1.7%**	Compass is a leading catering company based in the UK.	Normally this business should be resilient during an economic downturn because Compass provides food services to general business, sports facilities, educational institutions and healthcare systems, a relatively diverse and defensive group. However, the sports and education facilities are closed and the general business sector is down considerably due to lockdowns in Europe and North America. As a result, the company's near-term financial results suffer acutely during this crisis. We increased our position during the quarter as long-term expected returns were attractive.	New Purchase
SAP SE	**1.4%**	SAP SE is a Germany based global provider of enterprise application software and software-related services.	SAP is a leading enterprise software company in the early stages of an upgrade cycle. We initiated a small position in January as the risk reward was attractive. Shares in SAP then dropped significantly, providing a more attractive expected return for the future, so we added further to our position.	New Purchase
Roche Holding AG	**1.0%**	Roche is a leading biopharmaceutical company.	Roche has strong positions in oncology, an attractive growth profile and an excellent balance sheet. We initiated a position as the risk reward was attractive.	New Purchase
Sonova Holding AG	**1.0%**	Sonova is a leading hearing aid company operating primarily in Europe and the US.	Sonova's shares sold off dramatically due to Cornavirus fears. We initiated a position given the company's strong industry and financial position.	New Purchase
Berkshire Hathaway Inc. Class B	**1.0%**	Berkshire Hathaway is a diversified holding company.	Berkshire Hathaway has a particularly strong position in the insurance and reinsurance markets. When combined with over $130bln in cash on the balance sheet, it is well-positioned to take advantage of dislocations in both public and private equity markets as well as the insurance and reinsurance space.	New Purchase

	Change in position	What is it?	Why we like it	Change rationale
Alphabet Inc. Class C	**0.9%**	Alphabet Inc is the holding company that houses the Google search engine, Android mobile operating system, Google maps, YouTube, Google play store, Google chrome browser, gMail, and Google drive. Each of these services have tremendous value to consumers and each service has greater than 1 billion monthly active users.	The large number of consumers using their services has allowed Alphabet to build a dominant market share position in digital advertising. We expect the digital advertising industry as a whole to continue to exhibit strong growth over the medium to long-term, and we expect Google can maintain its competitive position given its obsession with user experience and long-term thinking. While still early innings, we are intrigued by the growth potential for the Google Cloud Platform given new leadership with strong backgrounds in enterprise sales. Overall, we think Alphabet Inc has strong growth potential, a rock solid balance sheet, and strong business economics.	New Purchase
Chubb Limited	**0.8%**	Chubb is a leading primary property and casualty insurer.	We believe the insurance market has become increasingly attractive from a rating perspective and Chubb is very well positioned to accelerate growth.	New Purchase
EOG Resources, Inc.	**0.5%**	EOG is an upstream oil and gas production company with operations focused on the Eagle Ford, Delaware Basin, and the Rocky Mountain Basin.	EOG has a reputation as being one of the more disciplined and higher quality E&P companies in the US: management is very strong and long tenured; the company has an excellent long-term growth track record; and a history of driving down costs through operational and technological improvement. EOG has a strong balance sheet, lives well within free cashflow, and prioritizes returns over growth as part of its 'premium' well strategy. EOG has a proved reserve life of more than 10 years and has delivered very strong reserve replacement over the last several years, yet still has significant undeveloped acreage; we believe this provides visibility into long-term growth. The stock has come under significant pressure, along with the rest of the sector, starting in mid-January; we initiated a position in late April as we felt the valuation was assuming a very punitive long-term oil price assumption.	New Purchase
Samsonite International S.A.	**-0.7%**	Samsonite is the world's leading travel luggage company, with a strong and well-recognized brand that has a history spanning more than 100 years.	Position was eliminated in February as we became more concerned about Samsonite's medium-term earnings prospects and resulting balance sheet leverage due to the impact of COVID-19 on the travel and luggage industry.	Position Sold - Quality Rating Changed
Unilever NV	**-1.0%**	Unilever is a producer of branded products in food, home care, and personal care.	We sold Unilever for two main reasons. Economic conditions in key emerging markets were already weak with the impact of Covid-19 raising the potential that these economies could remain challenged for some time. We also lost confidence in our investment thesis. We thought the company was in the latter stages of a long turnaround where we'd see consistently better execution. However it appears the company is set to begin another turnaround which may indicate structural change is impacting it's categories more than other consumer goods companies.	Position Sold - Quality Rating Changed

Cash position change

Cash beginning of period	Cash end of period	Net change
28.5%	11.4%	-17.1%

Portfolio cash raised**	Portfolio cash deployed**
6.6%	-19.3%

** Portfolio Cash Raised/Deployed are approximation only, the difference between the two does not necessarily resemble the "Net Change" number.

While the Mackenzie Ivy Team doesn't often add new stocks, due to the difficulty of finding high-quality businesses at attractive valuations, there are often changes to the portfolio construction. As stock prices move, expected rates of return move in tandem. As prices go up, the expected rates of return go down, and vice versa. Our active management of portfolio position sizes, and the use of cash in the absence of profitable investments, ensure that Ivy funds don't hold what we consider to be overpriced securities. As prices of securities that we hold change, we assess whether they will still bring the returns we expected them to generate.

For more information on Mackenzie Ivy Foreign Equity Fund, please reach out to your Mackenzie representative.

[1] Goldman Sachs is predicting a contraction in real GDP by 24% in 2020 Q2. Oxford, JP Morgan and other forecasters are forecasting declines of about 12% to 14%. Top Economists See Some Echoes of Depression in U.S. Sudden Stop, Bloomberg (March 22, 2020).

[2] Paul Krugman expressed a similar view on March 22, 2020: https://twitter.com/paulkrugman/status/1241690862448529408

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