

FEBRUARY 2022

Impact Report

Sustainable Thematic Equity Strategies:
Global Environmental All Cap Equity
and Global Environmental Equity



For Institutional Use Only

Overview

We're on a mission to make it easy for institutions, advisors and investors to integrate sustainable solutions into their portfolios.

Mackenzie's range of sustainable solutions offers diverse approaches to tackling environmental, social and governance (ESG) issues.

Range of Approaches to Sustainable Solutions

 Sustainable Core	 Sustainable Thematic	 Sustainable Impact
Investments that prioritize companies with positive ESG practices that are expected to enhance value	Investments that target specific ESG macro-trends that generate competitive returns	Investments that target ESG or sustainability outcomes while generating financial returns
Mackenzie Global Sustainable Balanced Strategy Mackenzie Global Sustainable Equity Strategy and Mackenzie Canadian Sustainable Equity Strategy Mackenzie Global Sustainable Bond Strategy and Mackenzie Global Sustainable Bond ETF	Mackenzie Global Environmental All Cap Equity Strategy Mackenzie Global Environmental Equity Strategy	Mackenzie Global Women's Leadership Strategy and Mackenzie Global Women's Leadership ETF

Exclusions

At Mackenzie, sustainable investing solutions exclude companies with involvement in controversial weapons, adult entertainment or pornography, gambling, tobacco or private prisons. To learn more about our exclusions, see our [Sustainable Investing Policy](#).

Sustainable Thematic Strategies

Strategy	Inception Date	Assets Under Management (USD M)*
Mackenzie Global Environmental All Cap Equity	Jan 2, 2008**	1,486.2
Mackenzie Global Environmental Equity	April 9, 2021	55.4

* Assets under management as at Dec. 31, 2021.

** The All Cap strategy was initially made available via offering memorandum and the date reflected here is that product's inception date.



Opportunities in Sustainable Thematic Investing

Scientific research shows that changes in the climate are widespread, rapid, becoming more intense and affecting every part of the world. According to the Intergovernmental Panel on Climate Change, global warming of 1.5°C and 2°C will be exceeded this century unless immediate, large-scale reductions in greenhouse gas emissions occur soon.¹

Greenhouse gas measurement is a useful tool, but it must be used thoughtfully, and the “footprint” of different portfolios must be considered in the right context.

The transition to a green economy will require annual investment in clean energy to more than triple by 2030, to around \$4 trillion per year.² Capital investment must increase dramatically in the coming years.

At Mackenzie, we believe we are in the early days of a Great Energy Transition; one that will take decades to play out and will significantly change how we produce and consume energy and other resources. The transition is being driven by resource scarcity, demographic

changes and the existential threat of climate change. We believe that investing in companies that produce environmentally superior products and services is essential to building a more sustainable and resilient economy. Similarly, the market for green bonds is growing exponentially – this debt is certified by a third party and used to finance climate or environmental-related projects.

As concerns over climate change have increased, many investors have also started to consider the greenhouse gases (GHGs) that companies emit. Carbon footprint analysis and screening has become a new tool that investment managers use to compare the environmental impact and progress that companies are making. For example, the GHGs of one metal producer can be compared to the GHGs of another. All else being equal, footprint management should lead capital to businesses able to reduce energy and other resources in their manufacturing processes. Mackenzie has begun to implement the use of footprint data across all its strategies. At the same time, Mackenzie is aware that footprint screening can have unintended consequences, particularly when applied at the portfolio level. When the analysis shifts from comparing the footprint of similar businesses to comparing

different sectors, capital could start shifting away from environmental solutions. It is easy to imagine that the manufacturer of wind turbine towers made from steel has a higher “footprint” than a bank, as one example. Greenhouse gas measurement is a useful tool, but it must be used thoughtfully, and the “footprint” of different portfolios must be considered in the right context.

The numbers are very clear: annual global investment in thematic solutions must triple from current levels in the next decade if we are to have any chance of staving off the worst effects of climate change. Having an allocation to thematic environmental strategies is becoming an important diversification tool that we believe will likely contribute to superior long-term investment outcomes.

For our strategies, we show various metrics including but not limited to portfolio ESG risk scores from Sustainalytics and environmental risks from S&P Trucost. We also include several ESG metrics, explained in detail on the back page. These measure how a fund’s risk profile may be impacted by various ESG factors.

¹ Source: **IPCC news release** on Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.

² Source: International Energy Agency report “**Net Zero by 2050.**”



Mackenzie Global Environmental All Cap Equity

OBJECTIVE

This strategy 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 portfolio manager seeks to identify undervalued securities that will benefit from the long-term trends of changing demographics, resource scarcity and environmental degradation.

STRATEGY

The strategy generally maintains a portfolio of companies of any market capitalization whose revenues are generated selling environmentally superior products and services from the following sectors: clean energy, energy efficiency, clean technology, water, sustainable agriculture and transportation. This strategy is managed by the Mackenzie Greenchip team. The team generally holds 30–50 companies across all market capitalizations.

Sustainable thematic investing gives investors geographical and industry exposures that are not typically within investor portfolios.

Coupled with that, environmental sector growth, technologies and regulatory policies can often be misunderstood, and securities may therefore be mispriced, offering opportunities for gains.

The Mackenzie Greenchip team prioritizes investment in climate solutions. The team seeks to contribute to achieving net-zero carbon emissions in the real economy by 2050. This strategy focuses on security valuation and is ideal for investors wanting to invest more sustainably while participating in the rapid growth of the environmental or “green” economy.

CASE STUDY

Johnson Matthey PLC

Johnson Matthey PLC is a specialty chemical and materials company that enables a cleaner and healthier world. It makes catalysts and licenses process designs and technologies that help customers in the chemicals and energy industries turn a wide range of feedstock into many products that are essential for modern life. The majority of the company's revenues can be attributed to the Mackenzie Greenchip team's clean technology sector: 21% from its efficient natural resources division providing process technologies to enable decarbonization of chemical and fuel production and 62% from its clean air division helping to reduce emissions from vehicles and other sources.

The company is well positioned to capitalize on its research and development in support of the transition to a low-carbon economy. In 2021, the company committed to the Science Based Targets initiative (SBTi) with its near-term targets on track to well below 2°C by 2030.

CONTRIBUTION TO THE UN SDGS

The strategy is assessed to identify the positive or negative contribution of a holding's products or services towards the UN SDGs.

86% vs **56%**

Positive Impact to the UN SDGs

Mackenzie Global Environmental All Cap Equity makes more of a positive contribution to the UN SDGs than its benchmark. These values have been adjusted to account for availability of ratings.

\$153,598 vs **\$64,588**

Attributable Revenue per USD\$1M Invested¹

Mackenzie Global Environmental All Cap Equity positively contributes USD\$153,598 in attributable revenue towards the UN environmental SDGs for every USD\$1 million invested, which is higher than its benchmark.

■ MI Gbl Env All Cap ■ Benchmark: MSCI ACWI



Global Environmental All Cap Equity contributes most to the following SDGs:



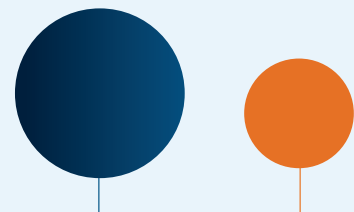
For full list of UN SDGs please see page 8.

¹ Source: ISS SDG Solutions Assessment.

ESG INDICATORS AS OF DECEMBER 31, 2021

Sources are depicted in the ESG Metrics Explained table on the back page.

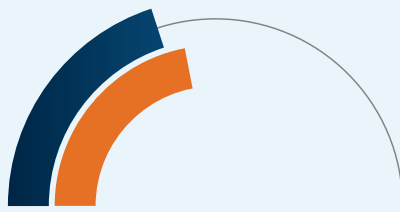
Environmental Indicators



501 vs 209

Weighted Average Carbon Intensity (tCO₂e/USD\$M)

WACI measures the strategy's exposure to carbon-intensive companies by calculating tons of carbon dioxide equivalent emitted per million U.S. dollars of revenue (tCO₂e/USD\$M). Climate-oriented solutions tend to be more carbon intensive than their benchmarks, hence the strategy's higher score.



41% vs 44%

Paris Alignment

41% of the Mackenzie Global Environmental All Cap Equity's weighting is aligned to limiting global warming to below 2°C above pre-industrial levels, as per the goals of the Paris Agreement.

Environmental Indicator



41% vs 29%

Percentage of Portfolio with Decarbonization Targets

41% of the Mackenzie Global Environmental All Cap Equity has corporate targets aligned with the Science Based Targets initiative (SBTi), which is higher than its benchmark.

Social Indicator



54% vs 53%

Board Diversity

54% of the Mackenzie Global Environmental All Cap Equity's weighting is made up of companies with more than 30% women on their boards of directors. Boards with greater diversity allow a wider range of perspectives in boardroom discussions.

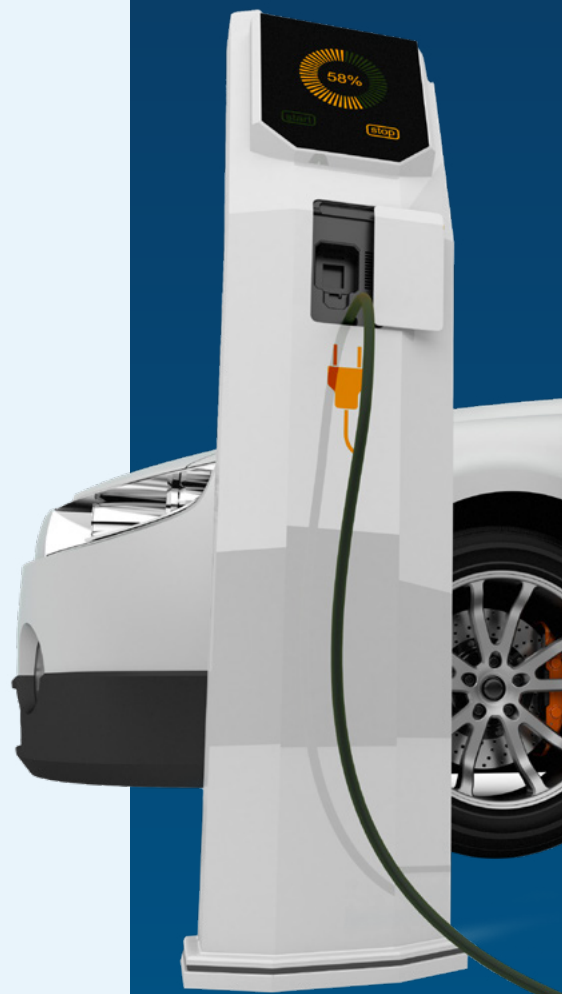
Governance Indicator



Portfolio Weight with High or Severe ESG Controversies

This strategy has no exposure to companies with high or severe ESG controversies (i.e., company activity or news that could hurt the company's outlook, reputation or stock performance). This speaks to risk management at each portfolio company.

■ MI Gbl Env All Cap ■ Benchmark: MSCI ACWI



Mackenzie Global Environmental Equity

OBJECTIVE

This strategy 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 portfolio manager seeks to identify undervalued securities that will benefit from the long-term trends of changing demographics, resource scarcity and environmental degradation. This strategy will generally invest in companies with a medium or large market capitalization.

STRATEGY

The strategy generally maintains a portfolio of companies whose revenues are generated selling environmentally superior products and services from the following sectors: clean energy, energy efficiency, clean technology, water, sustainable agriculture and transportation. This strategy is managed by the Mackenzie Greenchip team. The team generally holds 25–40 companies across medium and large market capitalizations.

Sustainable thematic investing gives investors geographical and industry exposures that are not typically within investor portfolios. Coupled with that, environmental sector growth, technologies and regulatory policies can often be misunderstood, and securities may therefore be mispriced, offering opportunities for gains.

The Mackenzie team prioritizes investment in climate solutions. The team seeks to contribute to achieving net-zero carbon emissions in the real economy by 2050. This product has a medium risk rating and is ideal for investors wanting to invest more sustainably while participating in the rapid growth of the environmental or “green” economy.

CONTRIBUTION TO THE UN SDGs

The strategy is assessed to identify the positive or negative contribution of a holding's products or services towards the UN SDGs.

85% vs **56%**

Positive Impact to the UN SDGs

Mackenzie Global Environmental Equity makes more of a positive contribution to the UN SDGs than its benchmark. These values have been adjusted to account for availability of ratings.

\$161,089 vs **\$64,588**

Attributable Revenue per USD\$1M Invested¹

Mackenzie Global Environmental Equity positively contributes USD\$161,089 in attributable revenue towards the UN environmental SDGs for every USD\$1 million invested, which is higher than its benchmark.

■ MI Gbl Env ■ Benchmark: MSCI ACWI

¹ Source: ISS SDG Solutions Assessment.



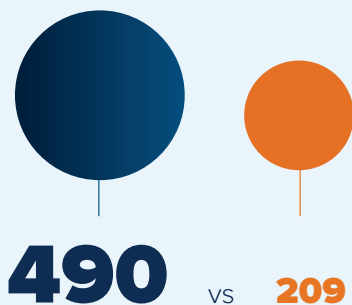
Global Environmental Equity contributes most to the following SDGs:



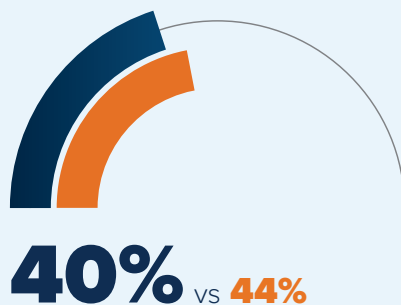
For full list of UN SDGs please see page 8.

ESG INDICATORS AS OF DECEMBER 31, 2021

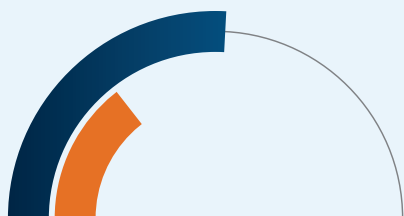
Sources are depicted in the ESG Metrics Explained table on the back page.

Environmental Indicators**Weighted Average Carbon Intensity (tCO₂e/USD\$M)**

WACI measures the strategy's exposure to carbon-intensive companies by calculating tons of carbon dioxide equivalent emitted per million U.S. dollars of revenue (tCO₂e/USD\$M). Climate-oriented solutions tend to be more carbon intensive than their benchmarks, hence the strategy's higher score.

**Paris Alignment**

40% of the Mackenzie Global Environmental Equity's weighting is aligned to limiting global warming to below 2°C above pre-industrial levels, as per the goals of the Paris Agreement.

Environmental Indicator**Percentage of Portfolio with Decarbonization Targets**

52% of the Mackenzie Global Environmental Equity has corporate targets aligned with the Science Based Targets initiative (SBTi).

Social Indicator**Board Diversity**

55% of the Mackenzie Global Environmental Equity's weighting is made up of companies with more than 30% women on their boards of directors. Boards with greater diversity allow a wider range of perspectives in boardroom discussions.

Governance Indicator**Portfolio Weight with High or Severe ESG Controversies**

This strategy has no exposure to companies with high or severe ESG controversies (i.e., company activity or news that could hurt the company's outlook, reputation or stock performance). This speaks to risk management at each portfolio company.

■ MI Gbl Env ■ Benchmark: MSCI ACWI

CASE STUDY**Veolia Environnement S.A.**

Veolia Environnement S.A. designs and provides water, waste and energy management solutions worldwide. The company's clean revenues meet the sector thresholds set by the Mackenzie Greenchip team.

It is the strategy's main holding in water utilities. In 2021, it finalized the acquisition of SUEZ SA, another portfolio holding until acquisition. All of Veolia's revenues can be attributed to three of the team's environmental sectors: 42% – Water utilities (via water management utility services); 37% – Clean technologies (via waste management services); and 21% – Renewable energy (via renewable energy services). The team believes the combined Veolia-SUEZ entity positions the company extremely well to capitalize on global water services growth. In addition, the company has committed to the SBTi with short-term targets aligned to 1.5°C by 2034.

United Nations Sustainable Development Goals

Climate change, poverty, systemic racism and inequality are huge issues identified by the United Nations, which investors can help to resolve.

The Sustainable Development Goals (SDGs) were adopted by United Nations member states in 2015. They form a universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere. The goals are part of the 2030 Agenda for Sustainable Development. Learn more about the UN SDGs [here](#).

How We Contribute

Mackenzie uses the ISS ESG SDG Solutions Assessment, which reports on a portfolio's contribution or obstruction to the achievement of 15 sustainability objectives, based on the products and services of the portfolio companies being analyzed. The social and environmental objectives in the ISS ESG tool are closely aligned with the 17 UN SDGs. Learn more about the ISS ESG SDG assessment [here](#).



ESG Metrics Explained

ESG Metric	Description and Source
Weighted Average Carbon Intensity (WACI) tCO₂e/USD\$M	WACI, a carbon-intensity metric, measures a fund's exposure to carbon-intensive companies expressed in tCO ₂ e per USD\$M in revenue. This metric acts as a comparable between the fund and the benchmark, utilizing S&P Global Trucost's direct and first-tier indirect emissions data to do so. ¹
Paris Alignment	S&P Global Trucost's Paris Alignment Dataset enables investors to quantify and qualify a company's transition to a low-carbon economy. This dataset analyzes a company's emission targets and reductions in line with global climate goals, specifically analyzing a company's alignment to the Paris Agreement goals of limiting global warming to below 2°C above pre-industrial levels. ¹
Science Based Targets Initiative	Science-based targets are emission reduction targets that are aligned with climate science to reduce emissions in line with net zero and/or the Paris Agreement goals. The Science Based Targets initiative (SBTi) validates the pathway of science-based company targets. ²
Board Diversity	Board diversity is demonstrated through company filings; depicted as the percentage of women on a company's Board of Directors. ³
ESG Controversies	Sustainalytics' ESG controversy research identifies companies that have been involved in ESG incidents that could negatively impact the company's operations and other stakeholders, such as the environment. ⁴
Positive Impact to the UN SDGs	Companies are assessed based on the contribution (limited/significant) of their products and services towards meeting the United Nations Sustainable Development Goals (UN SDGs). ⁵

¹ Source: S&P Global Trucost, 2021.

² Source: Science Based Targets, 2021.

³ Company filing diversity data has been sourced from Bloomberg (2021).

⁴ Source: Sustainalytics, 2021.

⁵ Source: ISS ESG, 2021.



To enable comparisons with the benchmark, we adjust both our portfolio metrics and benchmark metrics to approximate 100% ratings coverage for all dataset utilized within our ESG Analysis for equity and corporate fixed income instruments. Due to the nature of ESG Data coverage, non-eligible securities, such as Cash & Equivalents, ETFs, Government Securities, Commodities, Derivatives, Short Positions, and Mutual Funds have been excluded from the analysis as they are not applicable and/or available. As per our methodology, we have only reported ESG metrics for funds with above 70% portfolio weight coverage taking into account only the eligible securities. Because of this, certain ESG metrics have not been reported for the Mackenzie Global Environmental Equity and its respective benchmark.

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