

Mackenzie Greenchip Global Environmental All Cap Fund

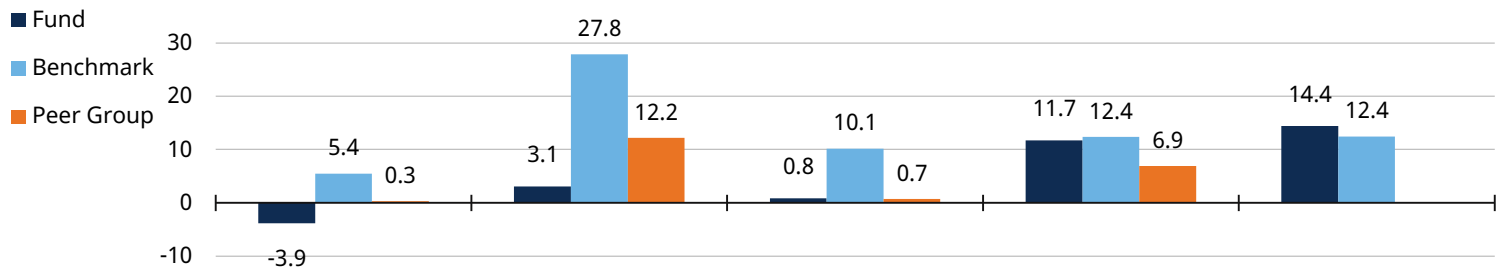
Fund snapshot

Inception date	10/17/2018
AUM (millions in CAD)	2,343.6
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

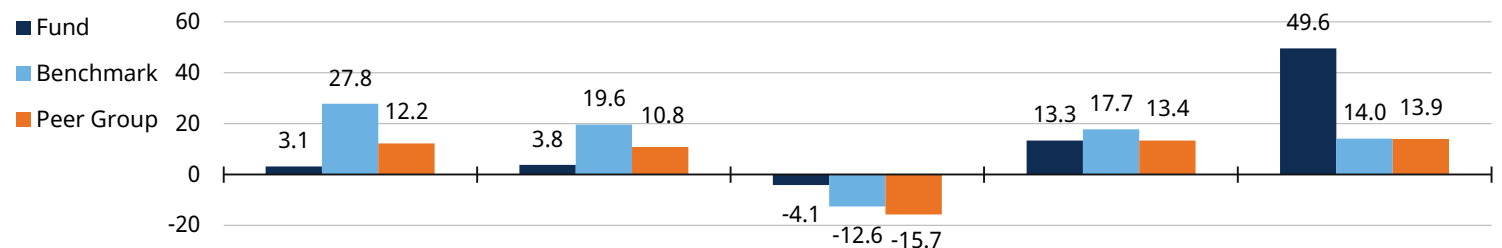
The Fund seeks to provide long-term capital appreciation by investing primarily in listed equity securities of issuers located anywhere in the world that operate in the environmental economy. The Manager seeks to achieve the Fund's investment objective by identifying undervalued securities that will 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	5 Yr	10 Yr
Excess return	-9.3	-24.7	-9.3	-0.7	2.0
% of peers beaten	20	22	53	95	NA

Calendar returns %



	2024	2023	2022	2021	2020
Excess return	-24.8	-15.8	8.5	-4.4	35.6
% of peers beaten	22	12	87	46	96

Portfolio characteristics

	Portfolio	Benchmark
# of holdings	40	2,647
% top 10 holdings	48.0	23.86
Weighted average market cap	36,243.7	1,078,260.0
EPS growth (FY E)	9.5	16.14
Dividend yield	3.0	1.78
FCF margin	-3.0	18.73
P/E Trailing 12M	15.8	22.8
P/E (forecast)	15.6	19.6
Net debt/EBITDA	2.4	0.88
ROE (latest FY)	10.0	18.73

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	17.0	12.2
Sharpe Ratio	-0.2	0.5
Tracking Error	11.3	-
Information Ratio	-0.8	-
Alpha	-9.6	-
Beta	1.1	-
Upside Capture (%)	73.1	-
Downside Capture (%)	121.1	-

Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
International	53.9	20.8	33.1
United States	16.3	66.6	-50.3
Emerging Markets	12.3	9.9	2.4
Other	17.5	2.7	14.8

Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	-	16.8	-16.8
Energy	-	3.8	-3.8
Materials	9.1	3.5	5.6
Industrials	34.0	10.2	23.8
Information Technology	17.1	26.0	-8.9
Communication Services	-	8.3	-8.3
Utilities	28.5	2.5	26.0
Consumer Staples	-	5.9	-5.9
Consumer Discretionary	1.0	11.3	-10.3
Real Estate	-	2.0	-2.0
Health Care	-	9.7	-9.7
Other	10.3	-	10.3

Country allocation

Country	Portfolio	Benchmark	Relative Weight
France	17.0	2.3	14.7
United States	16.3	66.6	-50.4
Germany	11.7	1.9	9.8
Canada	7.3	2.7	4.6
Brazil	7.0	0.4	6.6
Japan	6.4	4.8	1.6
Other	34.3	21.3	13.0

Currency exposure

Region	Portfolio	Benchmark
CAD	9.1	2.7
USD	31.2	67.2
Other	59.7	30.1

Top 10 holdings

Security name	Country	Sector	Weight
Veolia Environnement SA	France	Utilities	6.6
Siemens Energy AG	Germany	Industrials	5.3
Alstom SA	France	Industrials	4.8
Enel SpA	Italy	Utilities	4.2
Siemens Aktiengesellschaft	Germany	Industrials	4.0
Centrais Eletricas Brasileiras SA-Eletronbras	Brazil	Utilities	4.0
STMicroelectronics NV	France	Information Technology	3.7
AGCO Corporation	United States	Industrials	3.7
EDP-Energias de Portugal SA	Portugal	Utilities	3.5
Eversource Energy	United States	Utilities	3.3

Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	Siemens Energy AG	5.4	2.3
	Alstom SA	4.7	0.6
	MasTec, Inc.	1.9	0.3
Detractors	Veolia Environnement SA	6.7	-0.7
	EDP-Energias de Portugal SA	3.6	-1.0
	Canadian Solar Inc.	3.2	-1.1

Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Health Care	-10.2	1.2	0.0	1.2
	Industrials	22.4	-0.7	2.3	0.9
	Consumer Staples	-6.1	0.4	0.0	0.4
Detractors	Consumer Discretionary	-9.7	-0.6	-0.5	-1.2
	Information Technology	-8.3	-0.3	-2.7	-3.6
	Utilities	29.1	-2.3	-1.9	-5.2

Commentary

QFR Highlights

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

Fund Performance

The fund lost 3.9% during the quarter, underperforming the prospectus benchmark return of +5.4%. Stock selection in information technology (solar exposure) and utilities were the largest detractors from performance, while stock selection in industrials contributed the most to relative performance. From a country perspective, an overweight allocation to Germany, China and Japan contributed the most to relative performance, while an underweight allocation to the United States, and an overweight allocation to Brazil, Portugal, and France were detractors from performance.

Security contributors

The top security contributors in Q4 2024 were Siemens Energy AG, an electrical grid equipment provider, French rail business Alstom SA, and MasTec Inc, a US engineering, procurement and construction company.

Security detractors

The top detractors to performance in Q4 2024 were Canadian Solar Inc, and utility holdings such as EDP, Veolia Environment SA, and Eletrobras.

Portfolio activities

During the quarter, we initiated a new position in Sandvik AB, a Swedish engineering company providing solutions to the mining, manufacturing, and infrastructure industries. We exited positions in a fertilizer company and an agricultural equipment manufacturer. The fund also had a takeout during the quarter, with the acquisition of one of its utility holdings.

Market overview

Overall, environmental indexes and the Greenchip Global Environmental All Cap Fund had a tough fourth quarter, as environmental businesses were generally sold in response to the less climate-friendly and less trade-friendly policies anticipated during a second Trump presidency. European equity markets weakened significantly during the quarter, weighed down by political instability in France and Germany, recessionary fears, and heightened concerns over a US-EU trade war. Consequently, the fund's performance during the period was negatively impacted by some of its European exposures. Performance was also dragged down by its Brazilian exposures, where markets reacted poorly to budget and tax policy announcements by the federal government. Analog semiconductors and renewable energy exposures, such as China solar and renewable utilities, were weak spots for the fund, offsetting continued strong performance in electrical grid equipment and services companies and French rail business Alstom.

Outlook and Positioning

The Mackenzie Greenchip team continues to believe that inflation will be higher – and stickier – than market expectations. A likely rise in trade protectionist policies in 2025, with tit-for-tat tariffs between major economies and a rerouting of supply chains reinforces this view. 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. The team continues to see tremendous demand for electricity grid equipment. Grid capex is a \$300 billion annual business that the team believes will double by the end of the decade. Part of this growth is related to AI datacenter requirements, but the team has believed for years that existing grid investment is insufficient to support new renewable generation. Consequently, about 50% of the portfolio is exposed to grid investment, ranging from equipment providers to engineering & construction firms, and utilities. Given the critical need for transition resources in a decarbonising world, the portfolio is also invested in the materials required for electrification, from copper to rare earth materials. The world currently produces about 25 million tons of copper each year, it will need 50 million. Exposure to materials also acts as an inflation hedge for the portfolio.

Commentary

Stock stories

Siemens Energy

- Some of the fund's worst performing holdings in any given year, often turn into its best performers the next. This was the case for Siemens Energy, which was up over 320% in 2024, after being down more than 30% in 2023.
- The stock continued its strong run during the fourth quarter and was the fund's top contributor and best performing holding during the period.
- The company is a top 3 provider of both large gas turbines and related equipment and services, as well as transformers and other equipment for electricity transmission and distribution. In wind, through Siemens Gamesa, it is the leading global supplier of offshore wind turbines, and a top 3 supplier of onshore.
- The company is benefitting from a growing appreciation of the need for much more 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.
- Orders are running at twice the rate of sales, backlogs extend well beyond three years, and margins are increasing.

MasTec, Inc.

- The fund entered a position in US engineering, procurement and construction (EPC) leader MasTec during the year, which enhanced its exposure to the projected growth in spending on grid modernization.
- MasTec is a specialty contractor that operates across electrical transmission and distribution, renewable power generation, communications, and natural gas infrastructure providing construction, installation, and maintenance services across the United States.
- The company is well-capitalized, capex light, and has significant room for topline and margin growth.
- The stock appreciated by over 90% during the year and the team continues to see value.

Nexans SA

- Nexans specializes in wire and cable production and installation for power generation, transmission, distribution, infrastructure, telecommunication 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 the coming years at increasingly attractive margins in the team's view.

Capstone Copper

- Capstone Copper is a Canada-based mining company focused on operating the Pinto Valley copper mine in Arizona, the Cozamin copper-silver-zinc-lead mine located near Zacatecas, Mexico, and Mantos Blancos and Mantoverde copper mines in Chile while developing the Santo Domingo copper-gold-high grade iron ore project, also in Chile.
- It mines higher grade assets, so they have lower impact on the environment while mining vs peers.
- The company has multi metal exposure, which reduces and diversifies its commodity price risks (80% copper, 5% gold+silver, 15% high grade iron ore). It operates mines in mining friendly and stable jurisdictions.

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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 December 31, 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 - 247 ; three years - 200 ; five years - 149 ; ten years - 80.

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