

# MACKENZIE CORPORATE KNIGHTS GLOBAL 100 INDEX ETF

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## **Interim Management Report of Fund Performance**

*For the Period Ended September 30, 2023*

*This Interim Management Report of Fund Performance does not contain the interim financial report of the exchange-traded fund ("ETF"). You may obtain a copy of the interim financial report, at no cost, by calling the toll-free number 1-800-387-0614, by writing to us at Mackenzie Financial Corporation, 180 Queen Street West, Toronto, Ontario M5V 3K1, by visiting our website at [www.mackenzieinvestments.com](http://www.mackenzieinvestments.com) or by visiting the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca).*

*Unitholders may also contact us using one of these methods to request a copy of the ETF's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure. For more information, please refer to the ETF's Prospectus and ETF Facts, which may also be obtained, at no cost, using any of the methods outlined above. For the ETF's current net asset value per unit and for more recent information on general market events, please visit our website.*

### **A NOTE ON FORWARD-LOOKING STATEMENTS**

*This report may contain forward-looking statements that reflect our current expectations or forecasts of future events. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", "preliminary", "typical" and other similar expressions. In addition, these statements may relate to future corporate actions, future financial performance of a fund or a security and their future investment strategies and prospects. Forward-looking statements are inherently subject to, among other things, risks, uncertainties and assumptions that could cause actual events, results, performance or prospects to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and assumptions include, without limitation, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, the volatility of global equity and capital markets, business competition, technological change, changes in government regulations, changes in securities laws and regulations, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, outbreaks of disease or pandemics (such as COVID-19), and the ability of Mackenzie to attract or retain key employees. The foregoing list of important risks, uncertainties and assumptions is not exhaustive. Please consider these and other factors carefully and do not place undue reliance on forward-looking statements.*

*The forward-looking information contained in this report is current only as of the date of this report. There should not be an 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.*



**MACKENZIE**  
Investments

# MACKENZIE CORPORATE KNIGHTS GLOBAL 100 INDEX ETF

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## Management Discussion of Fund Performance

November 13, 2023

This Management Discussion of Fund Performance presents the portfolio management team's view on the significant factors and developments that have affected the ETF's performance and outlook in the period ended September 30, 2023 (the "period"). If the ETF was established during the period, "period" represents the period since inception.

In this report, "Mackenzie" and "the Manager" refer to Mackenzie Financial Corporation, the manager of the ETF. In addition, net asset value ("NAV") refers to the value of the ETF as calculated for subscription and redemption purposes, on which the discussion of ETF performance is based.

Please read *A Note on Forward-Looking Statements* on the first page of this document.

## Investment Objective and Strategies

The ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Corporate Knights Global 100 Index, or any successor thereto. It invests primarily in equity securities of issuers from anywhere in the world, selected based on an evaluation of sustainability characteristics using criteria set out by the index provider.

## Risk

The risks of the ETF remain as discussed in the ETF's Prospectus.

The ETF is suitable for medium- to long-term investors looking for a global equity fund with exposure to stocks that meet a wide set of environmental, social and governance rating criteria within their portfolio, who can handle the volatility of stock markets and who have a medium tolerance for risk.

## Results of Operations

### Investment Performance

Investment performance is not presented because the ETF has not issued units for the full six-month period.

### Environmental, Social and Governance ("ESG") Impact

The ETF invests in the 100 most sustainable companies, as determined by the Corporate Knights Global 100 Index. Corporate Knights Inc. assesses corporate sustainability using a research methodology that employs up to 25 key performance indicators covering resource management, employee management, financial management, sustainable revenue and sustainable investment, and supplier performance. The index is reconstituted each year in January.

Based on the most recent scope 1 and 2 greenhouse gas emissions intensity data, the weighted average carbon intensity of the portfolio was 74 tonnes of carbon dioxide-equivalent emissions per million U.S. dollars of revenue ("tCO<sub>2</sub>e/US\$M") at September 30, 2023. (The Greenhouse Gas Protocol defines scope 1 as direct emissions from fuel burned in a company's owned or controlled assets and/or chemical leaks and spills, and scope 2 as indirect emissions from purchased electricity, cooling, heat and/or steam.) The weighted average carbon intensity of the Solactive Global Developed Markets Large and Mid Cap Index, which offers a meaningful comparison, was 112.12 tCO<sub>2</sub>e/US\$M.

As measured by the MSCI ESG Sustainable Impact Metrics framework, 17.76% of revenue on a weighted basis within the portfolio was from products and services that address environmental objectives. This compares to 6.04% of revenue on a weighted basis within the Solactive index. The MSCI framework identifies company revenue that provides environmental benefits, such as clean or renewable energy, while excluding revenue from activities that may be environmentally controversial. These fail to meet the Do No Significant Harm and Minimum Social Safeguards criteria identified by the EU Taxonomy. (All data is from MSCI ESG Research LLC.)

## Net Assets

From its inception on April 18, 2023, to September 30, 2023, the ETF experienced \$0.4 million in net losses (including any interest and/or dividend income) from investment performance, after deducting fees and expenses, and an increase of \$6.0 million due to net unitholder activity (including sales, redemptions and cash distributions).

## Recent Developments

Because the ETF is an index fund, neither market expectations nor recent developments affect the composition of the portfolio.

## Related Party Transactions

### Management Fees

The ETF paid management fees to the Manager at the annual rate of 0.50%.

The management fee for the ETF is calculated and accrued daily as a percentage of its NAV. The ETF's management fees were used by the Manager to pay for the costs of managing the investment portfolio of the ETF, including providing investment analysis and recommendations, making investment decisions, making brokerage arrangements for the purchase and sale of the investment portfolio, providing other services and licensing the index, and to pay for all costs and expenses (other than certain specified fund costs as more fully described in the Prospectus) required to operate the ETF.

### Other Related Party Transactions

The Manager is wholly owned by IGM Financial Inc., which in turn is a subsidiary of Power Corp. of Canada. Companies related to Power Corp. of Canada are therefore considered affiliates of the Manager. At September 30, 2023, the ETF held the following investment(s) in companies affiliated with the Manager: \$0.1 million invested in securities issued by IGM Financial Inc. The investment(s) represented 0.9% of the ETF's NAV. In making the investment(s), the Manager relied on the approval of the Mackenzie Funds' Independent Review Committee. The Independent Review Committee issued the approval on the basis that the investment(s) would be made in compliance with the Manager's policies. The Manager's policies are designed to ensure that any related party transaction (i) is made free from any influence by an entity related to the Manager and without taking into account any considerations relevant to an entity related to the Manager; (ii) represents the business judgment of the Manager, uninfluenced by considerations other than the best interests of the ETF; and (iii) achieves a fair and reasonable result for the ETF.

Investment funds managed by Mackenzie and its affiliates may invest in the ETF in accordance with the investment objectives of those funds. At September 30, 2023, funds managed by Mackenzie owned 31.9% of the ETF's NAV. All related party transactions are based on the current market price. As a result of these investments, the ETF may be subject to large transaction risk as discussed in the Prospectus. Mackenzie manages this risk to reduce the possibility of any adverse effects on the ETF or on its investors, through such processes as settling transactions in kind, charging creation and/or redemption fees for transactions settling in cash, and establishing appropriate order cut-off times for transactions.

At September 30, 2023, the Manager had an investment of \$1.0 million in the ETF (18.3% of the ETF's NAV). If the Manager decides to dispose of its investment, it will do so in a manner that reduces the possibility of adverse effects on the ETF.

## Past Performance

Past performance is not presented because the ETF has not issued units for the full six-month period.

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## Summary of Investment Portfolio at September 30, 2023

PORTFOLIO ALLOCATION	% OF NAV
Equities	99.4
Other assets (liabilities)	0.4
Cash and cash equivalents	0.2

REGIONAL ALLOCATION	% OF NAV
United States	22.0
Canada	12.4
Other	11.1
France	7.6
Germany	6.5
United Kingdom	5.6
Denmark	5.0
Japan	4.2
Netherlands	3.9
Finland	3.5
Singapore	3.4
Norway	3.4
Australia	3.1
Sweden	2.7
China	2.5
Hong Kong	2.5
Other assets (liabilities)	0.4
Cash and cash equivalents	0.2

SECTOR ALLOCATION	% OF NAV
Information technology	18.5
Financials	15.9
Consumer discretionary	11.9
Health care	9.6
Consumer staples	8.8
Communication services	8.6
Industrials	8.1
Materials	7.4
Utilities	4.3
Energy	3.6
Real estate	2.7
Other assets (liabilities)	0.4
Cash and cash equivalents	0.2

TOP 25 POSITIONS	% OF NAV
<b>Issuer</b>	
Tesla Inc.	2.0
Alphabet Inc.	1.5
ASM International NV	1.5
Cascades Inc.	1.5
Sprouts Farmers Market Inc.	1.4
Banco do Brasil SA	1.4
VMware Inc.	1.4
Stantec Inc.	1.4
Koninklijke Philips NV	1.4
Apple Inc.	1.3
Neopost SA	1.3
Ricoh Co. Ltd.	1.3
SAP AG	1.2
Cisco Systems Inc.	1.2
Brambles Ltd.	1.2
Commerzbank AG	1.2
Sanofi	1.2
Ecolab Inc.	1.2
Atea ASA	1.2
Intesa Sanpaolo SPA	1.2
Adidas AG	1.2
Arcelik AS	1.2
Hewlett Packard Enterprise Co.	1.2
Teck Resources Ltd.	1.1
StarHub Ltd.	1.1
<b>Top long positions as a percentage of total net asset value</b>	<b>32.8</b>

*The ETF held no short positions at the end of the period.*

*The investments and percentages may have changed since September 30, 2023, due to the ongoing portfolio transactions of the ETF.*

# MACKENZIE CORPORATE KNIGHTS GLOBAL 100 INDEX ETF

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## Financial Highlights

Financial highlights are not presented because the ETF has not reached its first fiscal year-end.

## Index Provider Disclaimer

“Corporate Knights,” “Corporate Knights Global 100” and other trade marks related to the Index are trade marks of the Index Provider and are used by the Mackenzie ETF, the Manager and its affiliates under licence. No part of the information describing or providing details as to the construction or calculation of the Index, whether appearing in this document or on the Index Provider’s website, may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the Index Provider.

It is not possible to invest directly in an index. Exposure to securities or a trading strategy represented by an index is only available through investable instruments based on that index. There is no assurance that any index-linked investment, such as the Mackenzie ETF, will accurately track performance of the Index. Index returns do not represent the results of actual trading of investible assets or securities. The Index Provider maintains the Index, but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the index. The imposition of these fees and other charges would cause the performance of an index-linked investment, such as the Mackenzie ETF, to be different than the indicated Index performance.

The Index Provider does not provide investment advice and nothing herein is intended as constituting financial or investment advice. Inclusion of a security in an index is not a recommendation to buy, sell or hold such security. Prospective investors should obtain their own legal, tax and investment advice.