

# Mackenzie Greenchip Global Environmental All Cap Fund

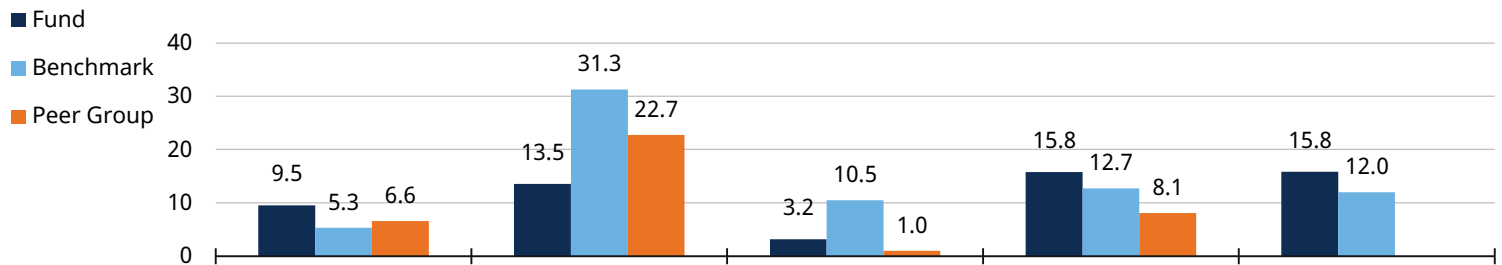
## Fund snapshot

Inception date	10/17/2018
AUM (millions in CAD)	2,690.5
Management Fee	0.80%
MER	1.06%
Benchmark	MSCI ACWI
CIFSC Category	Global Small/Mid Cap Equity
Risk Rating	Medium
Lead portfolio manager	John A. Cook, Gregory Payne
Investment exp. Since	1991, 1997
Target # of holdings	30-50

## Strategy Overview

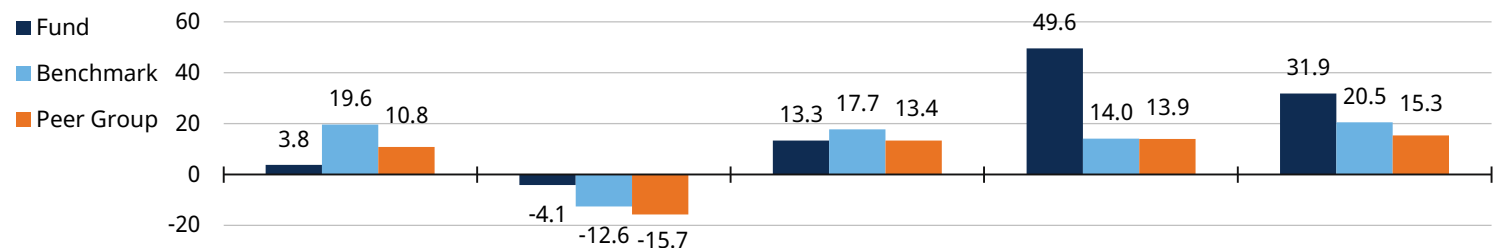
The Fund seeks to provide long-term capital appreciation by investing primarily in listed equity securities of issuers located anywhere in the world that operate in the environmental economy. The Manager seeks to achieve the Fund's investment objective by identifying undervalued securities that will benefit from the long-term trends of changing demographics, resource scarcity, and environmental degradation. The Fund invests primarily in environmental sectors which include the following: Clean Energy, Energy Efficiency, Clean Technology, Water, Sustainable Agriculture and Transportation.

## Trailing returns %



	3 Mth	1 Yr	3 Yr	5Yr	SI
Excess return	4.2	-17.8	-7.3	3.1	3.8
% of peers beaten	96	17	66	97	NA

## Calendar returns %



	2023	2022	2021	2020	2019
Excess return	-15.8	8.5	-4.4	35.6	11.4
% of peers beaten	12	87	46	96	95

## Portfolio characteristics

	Portfolio	Benchmark
# of holdings	42	1,410
% top 10 holdings	45.2	23.54
Weighted average market cap	37,438.1	995,119.2
EPS growth (FY E)	-4.2	13
Dividend yield	2.9	1.7
FCF margin	0.9	18
P/E Trailing 12M	17.3	23.6
P/E (forecast)	15.2	20.4
Net debt/EBITDA	1.6	0.97
ROE (latest FY)	9.7	19

## Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	17.0	12.1
Sharpe Ratio	-	0.6
Tracking Error	10.9	-
Information Ratio	-0.7	-
Alpha	-7.9	-
Beta	1.1	-
Upside Capture (%)	82.1	-
Downside Capture (%)	121.1	-

## Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
International	52.7	22.4	30.3
United States	20.3	64.2	-43.9
Emerging Markets	13.0	10.6	2.4
Other	14.0	2.8	11.2

## Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	-	16.2	-16.2
Energy	-	4.0	-4.0
Materials	10.7	4.1	6.6
Industrials	31.6	10.6	21.0
Information Technology	18.3	24.5	-6.2
Communication Services	-	7.8	-7.8
Utilities	32.1	2.7	29.4
Consumer Staples	-	6.4	-6.4
Consumer Discretionary	1.2	10.6	-9.4
Real Estate	-	2.2	-2.2
Health Care	-	10.9	-10.9
Other	6.1	-	6.1

## Country allocation

Country	Portfolio	Benchmark	Relative Weight
United States	20.3	64.2	-43.9
France	15.3	2.6	12.8
Germany	11.5	2.0	9.4
Japan	7.9	5.0	2.9
Canada	7.8	2.7	5.1
Brazil	7.3	0.5	6.8
Other	29.9	23.0	6.9

## Currency exposure

Region	Gross	Benchmark
CAD	10.4	2.7
USD	31.4	64.8
Other	58.3	32.5

## Top 10 holdings

Security name	Country	Sector	Weight
Veolia Environnement SA	France	Utilities	6.7
Siemens Energy AG	Germany	Industrials	5.0
Enel SpA	Italy	Utilities	4.3
Siemens Aktiengesellschaft	Germany	Industrials	4.2
Alstom SA	France	Industrials	4.1
EDP-Energias de Portugal SA	Portugal	Utilities	4.0
Centrais Eletricas Brasileiras SA-Eletronbras	Brazil	Utilities	3.7
Canadian Solar Inc.	United States	Information Technology	3.6
AGCO Corporation	United States	Industrials	3.5
JinkoSolar Holding Co., Ltd. Sponsored ADR	China	Information Technology	3.2

## Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	Siemens Energy AG	4.3	1.6
	JinkoSolar Holding Co., Ltd. Sponsored ADR	2.4	0.9
	Alstom SA	4.1	0.8
Detractors	STMicroelectronics NV	3.1	-0.9
	Rohm Co., Ltd.	2.2	-0.4
	Mosaic Company	1.6	-0.2

## Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Industrials	20.9	0.5	1.4	2.4
	Utilities	30.0	2.9	-1.4	1.9
	Information Technology	-7.5	0.3	0.4	1.5
Detractors	Financials	-16.0	-0.6	0.0	-0.6
	Consumer Discretionary	-9.0	-0.2	0.0	-0.3
	Real Estate	-2.2	-0.2	0.0	-0.2

## Commentary

### **Highlights**

The fund outperformed both its prospectus benchmark (MSCI ACWI) and clean energy comparable benchmark (S&P Global Clean Energy) during the quarter.

### **Fund Performance**

The fund returned 9.5% during the quarter, outperforming the prospectus benchmark return of 5.4%. Stock selection in industrials and information technology contributed to fund performance, along with overweight allocations to utilities, industrials and materials. Stock selection in utilities along with underweight allocations to financials, consumer discretionary and consumer staples were the largest detractors from performance. From a country perspective, stock selection in Germany, China and Canada along with an overweight allocation to China and Canada contributed to performance. An underweight allocation to the United States, and an overweight allocation to Japan were detractors from performance.

### **Security contributors**

On an absolute basis, positions in Siemens Energy AG, Jinko Solar, Alstom, EDP, and Enel SpA were the largest contributors over the quarter. On a relative basis, positions in Siemens Energy AG, Jinko Solar, Alstom SA, EDP, and Enel SpA were top contributors to fund performance versus the benchmark.

### **Security detractors**

On an absolute basis, positions in STMicroelectronics NV, Rohm Co, Mosaic Company, Nutrien Ltd, and Signify NV were the largest detractors over the quarter. On a relative basis, positions in STMicroelectronics NV and Rohm Co were top detractors from fund performance versus the benchmark. Not holding Apple, Tesla and Meta Platforms in the fund during the quarter also detracted from performance relative to the benchmark.

### **Portfolio activities**

During the quarter, we initiated three new positions, two in the materials sector and one in the utilities sector. We exited one position, in the utilities sectors. Largest increases in weight were Jinko Solar, Daqo New Energy, and Champion Iron Ltd. Largest decreases in weight were Siemens Energy AG, Alstom SA, and EDP.

### **Market overview**

Overall, environmental indexes and the Greenchip Global Environmental All Cap Fund had a relatively strong third quarter, outperforming the gains in broader markets in July and September and performing largely in line with broader indexes in August. There were several positive developments for the strategy during the quarter. Utility holdings broadly rallied in the latter part of the quarter, as the sector gained favour amid interest rates decreases and market volatility spurred renewed interest in the space.

Grid operators benefitted from a growing recognition of the need for increased investment in electricity transmission grids and baseload generation, not just for AI, but for electrification, and for integration of distributed and intermittent renewable sources of electricity.

The strategy's Chinese solar stocks participated in a late quarter rally in the Chinese equity market, surging 30% or more from their lows.

## Commentary

### **Outlook and Positioning**

The fund continues to hold a well-diversified portfolio of companies in the following six environmental sectors: clean energy, energy efficiency, clean technology, sustainable agriculture, water and sustainable transportation. The Mackenzie Greenchip team continues to believe that inflation will be higher – and stickier – than market expectations. While some central banks have opted to address slowing economies over inflation, the team believes any case for lower rates based on cooling inflation will likely be short lived. The strategy has been positioned with this outlook in mind. Despite investor jitters around the elevated policy uncertainty in the run-up to the election, the portfolio management team does not expect the outcome to have a significant impact on the clean energy transition, given that Republican districts have benefited the most from the Inflation Reduction Act (IRA).

### **Stock stories**

#### **Northland Power:**

- Northland Power is a leading Independent Power producer (IPP) with renewable energy developments across the world with technology ranging from solar, onshore wind, and offshore wind.
- The company possesses over 35 years of successfully developing, constructing and operating independent power projects while delivering strong, consistent returns for shareholders.
- The company currently operates over 2.6GW of capacity and generates more than 10GWh of electricity, this is set to expand dramatically as Northland completes its Hai Long and Baltic Power offshore wind projects, and its Oneida battery storage facility.
- The company trades at significantly lower multiples than it has over the last 5 or more years, owing in part due to higher interest rates which disproportionately dented IPP valuations.

#### **Eversource Energy**

- Eversource is a public utility holding company that operates electric transmission and distribution, natural gas distribution, and water distribution in Connecticut, New Hampshire, and Massachusetts.
- The company provides reliable and efficient transmission and distribution of electricity which is critical to enable broader electrification of the economy such as heating, transportation, and industry. The system operated by Eversource provides the necessary infrastructure to enable the energy transition.
- Resolution of the outstanding issues of offshore wind, increasing capex and rate base growth to not only enable electrification but replace aging infrastructure, should result in structural growth opportunities.
- The company also trades at a significant discount to peers and removing overhangs on the stock should allow it to trade in line with its peers.

## Commentary

### **Nexans SA**

- Nexans specializes in wire and cable production and installation for power generation, transmission, distribution, infrastructure, telcommunication and other applications.
- Cabling is an important part of the energy transition, particularly high voltage applications for electricity transmission and for connecting large generation such as offshore wind.
- The ability and capacity to produce and install high capacity electric cables, especially subsea, is limited, and will be in increasing demand as grids attempt to keep up with overall electricity demand.
- Nexans has about five years of backlog on its books and will be adding to this in coming years at increasingly attractive margins the team believes.

### **Innergex Renewable Energy Inc**

- Innergex operates as a leading independent power producer (IPP) with renewable operations in Canada, the United States, France, and Chile from development stage to operation.
- The firm's approach is to build shareholder value, to generate sustainable cash flows and provide an attractive risk-adjusted return on invested capital.
- The company currently operates over 3 600 MW of renewable capacity with a pipeline of over 8 GW spanning hydro, solar, wind, and battery storage assets contributing to decarbonization of the global energy system.
- Innergex trades at a discount to some of its Canadian IPP peers, and the IPPs' valuations have come in significantly from their peaks.

Commissions, trailing commissions, management fees, and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns as of September 30, 2024 including changes in share value and reinvestment of all distributions and does not take into account sales, redemption, distribution, or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Index performance does not include the impact of fees, commissions, and expenses that would be payable by investors in the investment products that seek to track an index.

This document may contain forward-looking information which reflect our or third party current expectations or forecasts of future events. Forward-looking information is inherently subject to, among other things, risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed herein. These risks, uncertainties and assumptions include, without limitation, general economic, political and market factors, interest and foreign exchange rates, the volatility of equity and capital markets, business competition, technological change, changes in government regulations, changes in tax laws, unexpected judicial or regulatory proceedings and catastrophic events. Please consider these and other factors carefully and not place undue reliance on forward-looking information. The forward-looking information contained herein is current only as of September 30, 2024. There should be no expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.

The content of this commentary (including facts, views, opinions, recommendations, descriptions of or references to, products or securities) is not to be used or construed as investment advice, as an offer to sell or the solicitation of an offer to buy, or an endorsement, recommendation or sponsorship of any entity or security cited. Although we endeavour to ensure its accuracy and completeness, we assume no responsibility for any reliance upon it.

Standard deviation provides a measure of the variability of returns that have occurred relative to the average return. The higher the standard deviation, the greater is the range of returns that has been experienced. Standard deviation is commonly used as a measure of risk.

Percentile rankings are from Morningstar Research Inc., an independent research firm, based on the Canada Fund Global Small/Mid Cap Equity category and reflect the performance of the Mackenzie Greenchip Global Environmental All Cap Fund for the 3-month, 1-, 3-, 5- and 10-year periods as of September 30, 2024. The percentile rankings compare how a fund has performed relative to other funds in a particular category and are subject to change monthly. The number of Canada Fund Global Small/Mid Cap Equity category funds for Mackenzie Greenchip Global Environmental All Cap Fund for each period are as follows: one year - 233 ; three years - 203 ; five years - 150 ; ten years - 77.

© 2024 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Morningstar data is shown as of the most recent reporting period by each fund family. Allocations may not equal 100% and will vary overtime. Assets contained within "Other" category are not classified by Morningstar. All information presented in this tool is for informational purposes only and is not intended to be investment advice. The information is not meant to be an offer to sell or a recommendation to buy any investment product. Unless otherwise noted, performance is shown before sales charge. For more fund information, click the POS Documents link.

All information is historical and not indicative of future results. Current performance may be lower or higher than the quoted past performance, which cannot guarantee results. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes. Performance may not reflect any expense limitation or subsidies currently in effect. Short-term trading fees may apply. To obtain the most recent month-end performance, visit Morningstar.com.

This material is for informational and educational purposes only. It is not a recommendation of any specific investment product, strategy, or decision, and is not intended to suggest taking or refraining from any course of action. It is not intended to address the needs, circumstances, and objectives of any specific investor. Mackenzie Investments, which earns fees when clients select its products and services, is not offering impartial advice in a fiduciary capacity in providing this sales and marketing material. This information is not meant as tax or legal advice. Investors should consult a professional advisor before making investment and financial decisions and for more information on tax rules and other laws, which are complex and subject to change.