

# Mackenzie Greenchip Global Environmental All Cap Fund

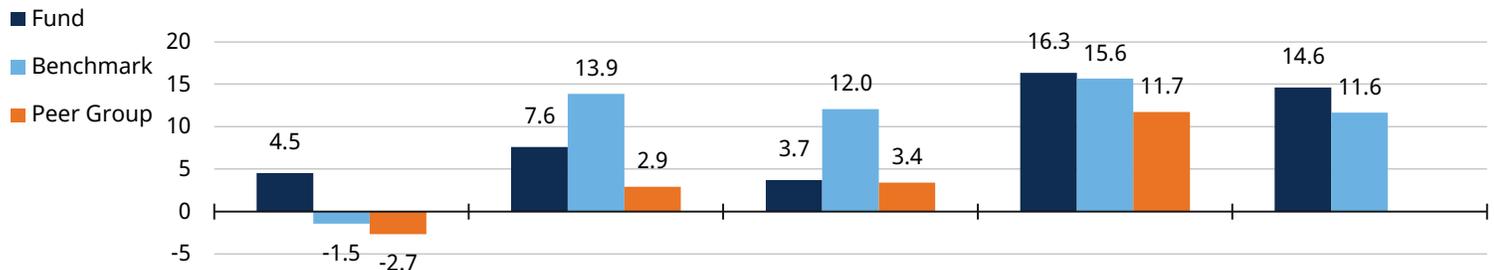
## Fund snapshot

Inception date	10/17/2018
AUM (millions in CAD)	2148.7
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

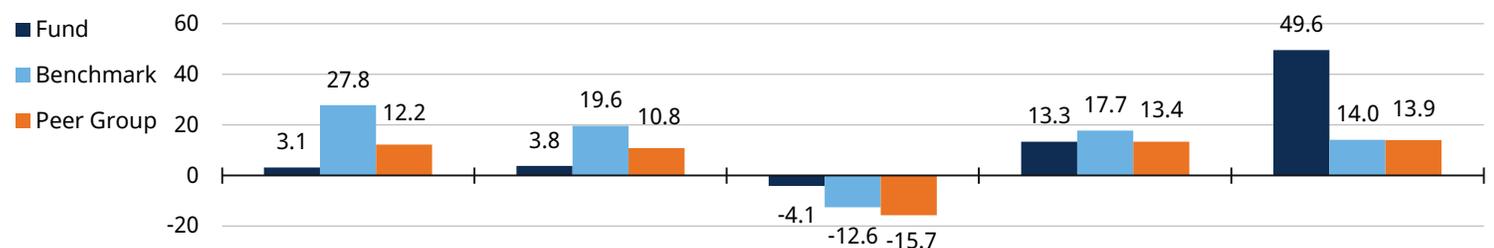
The Fund seeks to provide long-term capital appreciation by investing primarily in listed equity securities of issuers located anywhere in the world that operate in the environmental economy. The Manager seeks to achieve the Fund's investment objective by identifying undervalued securities that will 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	6.0	-6.3	-8.3	0.7	3.0
% of peers beaten	91	70	40	94	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	42	2,558
% top 10 holdings	46.5	20.52
Weighted average market cap	37,803.2	862,218.6
EPS growth (FY E)	-10.1	18.12
Dividend yield	3.0	1.88
FCF margin	0.2	18.27
P/E Trailing 12M	16.2	20.8
P/E (forecast)	14.8	17.9
Net debt/EBITDA	2.2	0.73
ROE (latest FY)	8.3	18.4

## Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	17.0	12.2
Sharpe Ratio	0.0	0.7
Tracking Error	11.8	-
Information Ratio	-0.7	-
Alpha	-8.3	-
Beta	1.0	-
Upside Capture (%)	72.8	-
Downside Capture (%)	110.8	-

## Regional breakdown

Region	Portfolio	Benchmark	Relative Weight
International	54.4	22.3	32.1
United States	17.4	64.6	-47.2
Emerging Markets	11.7	10.3	1.4
Other	16.5	2.8	13.7

## Sector allocation

Sector	Portfolio	Benchmark	Relative Weight
Financials	-	18.1	-18.1
Energy	0.5	4.2	-3.7
Materials	9.5	3.6	5.9
Industrials	32.6	10.6	22.0
Information Technology	14.6	23.4	-8.8
Communication Services	-	8.2	-8.2
Utilities	34.5	2.7	31.8
Consumer Staples	-	6.3	-6.3
Consumer Discretionary	1.1	10.6	-9.5
Real Estate	-	2.1	-2.1
Health Care	-	10.3	-10.3
Other	7.2	-0.1	7.3

## Country allocation

Country	Portfolio	Benchmark	Relative Weight
United States	17.4	64.6	-47.1
France	16.5	2.6	13.9
Germany	10.6	2.3	8.3
Canada	8.7	2.8	5.9
Brazil	7.6	0.5	7.2
Japan	6.4	4.9	1.5
Other	32.8	22.3	10.5

## Currency exposure

Region	Portfolio	Benchmark
CAD	11.2	2.8
USD	28.0	65.2
Other	60.8	32.0

## Top 10 holdings

Security name	Country	Sector	Weight
Veolia Environnement SA	France	Utilities	7.3
Enel SpA	Italy	Utilities	4.4
Centrais Eletricas Brasileiras SA-Eletronbras	Brazil	Utilities	4.4
EDP S.A.	Portugal	Utilities	4.4
Siemens Energy AG	Germany	Industrials	4.1
Alstom SA	France	Industrials	4.1
Eversource Energy	United States	Utilities	3.8
Siemens Aktiengesellschaft	Germany	Industrials	3.7
AGCO Corporation	United States	Industrials	3.6
STMicroelectronics NV	France	Information Technology	3.3

## Security level contributors and detractors

	Security	Average Relative weight (%)	% Contribution to return
Contributors	Veolia Environnement SA	6.7	1.4
	Centrais Eletricas Brasileiras SA-Eletronbras	4.3	1.0
	Siemens Aktiengesellschaft	3.9	0.8
Detractors	TDK Corporation	2.3	-0.5
	Canadian Solar Inc.	3.0	-0.7
	JinkoSolar Holding Co., Ltd. Sponsored ADR	2.9	-0.8

## Sector attribution relative to the benchmark

	Sector	Average Relative weight (%)	Allocation Effect (%)	Selection Effect (%)	Total Effect (%)
Contributors	Utilities	28.8	2.4	2.5	5.6
	Industrials	24.2	0.7	0.2	1.7
	Consumer Discretionary	-10.1	0.7	-0.1	0.7
Detractors	Energy	-3.8	-0.4	-0.1	-0.5
	Health Care	-10.0	-0.6	0.0	-0.6
	Financials	-17.3	-1.2	0.0	-1.3

## Commentary

### QFR Highlights

The fund gained 4.5% during the quarter, strongly outperforming its prospectus benchmark (MSCI ACWI) as well as comparable clean energy benchmarks, such as the S&P Global Clean Energy Transition index, during the quarter.

### Market Overview

The first quarter of 2025 ended with more market volatility, unpredictable and rapidly shifting news flow and policy, and increasing geopolitical and economic turmoil. While overall equity markets turned in their worst quarterly performance since 2022 a bigger market regime change was afoot as US equities underperformed the rest of the world by the most since 2002. Europe led outperformance, helped by low valuations and by plans — led by Germany — to loosen fiscal spending limits in order to support investment in defense and infrastructure. Against this backdrop, general environmental sectors generally traded in line with broad benchmark losses during the quarter, while the Greenchip strategy outperformed. General environmental sectors were weighed down by a sell-off in Tesla, as post-election enthusiasm for Musk's political successes met with indications of rapidly dropping sales, especially in Europe. Greenchip outperformance during the quarter was supported by its European and Brazilian holdings, with notably strong market reactions to earnings announcements from several holdings as well as gains from numerous utility holdings.

### Fund Performance

The fund gained 4.53% during the quarter, strongly outperforming the prospectus benchmark return of -1.45%. An overweight allocation to utilities and industrials, stock selection in utilities, and an underweight allocation to information technology and consumer discretionary contributed the most to relative performance. From a country perspective, an underweight allocation to the United States and an overweight allocation to Germany, Brazil, and France contributed the most to relative performance.

### Security Contributors

The top security contributors in Q1 2025 were Veolia Environnement, Eletrobras, and Siemens A.G.

### Security Detractors

The top detractors to performance in Q1 2025 were JinkoSolar, Canadian Solar, and TDK Corporation.

### Portfolio Activities

During the quarter, the Greenchip team initiated new positions in Kazatomprom, the world's largest producer and seller of uranium, and PG&E Corporation, a US-based utility holding company. The fund exited its position in Mitsubishi Electric, as the share price rose above the team's estimate of intrinsic value. The team continues to selectively rebalance in the face of major swings in value while adding to the list of candidate investments that could be made opportunistically in weak markets.

## Commentary

### **Outlook, Positioning**

The Greenchip team has consistently maintained its position that inflation will be higher – and stickier – than market expectations. Consequently, the strategy has been positioned with this outlook in mind. The team increased portfolio exposure into materials-oriented companies, which should benefit from higher commodity inflation, in 2024. Many of its holdings also have natural offsets to higher rates, such as utilities through rates cases, renewable developers and utilities through higher PPAs and cost of capital assumptions on rate base respectively. The team also sees large pricing power in its grid names, and has also paid extensive attention to balance sheet quality in their analyses. The fund's utility holdings are also well positioned in a constantly changing tariff environment, given relatively limited exposure.

### **Stock Stories**

#### **Veolia Environnement**

The French-headquartered utility, the fund's largest holding, was its best performer during the quarter. The price recovery from the previous quarter was helped by an easing of political instability in France, as well as Veolia's position as a relatively safe asset in a time of market uncertainty. It remains a high conviction name for the team, due to its long-term growth prospects as the world's largest provider of water technology and services, and diversified end market exposure both geographically and by sector.

#### **Eletrobras**

Brazilian transmission and hydro power operator Eletrobras recorded strong gains during the quarter. The company reached a deal with the Brazilian government over voting power and board representation in February 2025, lifting an overhang on the share price since 2023. The agreement also frees Eletrobras from the obligation to fund future capital increases related to the Angra 3 nuclear plant. Given no more balance sheet drag from quota related discounts from 2026 onwards, coupled with robust return prospects on planned expansion of brownfield transmission corridors, the team sees plenty of further upside catalysts.

#### **Siemens AG**

The fund has held a position in German industrial and engineering firm, Siemens A.G. since its inception, and it remains a core holding. Completion of long and deep destocking of inventories in China and Europe should be supportive for the DI business, allowing it to grow in-line with end markets. In the team's view, channel destocking is nearly complete and a clearing of inventories in Q2 should drive margin improvement.

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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 March 31, 2025. 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 - 248 ; three years - 200 ; five years - 168 ; ten years - 80.

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