MACKENZIE **Institute**
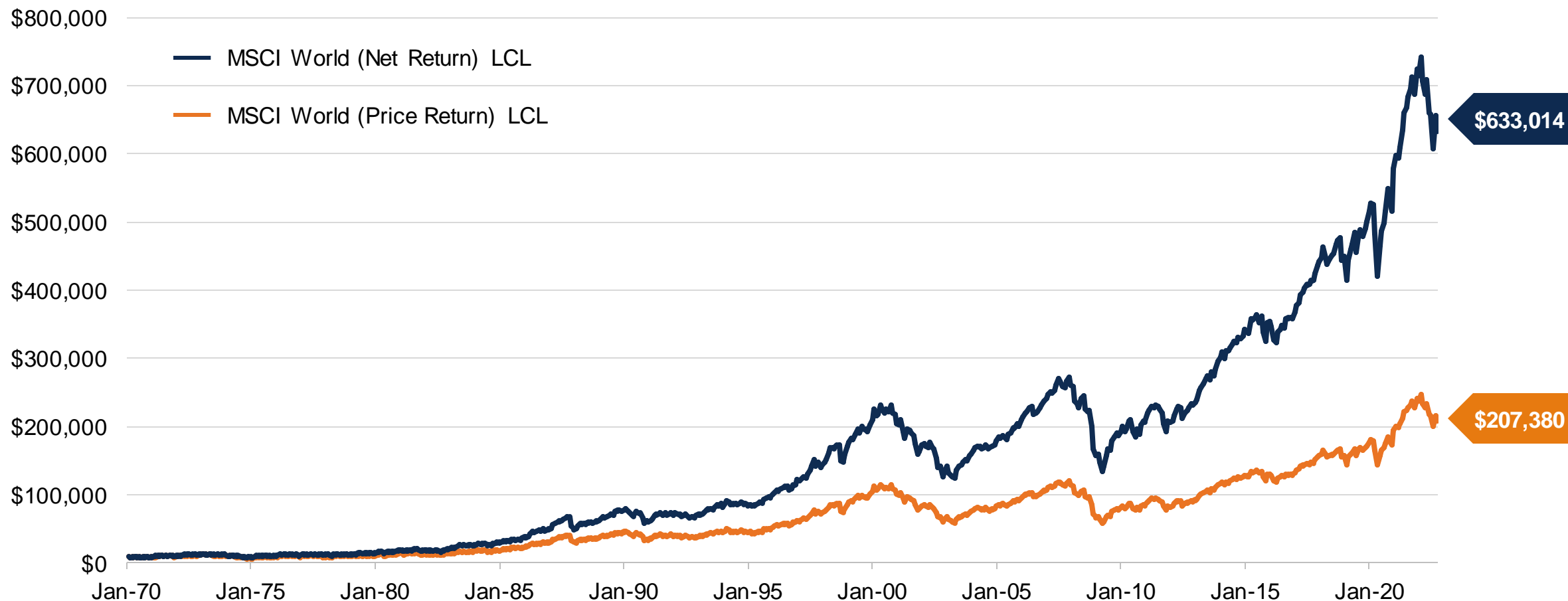
Event series

Due Diligence

Portfolios RE: Constructed with Mackenzie

Mackenzie Global Equity & Income Team

Sustainable dividend investing

The power of reinvested dividends

Growth of $10,000 invested

MACKENZIE Investments

Legend:
— MSCI World (Net Return) LCL
— MSCI World (Price Return) LCL

$633,014

$207,380

Y-axis: $0, $100,000, $200,000, $300,000, $400,000, $500,000, $600,000, $700,000, $800,000

X-axis: Jan-70, Jan-75, Jan-80, Jan-85, Jan-90, Jan-95, Jan-00, Jan-05, Jan-10, Jan-15, Jan-20

Source: Morningstar Direct, January 1, 1970 to September 30, 2022. Returns in CAD.

Dividend contribution – A reversion to mean?

S&P 500 total return decomposition from 1900 to 2020
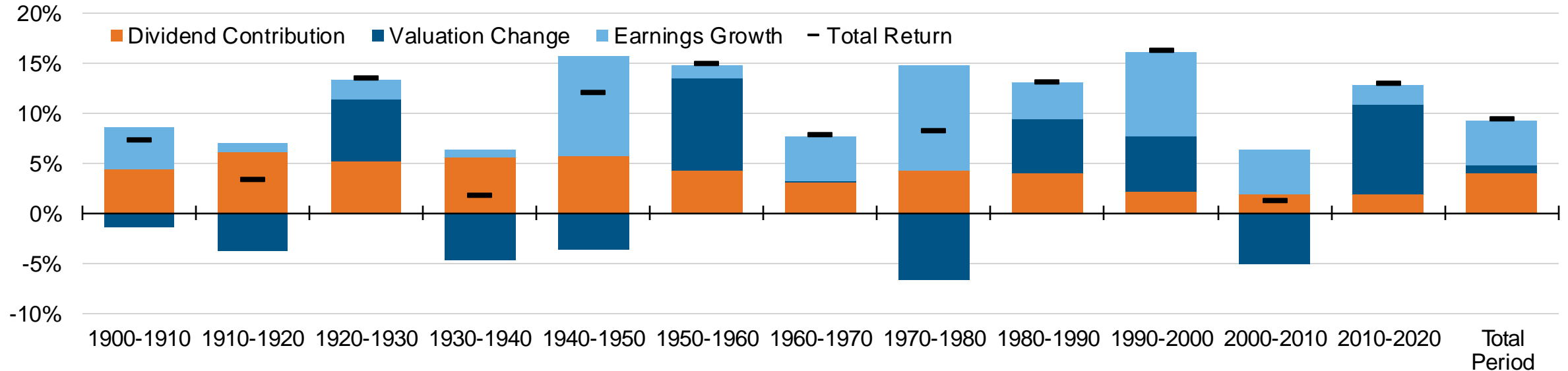
	1900-1910	1910-1920	1920-1930	1930-1940	1940-1950	1950-1960	1960-1970	1970-1980	1980-1990	1990-2000	2000-2010	2010-2020	Total period
Valuation change	-1.4%	-3.8%	6.3%	-4.7%	-3.7%	9.2%	0.1%	-6.7%	5.4%	5.5%	-5.1%	8.9%	0.8%
Earnings growth	4.2%	0.9%	1.9%	0.8%	10.0%	1.4%	4.5%	10.6%	3.6%	8.5%	4.4%	2.0%	4.4%
Dividend contribution	4.4%	6.1%	5.1%	5.5%	5.7%	4.2%	3.1%	4.2%	4.0%	2.1%	1.9%	1.9%	4.0%
Total return	7.2%	3.3%	13.4%	1.6%	12.0%	14.8%	7.7%	8.1%	13.0%	16.1%	1.2%	12.9%	9.3%

Dividend contribution – A reversion to mean?

S&P 500 total return decomposition from 1900 to 2020

Dividend contribution 2010-2020	Dividend contribution 1900-2020
15%	**43%**

Source: Professor Robert J. Shiller Dataset, Yale University, CQG Partners. Data supplied by Robert Shiller, CQG Partners calculated total return, valuation change, earnings growth, and dividend contribution. Rates are expressed in percent and are annualized.

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Investment philosophy

> We believe that compounding wealth and generating attractive risk-adjusted returns over time requires a **diversified** portfolio of **high quality dividend-paying** businesses, which reside at or near the top of the value chain within their respective industries.

> **Competitive edge:** Strategically allocate between dividend growers and high yielders based on relative values, while seeking to maintain the strong quality of the underlying companies. Being **style agnostic** across the value-growth spectrum allows for flexibility at all points in the market cycle.
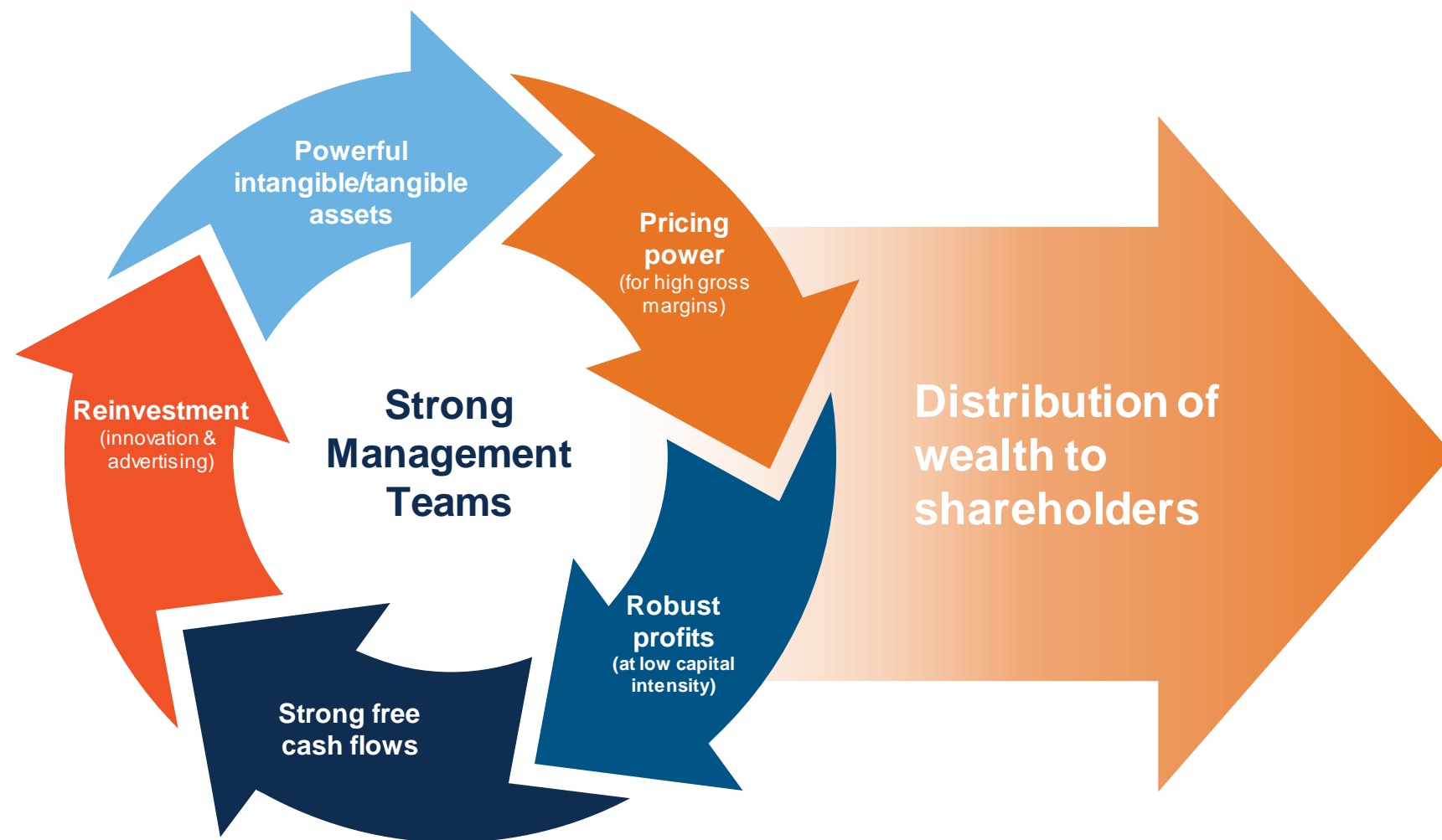
![Mackenzie Investments logo]

Generalist approach to research

Darren McKiernan, CFA
- Head of Global Equity & Income Team
- SVP, Portfolio Manager & Analyst
- 27 years of experience

Mona Zhang, MBA, CFA
- AVP, Portfolio Manager & Analyst
- 10 years of experience

Katherine Owen, MBA, CFA
- VP, Portfolio Manager & Analyst
- 26 years of experience

Alan Zhu
- Investment Analyst
- 3 years of experience

James Barnby, MBA, CFA
- Director, Investment Research
- 6 years of experience

Ome Saidi, MBA, CFA
- VP, Portfolio Manager & Analyst
- 15 years of experience

Eric Glover, CFA
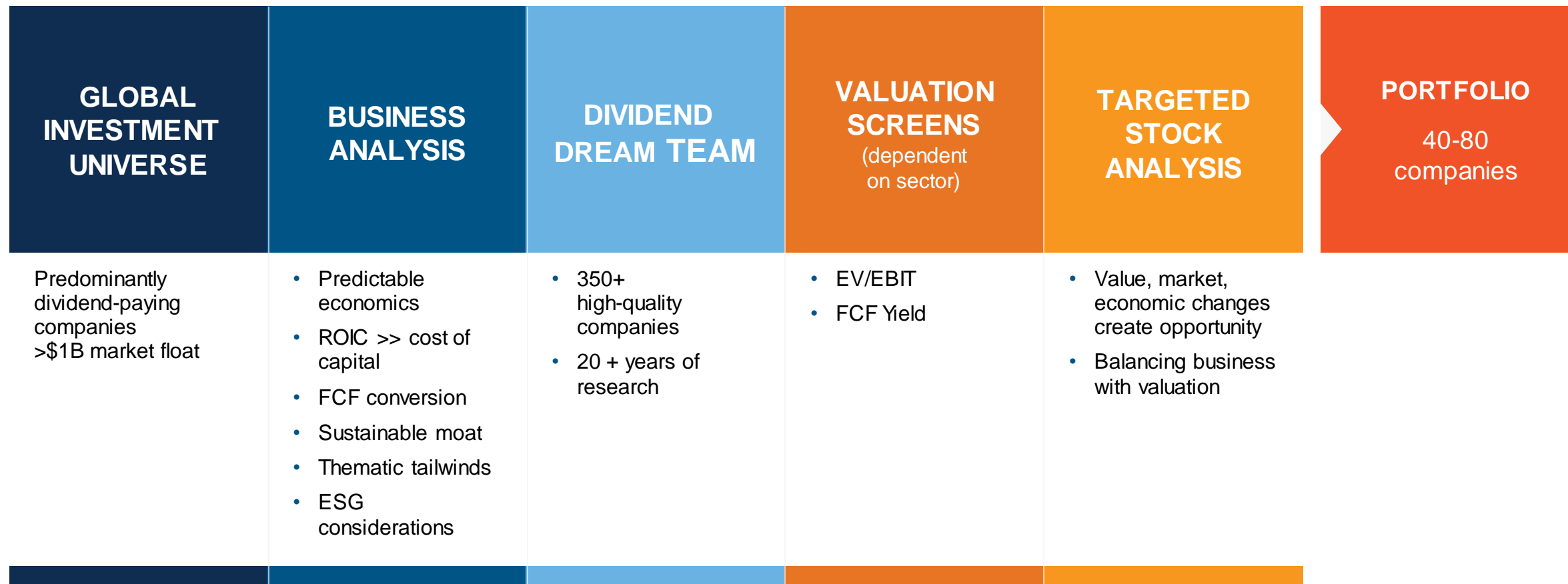- AVP, Investment Director

Organized by the same **investment philosophy**

Drives efficient **decision making**

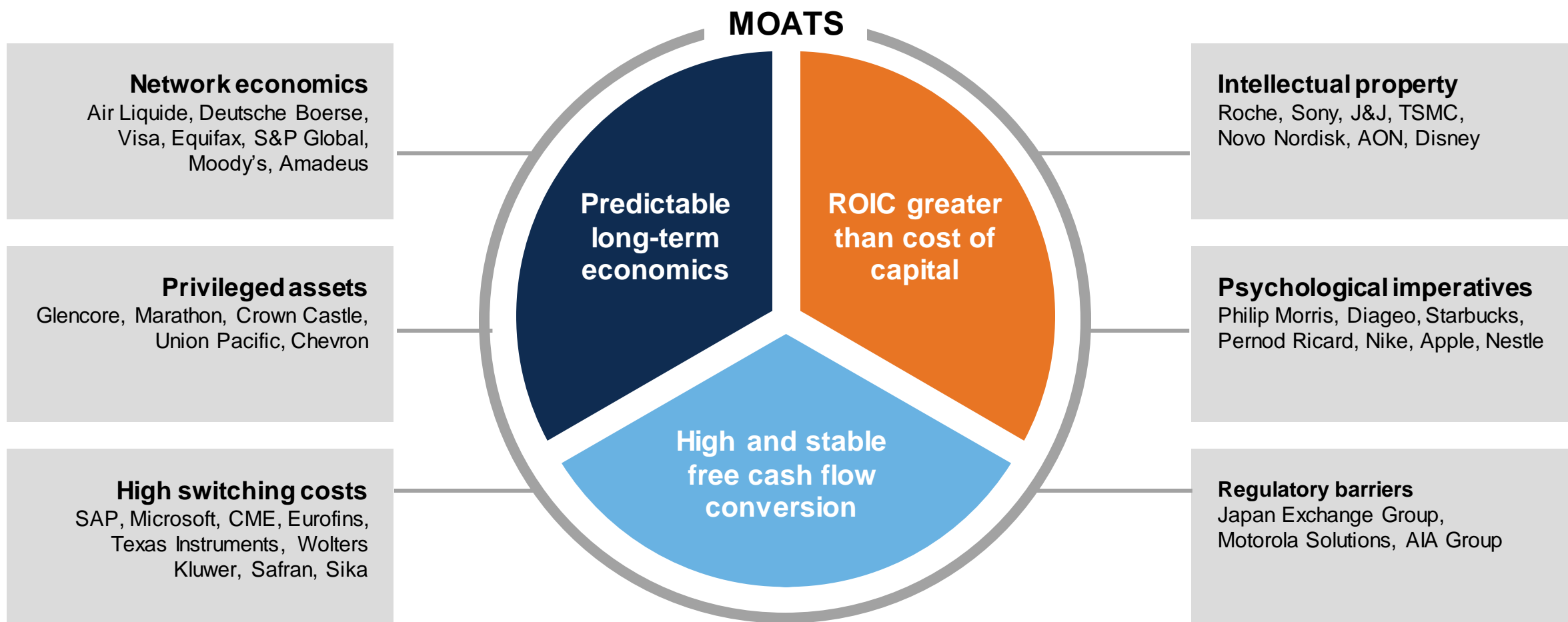Better insight from **flexible thinking** across a global opportunity set **without sector bias**

Portfolios RE: Constructed

What is a quality compounder?

Powerful intangible/tangible assets

Pricing power (for high gross margins)

Reinvestment (innovation & advertising)

Strong Management Teams

Robust profits (at low capital intensity)

Strong free cash flows

Distribution of wealth to shareholders

Seeking the best companies in the world

GLOBAL INVESTMENT UNIVERSE	BUSINESS ANALYSIS	DIVIDEND DREAM TEAM	VALUATION SCREENS (dependent on sector)	TARGETED STOCK ANALYSIS	PORTFOLIO 40-80 companies
Predominantly dividend-paying companies >$1B market float	• Predictable economics • ROIC >> cost of capital • FCF conversion • Sustainable moat • Thematic tailwinds • ESG considerations	• 350+ high-quality companies • 20 + years of research	• EV/EBIT • FCF Yield	• Value, market, economic changes create opportunity • Balancing business with valuation	

Portfolios RE: Constructed

Passing the test for a place on the dividend dream team

MOATS

Network economics
Air Liquide, Deutsche Boerse, Visa, Equifax, S&P Global, Moody's, Amadeus

Privileged assets
Glencore, Marathon, Crown Castle, Union Pacific, Chevron

High switching costs
SAP, Microsoft, CME, Eurofins, Texas Instruments, Wolters Kluwer, Safran, Sika

Predictable long-term economics

ROIC greater than cost of capital

High and stable free cash flow conversion

Intellectual property
Roche, Sony, J&J, TSMC, Novo Nordisk, AON, Disney

Psychological imperatives
Philip Morris, Diageo, Starbucks, Pernod Ricard, Nike, Apple, Nestle

Regulatory barriers
Japan Exchange Group, Motorola Solutions, AIA Group

Source: Mackenzie Investments, as of September 2022.

Investing across the value-growth spectrum

Blend — 52%
Growth — 26%
Value — 22%

Source: Morningstar, as of September 30, 2022 (Data on Morningstar represents holdings from July 31, 2022, due to two-month reporting lag).

Core portfolio through different market environments

Calendar year gross performance

	Feb 1, 2014 to Dec 31, 2014	2015	2016	2017	2018	2019	2020	2021	2022 YTD (September)
Mackenzie Global Dividend Fund (Gross)	16.0	23.7	7.2	15.7	-3.0	26.4	13.7	18.0	-14.3
MSCI World Index (NR)	13.2	18.9	3.8	14.4	-0.5	21.2	13.9	20.8	-18.9
Excess vs MSCI World	2.8	4.8	3.4	1.3	-2.5	5.2	-0.2	-2.8	4.6

Market environment

Top 10 contributing style factors by year

Legend:		2014	2015	2016	2017	2018	2019	2020	2021	2022 YTD (September)
	Value	Forecast 12 M Revisions	Momentum 12-1	Cashflow Yield	Forecast Growth 12M	Sales Growth Stability	Return on Equity	Forecast Growth 12M	Forecast 12 M Revisions	Cashflow Yield
	Yield	Dividend Yield	Forecast 12 M Revisions	Book to Price	Volatility 3Y	Momentum 12-1	Sales Growth 5Y	Momentum ST	Shareholder Yield	Earnings Yield
	Growth	EBITDA to EV	Sales Growth Stability	Sales to Price	Momentum 12-1	Earnings Growth Stability	Dividend Growth 5Y	Market Beta	EBITDA to EV	Sales to Price
	Quality	Dividend Growth 5Y	Forecast Growth 12M	Dividend Yield	Return on Equity	Market Cap	Net Profit Margin	Volatility 3Yr	Earnings Growth Stability	Dividend Yield
	Volatility	Sales to Price	Earnings Growth Stability	Earnings Yield	Sales Growth Stability	Net Profit Margin	Earnings Growth 5Y	Sales Growth	Cashflow Yield	EBITDA to EV
	Momentum	Sales Growth Stability	Momentum ST	Market Beta	Earnings Growth 5Y	Momentum ST	Earnings Growth Stability	Daily Vol 1Yr	Earnings Yield	Shareholder Yield
	Size	Return on Equity	Net Profit Margin	EBITDA to EV	Sales Growth 5Y	Dividend Yield	Volatility 3Y	Momentum 12-1	Earnings Growth 5Yr	Sales Growth Stability
		Low Gearing	Return on Equity	Shareholder Yield	Low Gearing	Sales Growth 5Y	Market Beta	Forecast 12M Revisions	Net Profit Margin	Dividend Growth 5Y
		Earnings Yield	Low Gearing	Volatility 3Y	Forecast 12M Revisions	Dividend Growth 5Y	Daily Volatility 1Y	Low Gearing	Dividend Yield	Forecast 12 M Revisions
		Market Cap	Shareholder Yield	Sales Growth Stability	Market Beta	Forecast Growth 12M	Earnings Yield	Earnings Growth 5Yr	Return on Equity	Return on Equity

Broadly diversified by sectors

Relative weight (%)

	Sector	Mackenzie Global Dividend Fund (%)	MSCI World Index (%)
5.1	Financials	18.6	13.5
3.9	Consumer Staples	11.7	7.8
3.1	Energy	8.3	5.2
3.1	Materials	7.3	4.2
0.9	Health Care	14.9	14.0
-0.8	Real Estate	1.9	2.8
-2.5	Industrials	7.4	10.0
-3.1	Utilities	–	3.1
-3.1	Communication Services	3.9	7.0
-4.1	Information Technology	17.0	21.1
-5.1	Consumer Discretionary	6.2	11.3
	Cash	**1.8**	**–**
	MFs	**0.8**	**–**

Source: Mackenzie Portfolio Analytics, as of September 30, 2022.

Portfolio characteristics

A "stock" investors would want to own

Portfolio metrics	Mackenzie Global Dividend Fund	MSCI World Index	
P/E trailing* 12M	16.0x	14.7x	Reasonable value
P/E forward* 12M est	14.1x	13.5x	
Free cash flow yield '21	6.0%	5.6%	
Dividend yield	2.7%	2.4%	
EPS growth '22e	15.3%	8.6%	Superior quality
ROIC – latest FY	17.3%	8.1%	
ROE – latest FY	35%	16%	
OPM current year	32%	16%	
Net debt/EBITDA '21	0.9x	1.3x	

Source: Mackenzie Investments, Factset, Bloomberg, as of September 30, 2022. Updated quarterly. *Harmonic weighted average, sourced from Bloomberg. All other characteristics sourced from FactSet. EBITDA margins used as the OPM proxy.

Return/risk – Mackenzie Global Dividend Fund

Since Portfolio Manager change (Feb. 1, 2014)

Mackenzie Global
Dividend Fund – F

MSCI World NR Index

Morningstar Global
Equity Peer Group

Return (%)

14

12

10

8

6

4

2

0

9

11

13

Standard Deviation (%)
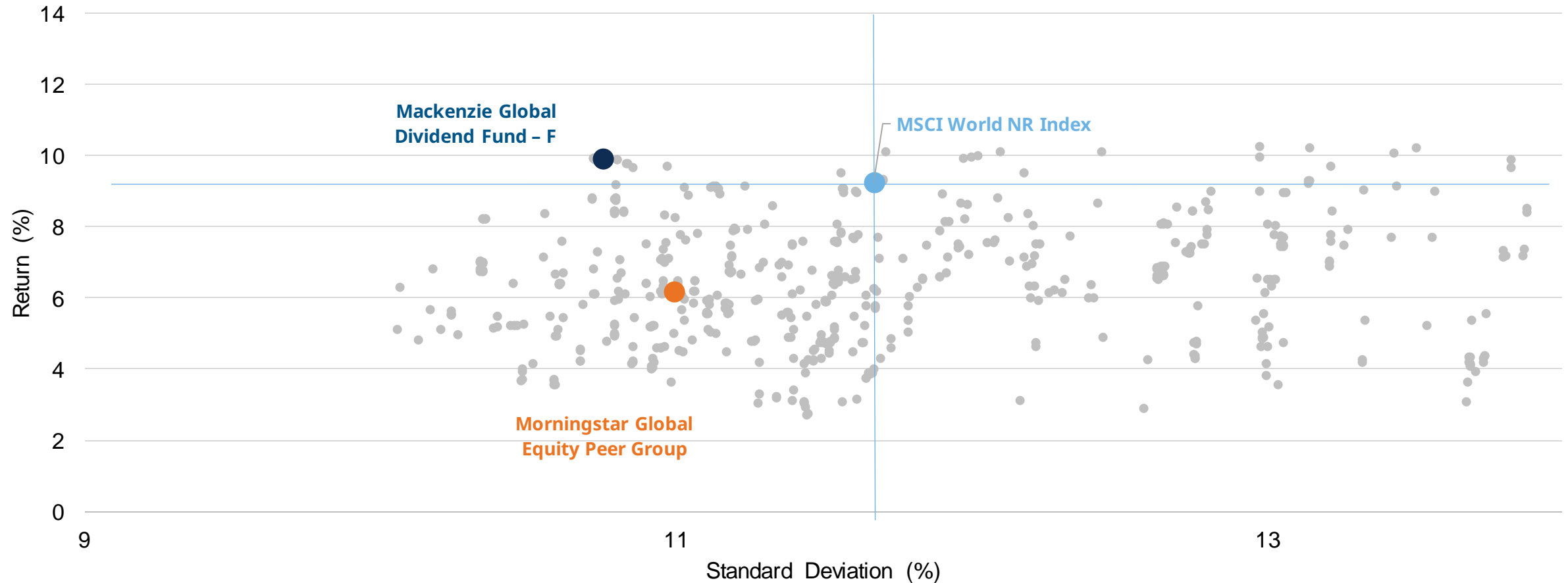
Source: Morningstar direct, as of September 30, 2022.
Return and risk calculated using monthly returns. Portfolio Manager fully implemented new strategy effective February 1, 2014.

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Portfolio performance & positioning

Performance – Mackenzie Global Dividend Fund

	YTD	1 yr	2 yr	3 yr	5 yr	Since PM change*	10 yr
Mackenzie Global Dividend Fund – Series F	**-14.9%**	**-8.6%**	**3.1%**	**5.8%**	**6.9%**	**9.9%**	**10.7%**
MSCI World NR Index (CAD)	-18.9%	-12.8%	3.2%	5.9%	7.3%	9.2%	11.8%
Morningstar Global Equity Peer Group	-20.4%	-15.7%	0.8%	3.3%	4.5%	6.2%	8.6%
Percentage of peers beaten	79	83	69	83	83	94	80

Source: Morningstar Direct (1, 2, 3, 5 and 10 year returns are annualized as at September 30, 2022.
*PM fully implemented new strategy February 1, 2014. Global Dividend Series F inception was on July 11, 2007.

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Attractive upside and downside

Upside capture (%)

92

84

Since PM Change*

Downside capture (%)

81

95
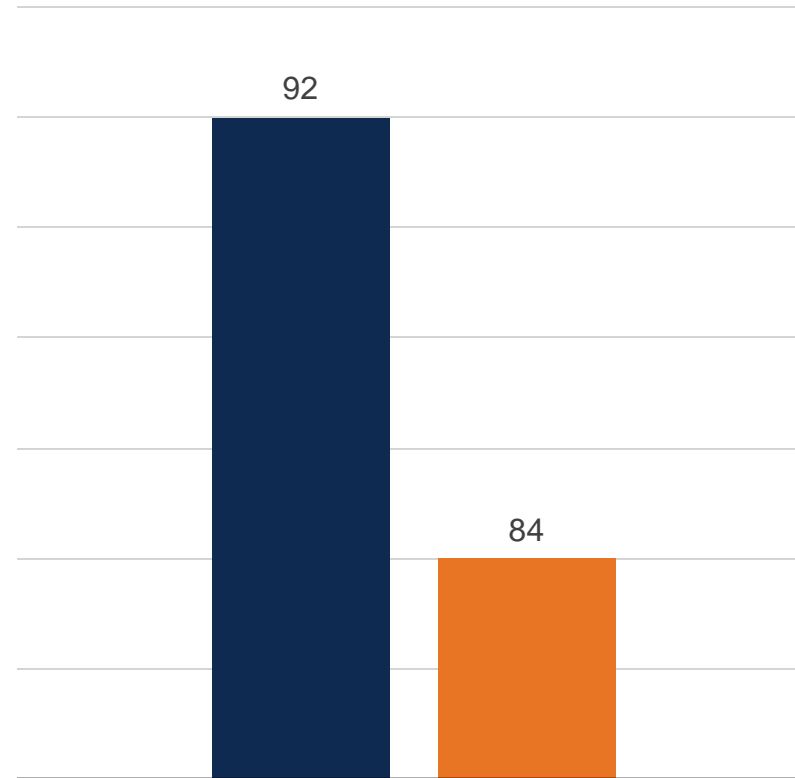
Since PM Change*

■ Mackenzie Global Dividend Fund – Series F　　■ Morningstar Global Equity Peer Group
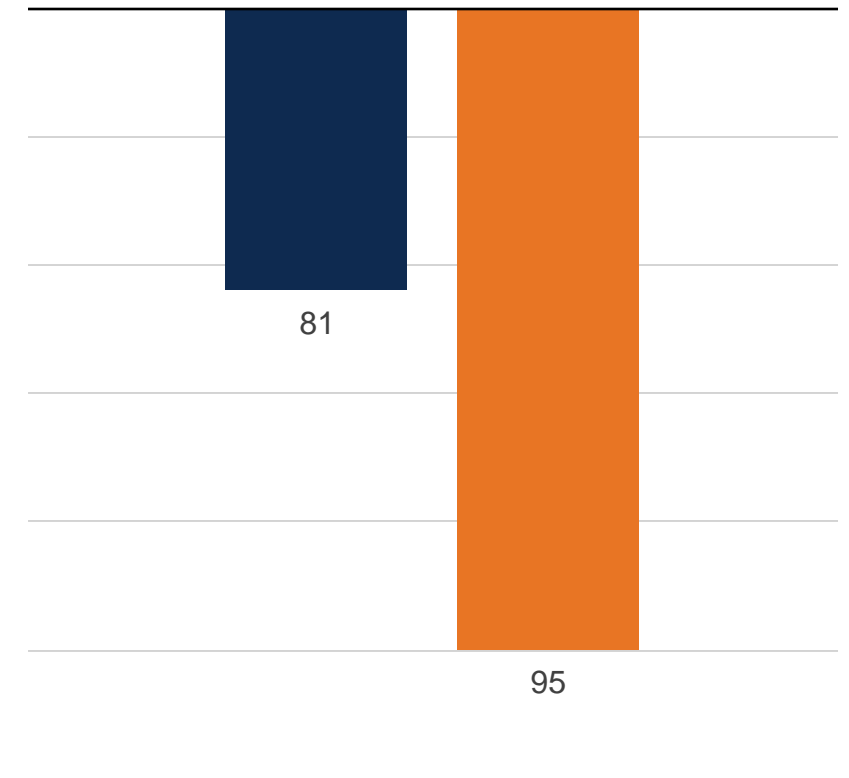
Source: Morningstar Direct, as of September 30, 2022.
Calculation benchmark is MSCI World Net Return Index. *PM Change effective February 1, 2014.

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Durable dividend yields

Dividend growth – Annualized
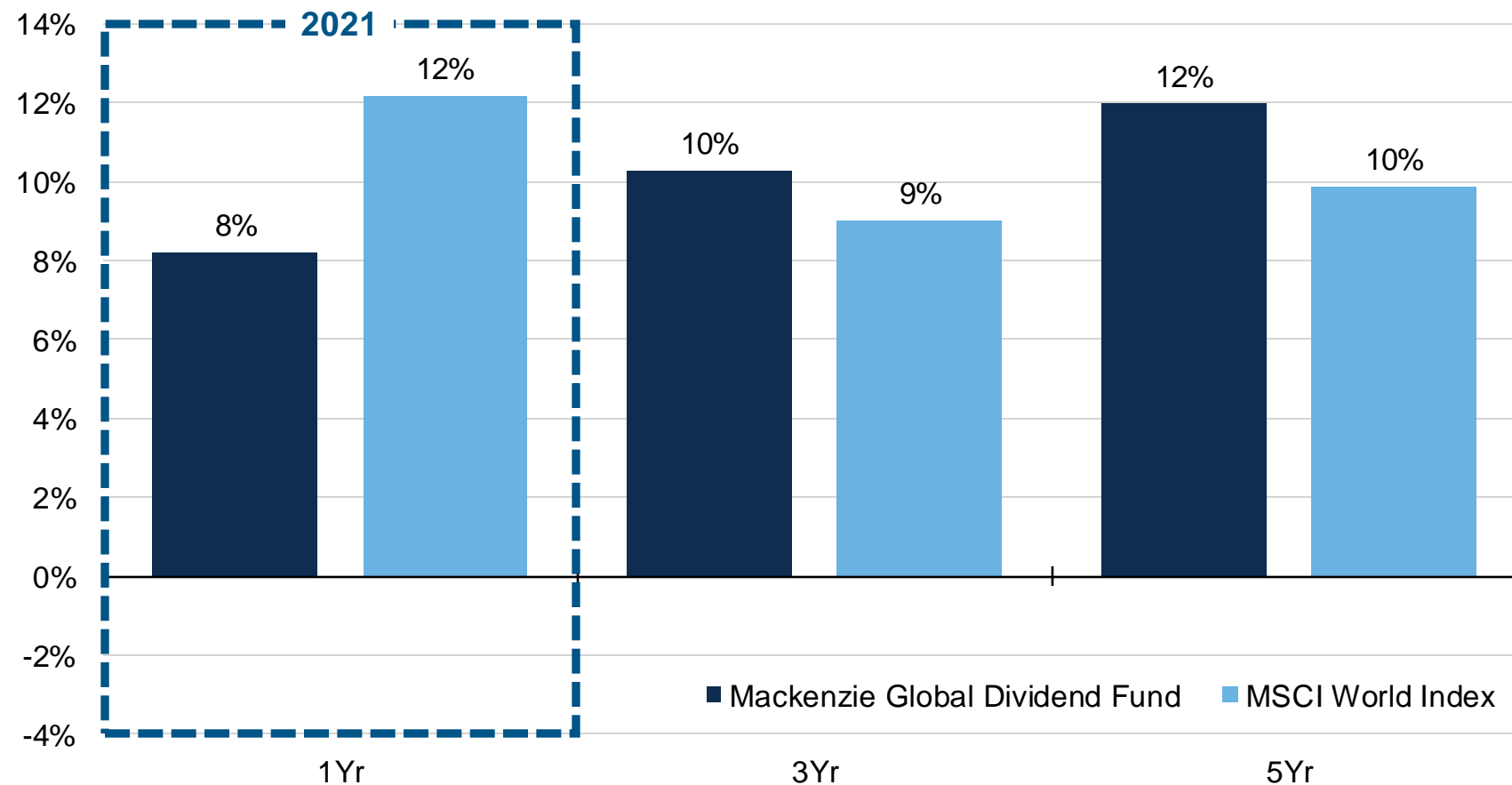
Bar chart showing annualized dividend growth comparing Mackenzie Global Dividend Fund and MSCI World Index:
- **1Yr (2021):** Mackenzie Global Dividend Fund 8%, MSCI World Index 12%
- **3Yr:** Mackenzie Global Dividend Fund 10%, MSCI World Index 9%
- **5Yr:** Mackenzie Global Dividend Fund 12%, MSCI World Index 10%

Legend: ■ Mackenzie Global Dividend Fund ■ MSCI World Index

Portfolio positioning

	Mackenzie Global Dividend Fund	MSCI World Index
Number of holdings	**79**	1,500+
Portfolio yield*	**2.7%**	2.4%

Fund geographic exposure

US 62.9%
Europe 25.3%
Asia 8.5%
Other 1.5%
Cash 1.8%

■ US ■ Europe ■ Asia ■ Other ■ Cash
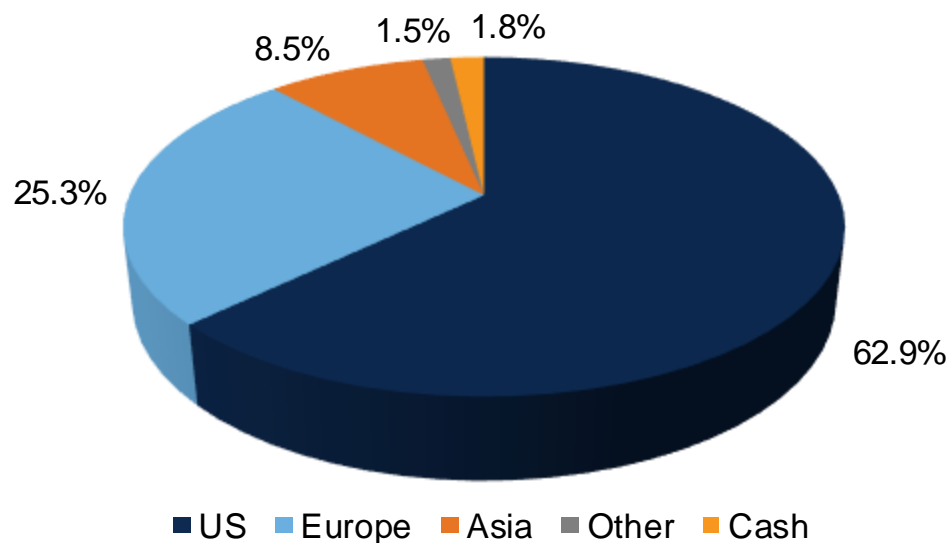
MSCI World Index geographic exposure

US 69.7%
Europe 17.3%
Asia 7.3%
Canada 3.5%
Other 2.2%

■ US ■ Europe ■ Asia ■ Canada ■ Other
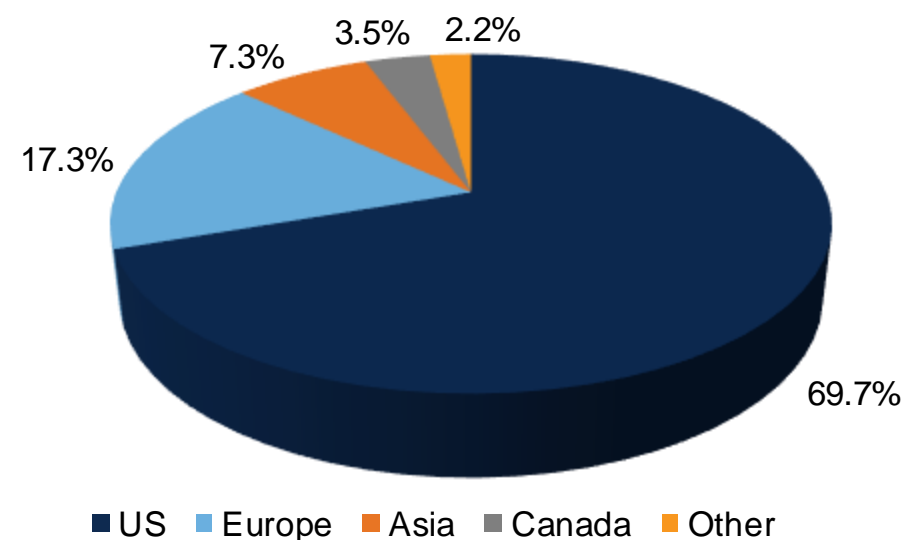
Source: Mackenzie Portfolio Analytics, as of September 30, 2022.
*Portfolio yield as of September 30, 2022. Updated quarterly.

Portfolios RE: Constructed

Major holdings

Security	Industry	Weight
Microsoft Corp	Systems Software	3.5%
Marathon Petroleum Corp	Oil & Gas Refining & Marketing	3.0%
Chevron Corp	Integrated Oil & Gas	2.9%
AbbVie Inc	Biotechnology	2.7%
Johnson & Johnson	Pharmaceuticals	2.6%
Glencore PLC	Diversified Metals & Mining	2.3%
Deutsche Boerse AG	Financial Exchanges & Data	2.3%
JPMorgan Chase & Co	Diversified Banks	2.2%
Alphabet Inc	Interactive Media & Services	2.2%
The Coca-Cola Co.	Soft Drinks	2.1%

Note: The major holdings of the Fund may, but do not necessarily, represent the largest holdings of the Fund. Rather, the major holdings are selected for their overall significance in evaluating the investment portfolio.
Source: Mackenzie Portfolio Analytics, as of September 30, 2022.

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Disclaimer

Disclaimer

Morningstar Star Ratings reflect performance of Series F as of September 30, 2022 and are subject to change monthly. The ratings are an objective, quantitative measure of a fund's historical risk-adjusted performance relative to other funds in its category. Only funds with at least a three-year track record are considered. The overall star rating for a fund is a weighted combination calculated from a fund's 3, 5, and returns, as available, measured against the 91-day treasury bill and peer group returns. A fund can only be rated if there are a sufficient number of funds in its peer group to allow comparison for at least three years. If a fund scores in the top 10% of its fund category, it gets 5 stars; if it falls in the next 22.5%, it receives 4 stars; a place in the middle 35% earns a fund 3 stars; those in the next 22.5% receive 2 stars; and the lowest 1096 receive 1 star. For more details on the calculation of Morningstar Star Ratings, see www.morningstar.ca.

Quartile rankings and peers beaten are calculated by Mackenzie Investments based on the fund series-level data Morningstar provides. The CIFSC categories, Star Ratings, and number of funds in each category, for the standard periods are: Mackenzie Global Dividend Fund Series F, Global Equity category: three years – 1636 funds; five years – 1274 funds; ten years – 626 funds.