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Top 10 – Mackenzie Betterworld Global Equity Fund

Industry:
Software

Country:
USA

Market Cap:
(USD) 2,290B

Weight:
4.82%

Microsoft

Microsoft is a worldwide leader in software, services, devices and solutions for both consumers and businesses divided into three segments: Productivity and Business Processes (Office Commercial & Consumer, Dynamics and LinkedIn); Intelligent Cloud (Azure, server, enterprise services) and More Personal Computing (Windows, devices, gaming, search).

Investment Potential

- Microsoft has successfully transitioned its office suites and enterprise resources planning products into a subscription model that captures increasing and stable recurring revenue. The global adoption of hybrid work model positions Teams as an important collaboration application, which should boost sales growth for Microsoft's office suite.
- Microsoft's Intelligent cloud segment, headlined by the Azure, is the fastest growing segment of the company and has become its largest segment by revenue. Its cloud offerings continue to benefit from its large distribution channels.
- We believe Microsoft remains at the forefront of an acceleration in digital transformation and benefits from strong positioning for public cloud adoption, large distribution channels and an expansive installed customer base to support margin expansion and attractive double digit revenue growth.

Positive Impact for People and Planet

Microsoft Corporation demonstrates strong ESG leadership. The company has identified clean technology as a core company strategy and an increasing share of the firm's revenue comes from smart grid technology, environmental information technology and other environmental damage-mitigating technologies. It is noted FY2020 20% of the company's revenues were attributed to products and services



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in support of energy consumption reduction which is aligned with UN SDG 12 "Responsible Consumption and Production. Further, the company is investing \$1 billion in a Climate Innovation Fund that will support commitments in carbon, water, waste and ecosystem. The company is noted for its community investment efforts and FY 2020 s provided \$1.9 billion in donations/discounted technology & services to non-profits. The company has strong governance oversight ensuring the best interests of shareholders are represented. The company is noted for 40% female representation on the board of directors which is significantly above industry average.

Apple

Industry:

**Technology Hardware,
Storage & Peripherals**

Country:

USA

Market Cap:

(USD) 2,457B

Weight:

4.51%

Apple, Inc. engages in the design, manufacture, and marketing of mobile communication, media devices, personal computers and related service offerings. Apple designs and develops its own hardware and operating systems to establish a stand-alone ecosystem which gives the company greater control of the user experience and strong consumer brand loyalty. This strategy provides a differentiated and enduring competitive advantage that helped Apple to create the world's most valuable technology platform with over 1.65 billion active devices.

Investment Potential

- Apple leads the world in innovation with iPhone, iPad, Mac, Apple Watch, and Apple TV. Apple's five software platforms — iOS, iPadOS, macOS, watchOS, and tvOS — provide seamless experiences across all Apple devices and empower people with breakthrough services including the App Store, Apple Music, Apple Pay, and iCloud.
- The company enjoys strong tailwinds driven by its strongest portfolio of Products and Services in years. Additional supports for Apple buy case are accelerating adoption of 5G smartphones, continued PC market share gains, increasing monetization of high margin services, and strong cash returns. Longer-term investments in augmented reality, payments health, autos and home can help sustain growth as Apple captures more of its user's time and wallet share.

Positive Impact for People and Planet

Apple Inc is noted for its commitment to achieve net zero carbon emissions and manufacture all products with 100% clean energy by 2030. Once completed, Apple's environmental commitments will avoid over 15 million metric tons of CO₂e annually — the equivalent of taking more than 3.4 million cars off the road each year. The company has made progressive commitments to increasing workforce diversity with 43% of leadership roles in the US being filled by people from underrepresented communities, and globally 37% of leadership roles are filled by women. Supply chain sourcing and management is an area of risk for this industry and Apple is noted for its industry leading supply chain management and oversight systems. Finally, the company scores amongst the top of its industry for data and privacy management with board-level oversight and external independent information security audits.



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Industry:

**Interactive Media
& Services**

Country:

USA

Market Cap:

(USD) 1,932B

Weight:

3.80%

Alphabet

Alphabet is the holding company of Google, which was founded in 1998. Since then, the company has grown to more than 140,000 employees worldwide, with a wide range of popular products and platforms like Search, Maps, Ads, Gmail, Android, Chrome, Google Cloud and YouTube.

Investment Potential

- The Google Services segment accounts for about 92% of the company's revenue, of which over 80% is from advertising and the rest is from apps sales, in-app purchases, subscription revenue from YouTube. Operating under services are the Google domain, the world's dominating search engine, Android, the world's most popular smartphone operating system and YouTube, the world's largest video-sharing platform. Other widely used products from Google include Chrome, Gmail, Google Maps, etc. that have arguably become essential daily tools for users all over the world.
- Google Cloud offers infrastructure and data analytics solutions to enterprise customers. It generates about 7% of the company's revenue and is a significant player in the cloud space
- Alphabet places all other non-Google businesses in different development stages under the group of Other Bets. These businesses include Waymo, a self-driving car project, Verily, a health data collection tool aiming to develop more holistic and simplified care management, Nest, smart home devices.
- We believe Alphabet offers an attractive investment opportunity, as Google's penetration into the users' daily lives will make their offerings relevant in the foreseeable future, which puts Google in a prime position to benefit from the growth of e-commerce and the shift of ad spending to online. While Google Cloud is also expected to grow strongly amid the secular cloud adoption trend.

Positive Impact for People and Planet

Alphabet has made progressive commitments in support of diversity and environmental leadership. The company has committed to improve the leadership representation of underrepresented groups within its workforce to 30% and has initiatives to double black representation and hire more people with disabilities by 2025. Alphabet has demonstrated industry and global leadership on environmental initiatives by issuing the largest sustainability bond to date for any company: the \$6billion bond will be used for energy efficiency projects to optimize water material and energy use. The company is noted for above industry data and privacy management efforts including right user privacy and data use disclosure and transparency and external information security audits.

Industry:
Banks

Country:
USA

Market Cap:
(USD) 143,344M

Weight:
2.31%

Citigroup

Citigroup is a global diversified financial services company with operations split between Global Consumer Banking and Institutional Clients Group. Citi has approximately 200 million customer accounts and operates in more than 160 countries and jurisdictions, with 209,000 full-time employees.

Investment Potential

- Global Consumer Banking is a global leader in retail banking and wealth management and the world's largest credit card issuer. With 2,303 branches operating in 19 countries, the segment's primary markets are the U.S., Mexico and Asia.
- Institutional Clients Group provides corporate, institutional, public sector and high-net worth clients around the world with a full range of wholesale banking products and services, including fixed income and equity sales and trading, foreign exchange, prime brokerage, derivative services, equity and fixed income research, corporate lending, investment banking and advisory services, private banking, cash management, trade finance and securities services.
- We expect new CEO, Jane Fraser, to advocate to investors for a renewed path to increased profitability and close the gap with peers by streamlining Citi's expansive operation. In the meantime, we expect the firm's excess capital to be applied towards share repurchases and dividend increases.
- Citigroup presents an attractive profile in the banking space as it trades at a valuation discount to other large money center banks, which provides higher margin of safety and attractive upside potential, while offering significant exposure to faster growing emerging markets with more than 50% of revenue from outside of US.

Positive Impact for People and Planet

Citigroup Inc. ESG performance is underpinned by their 2025 Sustainable Progress Strategy through which the company announced a \$250 billion Environmental Finance Goal to finance climate solutions over the next five years. The focus of this strategy is the global Low-Carbon Transition, Climate Risk and Sustainable Operations. Citi is noted for its performance around diversity including efforts to ensure pay equity by reporting the aggregate measure of total compensation across all employees to provide transparency on pay gaps within its workforce. The company is also noted for its recent appointment of a female CEO and a \$1 Billion strategic initiative to provide greater access to banking and credit in communities of color. FY2020 the company issued a \$2.5B affordable housing bond, the largest-ever private sector social bond.



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Industry:

Entertainment

Country:

USA

Market Cap:

(USD) 334,242M

Weight:

2.27%

Walt Disney

The Walt Disney Company, together with its subsidiaries and affiliates, is a leading diversified international family entertainment and media enterprise that includes Disney Parks, Experiences and Products; Disney Media & Entertainment Distribution; and three content groups—Studios, General Entertainment and Sports—focused on developing and producing content for DTC, theatrical and linear platforms.

Investment Potential

- Diversification has been a key benefit for the company while COVID 19 caused FCF pressure from Parks closures with ESPN's FCF generation is key to driving down leverage.
- While traditional TV continues to have challenges amid cord cutting, the company's new streaming services, Disney+, has ramped up 116 million subscribers, and will be the company's core growth driver. We believe there is a long growth runway for the direct-to-consumer streaming business, backed by their highly valuable IP with cross-generational appeal, upcoming strong content slate.
- We like how Disney is building content assets that enable it to take advantage of the significant direct-to-consumer streaming opportunity ahead. Disney's underlying IP remains best-in-class, supporting long term content monetization opportunities.

Positive Impact for People and Planet

Walt Disney is investing in creating a more diverse workforce and in 2020 the company added "Inclusion" as the fifth key factor that guides its culture. The company established an executive level committee to monitor progress on its inclusion initiatives. They report that currently, 40% of the company's board of directors are women and 30% are racially/ethnically diverse. The firm proactively works to increase female representation in software engineering through its Girls Who Code program. The company met its targets to reduce GHG emissions by 50% by 2020 and has announced new net zero targets by 2030. The company is increasingly seeking opportunities to move to renewable energy to power its operations and in 2020, Disneyland Paris broke ground on one of the largest solar canopy plants in Europe that will reduce GHG emissions by more than 750 tons of CO2 per year and generate electricity equivalent to 17% of the resort's energy needs. The company is noted for efforts to increase consumer digital safety including a children's privacy policy, robust and comprehensive global privacy and compliance programs, and responsible marketing practices which consider the rights and maturity of the intended audience.



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Industry:

Media

Country:

USA

Market Cap:

(USD) 263,107M

Weight:

2.06%

Comcast

Comcast is a global media and technology company principally focussed on broadband aggregation and streaming with 57 million customers in the US and Europe. The company delivers broadband, wireless, and video through their Xfinity, Comcast Business, and Sky brands; create, distribute, and stream leading entertainment, sports, and news through Universal Filmed Entertainment Group, Universal Studio Group, Sky Studios, the NBC and Telemundo broadcast networks, multiple cable networks, Peacock, NBCUniversal News Group, NBC Sports, Sky News, and Sky Sports; and provide memorable experiences at Universal Parks and Resorts in the United States and Asia.

Investment Potential

- We believe Comcast's long-lasting broadband infrastructure will continue to benefit from the strong demand in broadband internet, which was boosted during the pandemic, and generate growing free cash flow. Comcast also offers a relatively attractive growth outlook with a solid launch of its own video streaming service, Peacock, and the upcoming opening of its new theme parks.
- Comcast continues to benefit from secular growth in its connectivity business and reopening strength at its NBCU/Sky assets.

Positive Impact for People and Planet

The WHO states that disparities in access to high-speed internet exacerbates income inequality. Comcast Corp. is attractive due to the company investment in digital equity across communities of color and low-income neighborhoods by creating a variety of Wi-Fi spaces. The company is investing \$1 billion over the next 10 years to provide more access to the internet for an additional 50 million Americans. The company also notes the chronic underrepresentation of women and people of color in the technology sector and has such partnered with organizations and implanted internal programs to support access to education, skills, and opportunities in the field.



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Industry:
IT Services

Country:
USA

Market Cap:
(USD) 341,168M

Weight:
2.00%

Mastercard

Mastercard is the second largest transaction authorization network globally. The company provides financial transaction processing services for credit and debit cards, electronic cash, automated teller machines and traveler checks in more than 210 countries and territories and over 150 different currencies. The company also provide integrated value-added offerings such as cyber and intelligence products, information and analytics services, consulting, loyalty and reward programs, processing and open banking.

Investment Potential

- Having established one of the most dominant payment network in the industry, Mastercard's business model offers a stable stream of revenue, high operational leverage, low capital expenditures, and therefore robust free cash flow. The company generates over 65% of their transaction volume from markets outside of US, which include sustained market share gain during recent years in faster-growing areas of Europe.
- Mastercard's growth drivers include resilient consumer spending, market share gains and the ongoing transition from cash to card
- We believe Mastercard is well positioned to substantially benefit from the ongoing global secular shift from cash to card payments as well as continuing strong growth in e-Commerce and cross-border payments, while advancing into large new markets such as business-to-business (B2B) and account-to-account (A2A) payments.

Positive Impact for People and Planet

Mastercard has made recent notable moves to increase its sustainability profile. The company is noted for implementing a best-in-class ESG standard of tying executive compensation to ESG initiatives prioritizing carbon neutrality, financial inclusion, and gender pay parity. The company's financial inclusion efforts were underpinned by the issuance of a USD 600 M sustainability bond with the proceeds intended to bring a total of 1 billion people and 50 million small businesses into digital economy by 2025. In 2020 the company achieves its initial goal to bring 500 million unbanked people into the financial system. Mastercard has set a net-zero emissions goal for 2050 across its operations and value chain. Mastercard is the first company in the payments industry to gain Science Based Targets initiative (SBTi) approval for its GHG goals, Mastercard is currently working towards its SBTi-approved goal to reduce total Scope 1 and 2 emissions by 38% and Scope 3 emissions by 20% by 2025 from a 2016 baseline.



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Industry:

Consumer Finance

Country:

USA

Market Cap:

(USD) 18,878M

Weight:

1.77%

Ally Financial

Ally Financial Inc. is a digital financial services company for its consumer, commercial and corporate customers. The company is composed of an industry-leading independent auto finance and insurance operation, an award-winning digital direct bank, a corporate finance business for equity sponsors and middle-market companies, and securities brokerage and investment advisory services.

Investment Potential

- Ally's dealer relationship growth accelerated through the pandemic with 7.7% increase in the last six quarters since the end of 2020. The rapid increase in dealer relationship, along with strong auto demand and high consumer savings in the U.S. should result in solid growth in auto lending at attractive yields in the near term.
- Ally's digital direct bank has also demonstrated a track record of superior growth. Ally Bank's retail deposit customer base has increased by 117% in the last 4.5 years, or at a CAGR of 18.7%, an outstanding growth rate in the banking sector. Ally Bank's mix of customers with a multi-Product relationship is also growing and signaling consumer's rising acceptance and confidence in its digital only model and driving diversification for Ally with penetration into mortgages, personal and commercial loans as well as wealth management services. The company's growing deposit franchise is also a significant competitive advantage that offers low-cost funding for lending.
- We believe Ally's fundamentals continue to be supported by economic recovery factors like employment growth that puts a floor on consumer credit risk and increasing loan growth from improving pricing and sales volumes in used vehicles.
- The company has recently announced a share buyback program of up to \$2 billion, which is equivalent to one fifth of its market capitalization and should continue to support the pace of its EPS growth. Ally's share price remains attractive as the company is trading at discount relative to its historical valuation range and given its solid earnings growth outlook.

Positive Impact for People and Planet

Ally Financial Inc. ESG strengths are driven by the characteristic that this digital bank is a leader in access to financial services to advance financial and social inclusion for underserved groups. The company has committed more than \$1 billion per year in loans and investments that benefit low/moderate income communities and provides free access to ATM in over 40,000 locations. In June 2021, the company announced it was eliminating overdraft fees on all accounts. Overdraft fees are disproportionately charged to marginalized groups including low-income households and black and Latin groups. A recent report found of all the over \$12 Billion overdraft fees charged in the US in 2020, 95% were charged to financially coping and vulnerable households. The firm's commitment to diversity is further reflected in its board of directors, 42% of whom are women or people of color.



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The company's business model also presents less environmental risks. The company has a lower carbon footprint due to its mainly digital presence compared to the traditional brick and mortar financial institution competitor models.

Adyen

Industry:
IT Services

Country:
Netherlands

Market Cap:
(EUR) 82,120M

Weight:
1.76%

Adyen is a global payment technology company based in Netherlands. The core strength of the Adyen platform is that it enables merchants to accept payments in a single system, enabling revenue growth online, on mobile devices and at the point of sale. Adyen has focused on building a modern infrastructure directly connected to card networks and local payment methods across the world, allowing for unified commerce and providing shopper data insights to merchants.

Investment Potential

- With iconic customers including Microsoft, Uber, eBay, H&M, adidas, Spotify, Alibaba, etc., Adyen is well on its way to more quadruple its 2017 volume by the end of 2021. The system accepts all popular methods including credit cards, debit cards, Apple Pay, Google Pay, UnionPay, WeChat Pay, Alipay as well as many other local payment schemes.
- Adyen's technology fits well into the current payment industry as it allows international companies to gain significant operational efficiency by using one integrated payment platform across countries and channels, having a singular overview of all payments and eliminating the need to deal with multiple regional service providers. Adyen's platform also helps merchants to accept payments from tourists using their own local payment schemes.
- We find the company is well aligned with secular e-commerce growth with 89% of the company's processed volumes originating online.
- Adyen offers best-in-class solutions that serve the fast-growing payments industry, which is driven secular trends such as transition from cash to card, increasing migration to online transactions, as well as growing cross-border payments. We also like that Adyen's solutions are specifically attractive to international companies with strong online presence and high payment volume.

Positive Impact for People and Planet

Adyen NV is a leader in practices to advance worker equity and inclusion. The company's Diversity and Inclusion policy which includes sector leading work-life balance policies, an annual audit of pay gaps among its workforce and ensuring equal opportunities for new roles are considered best practices. Additionally, through the purchase of carbon credits, Adyen NV achieved carbon neutral status in 2019. The firm's carbon offsets neutralized the firm's historical emissions through investments in projects that support climate action efforts such as reforestation, wildlife protection, and education-focused subsistence farming initiatives. The company's corporate governance is considered strong with a fully independent board and recent efforts to increase board gender diversity.



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Industry:

**Semiconductors
& Semiconductor
Equipment**

Country:

Taiwan

Market Cap:

(USD) 629,564M

Weight:

1.73%

TSMC

Taiwan Semiconductor Manufacturing Co. (TSMC) is the largest dedicated contract semiconductor manufacturer in the world, with roughly 50% market share. The company handles manufacturing for semiconductor and integrated device companies that don't have their own manufacturing facilities.

Investment Potential

- According to TSMC, the company produced 24% of the world semiconductor excluding memory output value in 2020, compared to 21% in the previous year. From the capacity perspective, TSMC's growth is enabled by their strong capex in earlier years. This year, the company announced their plan to spend \$100 billion on capex in the next three years to keep on expanding and meet the fast-growing demand.
- TSMC's leadership in both capacity and technology arguably makes it the one reliable company to deliver cutting edge chips at scale for many top customers in the world, which include Apple, Qualcomm, NVIDIA, Broadcom, AMD, and Intel.
- We are attracted to TSMC as it demonstrates significant and sustainable competitive advantages over peers, while being strategically positioned to capitalize from the ever-increasing applications of semiconductors, that is expected to accelerate with 5G rollout, and increasing AI adoption.

Positive Impact for People and Planet

TSMC semiconductor technology is well positioned to capture opportunity as a player in sustainable innovation and technology via its products supporting improved energy efficiency in support. TSMC is recognized as the first company to receive platinum certification from the Alliance for Water Stewardship (AWS) recognizing leading sustainable water management systems. The company has comprehensive water conservation and recycling programs with below industry average water intensity rates. The company has also implemented a new program in support of supplier water consumption with an established reduction target. TSMC is committed to 100% renewable energy usage and has reached a 95% waste recycling rate for six consecutive years. The company has a strong supply chain management program to ensure 100% of minerals are sourced responsibly and considered "conflict-free". Across different rating agencies the company has collectively been recognized as an ESG leader receiving top performance ratings from Sustainalytics, MSCI, CDP, and the World Benchmarking Alliance. The company has also been recognized as a Top Employer by Forbes, and one of the world's most admired companies by Fortune.

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