



MACKENZIE
Investments

Top 10 – Mackenzie Betterworld Canadian Equity Fund

Industry:
IT Services

Country:
Canada

Market Cap:
(CAD) 232,296M

Weight:
7.55%

Shopify

Shopify provides a cloud-based platform that enables merchants to establish an e-commerce presence and is considered a leading multichannel operating system for small and mid-sized businesses (SMB) commerce.

Investment Potential

- New business formations remain a key business driver for long term growth with Shopify's 2020 merchant count at 1.7 million and 75% of monthly recurring revenue coming from SMBs.
- We like how Shopify is making it easier for SMBs to set up an e-commerce store and expand their reach while Shopify continues enhancing the breadth of its portfolio offerings that address merchants' pain points, such as shipping, access to capital fulfillment centers and payments.
- The merchant focus of Shopify's platform differentiates it with marketplaces like Amazon, EBay and Etsy who are focused on buyers and prices. In fact, Shopify enables merchant cross-selling opportunities by integrating additional sales channels with these leading marketplaces along with a growing list that includes TikTok, Facebook, Instagram and Pinterest.
- While mobile represents about 40% of retail's total e-commerce sales, Shopify's customer base leads at over 65% of transactions occurring on mobile devices.

Positive Impact on People and Planet

Shopify is appealing as an environmental steward because of its carbon neutral platform and a YoY 29% reduction in total operational emissions in 2020. To reduce emissions across its value chain more effectively, the firm launched an 'Offset App' to help merchants minimize their carbon footprint and they also offset the delivery emissions of all purchases made by consumers who use Shop Pay, at no cost to

them. The company has launched an annual \$5M Sustainability fund which invests in technologies to fight climate change. Shopify has identified economic impact and equitable entrepreneurship as key sustainability priorities with a focus on small and medium business, Black entrepreneurs, Indigenous entrepreneurs, and social enterprise. As small business was particularly impacted during the onset of the Covid pandemic, the company rolled out programs in support including providing \$749 M in small business funding, an increase of 81% over the previous year and launched a program to support small business to quickly and efficiently pivot and adapt to a digital economy.

Royal Bank of Canada

Industry:
Banks

Country:
Canada

Market Cap:
(CAD) 184,722M

Weight:
7.28%

Royal Bank of Canada is the largest Canadian bank in terms of market capitalization. Domestically, the bank has a dominant retail and wealth management business and strong investment banking. RBC's Wealth Management and Capital Markets platforms are more developed internationally than its peers. The bank is composed of five main business segments: Canadian Banking, Wealth Management, Insurance, Investor & Treasury Services, and Capital Markets.

Investment Potential

- We like the continued organic growth momentum in the Wealth Management business and U.S. operations.
- The gradual recovery of the Canadian economy supports strengthening of RBC's Canadian Banking – Personal & Commercial business and post pandemic loan growth.
- Healthy capital payouts could return to strength once allowed by regulators. Credit quality remains solid and driving reserve releases. RBC released 40% of pandemic-related reserves so far and remains well reserved.

Positive Impact on People and Planet

RBC's ESG performance is highlighted by its plan to allocate \$500 billion in sustainable financing by 2025, with \$100 billion already achieved in 2020. RBC is committed to achieve net-zero emissions in its lending portfolios by 2050. The firm promotes diversity across its workforce and 51% of new hires and 42% of RBC Directors are women. Executive pay linked to ESG indicators is a best-in-class practice and RBC recently incorporated climate change and diversity considerations into its CEO compensation framework. The bank is noted for leading governance practices including majority independent board of directors.



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Industry:
Banks

Country:
Canada

Market Cap:
(CAD) 150,248M

Weight:
6.51%

Toronto Dominion Bank

TD Bank Financial Group is Canada's second-largest bank by market capitalization. TD offers a full range of financial products and services worldwide through three key business lines 1) Canadian Retail 2) U.S. Retail 3) Wholesale Banking including TD Securities

Investment Potential

- We like how TD's Canadian Retail business benefits from the bank's attractive deposit franchise that offers good access to relatively lower cost sources of funding.
- TD has the highest capital reserves of the group, which offers the most capital optionality as we enter a period where capital deployment becomes increasingly likely.
- TD's US business is positioned for attractive upside as consumer activity increases and as interest rates start to normalize and we expect an acceleration in net interest income growth in 2022
- TD's investment in Schwab, which is 16% of TD's market capitalization, also gives the bank an opportunity to capitalize the value from Schwab's continued growth and market momentum.

Positive Impact on People and Planet

TD is noted for an ambitious climate strategy which includes achieving net zero carbon emissions goal by 2050, moratoriums on oil and gas financing and services in the arctic, and a commitment targeting \$100 billion in low carbon lending, financing, asset management, and internal corporate programs by 2030. The company has made efforts to improve diversity performance by making a long-term commitment to increase minority executive representation across the Bank by 50% by 2025 which includes a specific focus on Black and Indigenous talent. In 2020, the bank achieved its goal of having women in 40% of roles titled vice president and above in Canada and launched Indigenous Cultural Awareness Training and Understanding Black Experiences and Anti-Black Racism/Anti-Racism training. Canadian banks are noted for strong corporate governance standards and TD follows suit with a majority independent board of directors, ESG climate change and diversity targets tied to executive compensation and 42% female board representation. TD is noted for its commitment of \$1 billion towards community giving by 2030.



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Industry:

Banks

Country:

Canada

Market Cap:

(CAD) 66,130M

Weight:

4.01%

Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce is the fifth-largest Canadian bank in terms of assets and market capitalization. The bank comprises four main strategic business units: Canadian Banking, Canadian Wealth Management, U.S. Commercial Banking and Wealth Management and Wholesale Banking.

Investment Potential

- CIBC has navigated the pandemic well with a reinvigorated retail franchise that had been considered to lag Canadian banking peers and is now delivering top quartile mortgage growth and attractive corporate and Canadian commercial loan growth. The valuation discount to peers has narrowed to a modest 3% discount compared to a 10% historical level.
- The bank is bolstering its credit card business and cross selling opportunities by acquiring Costco Canada's card portfolio which vaults them to second place amongst peers on balance sheet exposure.
- We believe CIBC remains well positioned for the gradual recovery of the Canadian economy to support earnings growth in a modest credit environment.

Positive Impact on People and Planet

CIBC has made aggressive commitments in support of a green energy transition with recent announcements to achieve net zero carbon emissions by 2050, a sustainable finance target of \$300 Billion by 2030, and plans to achieve carbon neutrality by 2024 including sourcing 100% of operational electricity from renewable sources. In 2020, CIBC updated their Commercial Banking Indigenous Lending Guide and expanded their Indigenous Housing Program (mortgages) resulting in a 23% growth in their commercial banking to indigenous business. CIBC has strong governance practices aligned with shareholder interests including majority independent board and fully independent audit, risk, and pay committees. The company has also made improvements in support of fair customer relations with the appointment of a dedicated ombudsman, complaint channels, and employee training.



MACKENZIE
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Industry:

Road & Rail

Country:

Canada

Market Cap:

(CAD) 45,972M

Weight:

3.76%

Canadian Pacific Railway

Canadian Pacific Railway is a Class 1 transcontinental railway, providing freight and intermodal services in Canada and USA on 12,500 miles of rail network. The company services major Canadian ports and cities from Montreal to Vancouver, as well as in US Midwest and Northeast.

Investment Potential

- We appreciate management's effort in adopting precision railroading, increasing customer service levels and reducing employee injuries.
- The company has increased its operating discipline over the years and has seen consistent volume growth across various business segments including bulk, merchandise, and intermodal. We like the irreplaceability of assets and the structural growth in volume moved by rails.
- The recent potential Kansas City Southern acquisition deal puts Canadian Pacific on track to be the first railroad to operate in Canada, the U.S. and Mexico. The combined companies would have 20,000-mile network spanning from Vancouver to Veracruz, Mexico's largest port on the Gulf of Mexico.

Positive Impact on People and Planet

Canadian Pacific Railway Ltd has 45% women representation on board and recently published a Diversity and Inclusion commitment to hire more people from BIPOC communities, which aligns with Betterworld values. The company has a focus on efficient use of existing technology and market-ready renewable fuels. The company evaluates alternative propulsion technologies, needed to reduce emissions from the freight rail industry. With the support of Science Based Targets initiative the company aims to reduce by 38.3% their well-to-wheel GHG emissions intensity by 2030 (which represent 80% of their total) and reach net-zero by 2050.



MACKENZIE
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Industry:

Insurance

Country:

Canada

Market Cap:

(CAD) 48,398M

Weight:

3.53%

Manulife Financial

Manulife is a leading international financial services group which provides financial advice, insurance and wealth and asset management solutions for individuals, groups and institutions. It operates in a number of markets worldwide, with primary operations in North America and Asia.

Investment Potential

- Pandemic impacts in Asia continue to be a headwind for the insurance companies. Manulife derives the highest proportion of core earnings from Asia (31%) amongst the Canadian life insurance companies and therefore it has the most to lose from weak Asia sales but also the most to gain in a recovery.
- The company's exposure to US Long Term Care remains a watchlist item but continues to trend towards more normalized levels.
- The company has been driving expense and operational efficiency improvements in recent years and targets an expense efficiency ratio of less than 50% by 2022.
- Manulife valuation remain attractive with both price/book and forecast price/earnings trading below five-year averages and has the highest capital reserve ratio relative to peers.

Positive Impact on People and Planet

Manulife Financial Corporation has achieved net-zero emissions in its direct operations and has a portfolio of green investments in renewable energy, green building and sustainably managed forest and farmland, totalling \$39.8 billion, in addition, the company has committed to steering its investment portfolio to be net zero by 2050. The company was the first group life insurer to issue a green bond in 2017 and has been noted for progressively incorporating ESG factors and engagement as part of its overall investment strategy.



MACKENZIE
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Industry:

Chemicals

Country:

Canada

Market Cap:

(CAD) 45,444M

Weight:

3.33%

Nutrien

Nutrien is the world's largest provider of crop inputs and services, playing a critical role in helping growers increase food production in a sustainable manner. The company operates four business segments—an agriculture retail distribution business that services over 500,000 grower accounts, a potash business, a nitrogen business, and a phosphate business.

Investment Potential

- Nutrien is known for its retail strategy, offering higher margin product and services to further strengthen relationship with growers. Crop nutrients and crop chemicals comprise nearly 70% of Retail gross profits. The company maintains attractive market share levels in crop nutrients globally (#1 potash, #2 nitrogen)
- We like NTR's extensive retail network, diversity of portfolio for earnings stability, strong balance sheet and disciplined management with track record of generating and returning capital to shareholders.

Positive Impact on People and Planet

Nutrien Ltd is creating a comprehensive carbon program, gathering a network of suppliers, industry players, and government, to accelerate climate-smart agriculture and soil carbon sequestration with plans to reward growers economically for their efforts. The firm commits that 25% of local spending in their potash business will have direct Indigenous economic impact by 2025. Nutrien's operations are highly dependent on water, and as such the company has a detailed position on water risk management including reducing freshwater use, use of alternative resources, water recycling, and water safety.

Industry:
Insurance

Country:
Canada

Market Cap:
(CAD) 30,212M

Weight:
2.69%

Intact Financial

Intact Financial Corporation is the largest provider of property and casualty insurance in Canada, a leading provider of global specialty insurance, and, with the recent RSA acquisition, a leader in the U.K. and Ireland. Intact's business has grown to over \$20 billion of total annual premiums.

Investment Potential

- The company uses a multi-channel distribution strategy to maximize growth and appeal to different customer preferences and be more responsive to change. Intact has been a successful industry consolidator with a track record of 17 accretive acquisitions since 1988. The 2017 acquisition of OneBeacon in the US created a leading North American specialty lines insurer focused on small to medium sized enterprises
- We like Intact's favourable ROE comparison with peers along with an attractive pricing environment for policies. The RSA acquisition continues to deliver upside and supports further capital returns to shareholders.

Positive Impact on People and Planet

Intact Financial demonstrates environmental leadership through an initiative to establish a research institute on climate adaptation, which while useful for its business model will also benefit the wider society. The firm has industry leading corporate governance practices and has developed internal expertise on ESG and sustainable investing. The company recognizes community investment as a pillar of its sustainability profile and has noted community climate resiliency, creating opportunities for children and family living in poverty, and supporting employee giving as key areas of focus.



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Industry:
Insurance

Country:
Canada

Market Cap:
(CAD) 38,338M

Weight:
2.49%

Sun Life Financial

Sun Life is one of Canada's Big 3 life insurance companies and has operations with a well-established leadership position in Canada and a growing presence in the United States, Europe and Asia. The company has a substantial wealth management presence through majority-owned MFS, a large U.S. asset management company. Sun Life has \$1.3 trillion assets under management and provides insurance, wealth and asset management solutions to individual and corporate clients.

Investment Potential

- We like Sun Life's: 1) stable earnings profile versus peers, 2) its business mix (asset management and U.S. group benefits) which drives a lower macro sensitivity, 3) low leverage ratio including excess cash position at the holding company level and strong capital position which can support expansion into Asia and U.S. group benefits
- With Sun Life trading at a 9% discount to its 5-year average and the optionality to deploy \$5.1 billion of capital, there are opportunities to expand the firm's Asia presence and increase dividends.

Positive Impact on People and Planet

Sun Life demonstrates strong ESG alignment. To support the transition to a low-carbon and more inclusive economy Sun Life has committed to \$20 billion in new sustainable investments over the next five years. FY2020 the company reported a \$9.7B portfolio value of renewable energy projects and \$60.1 B in investments in support of a low carbon and inclusive economy. The company is noted for strong governance practices which ensure shareholder interests are well represented including a majority independent board of directors. The company is also noted for strong employee relations and reported an 89% employee engagement score FY2020 which is considered top of industry. Sun Life Financial Inc. supports the health and wellness of its employees through mental health check-ins and trainings globally in addition 523,000 clients have used the firm's virtual medical support platform to maintain social distance. The company has targeted 6 UN SDG goals via its sustainability areas of focus: financial security – improving stakeholder financial security, healthier lives- improving health and wellness, sustainable investing- imbed sustainability in investment process, and trusted & responsible business- reduce climate footprint and improve diversity in leadership roles by 2025.



MACKENZIE
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Industry:
**Wireless
Telecommunication
Services**

Country:
Canada

Market Cap:
(CAD) 30,186M

Weight:
2.46%

Rogers Communications

Rogers Communications Inc. is the largest provider of wireless and cable services in Canada, with 11 million wireless subscribers throughout Canada and 5 million fixed wireline subscribers in Ontario and eastern Canada. Rogers also has extensive media assets, including the Toronto Blue Jays.

Investment Potential

- Rogers has lagged the sector so far in 2021 with a slower-than-expected recovery off the pandemic led lows with the company more exposed to pandemic conditions (greater exposure to international roaming, immigration, live sports, Media etc.) than its peers.
- We believe Rogers has sufficient access to capital to fund the spectrum spending and do not see the company pursuing a potentially dilutive equity issue particularly given the upside equity value potential from the Shaw acquisition.
- We believe Rogers is likely to disproportionately benefit as conditions return to fuller normalcy trades at a 1.3x and 2.4x EV/EBITDA discount to BCE and Telus providing an opportunity for share price recovery as the economy continues to recover.

Positive Impact on People and Planet

Rogers Communications aims to bridge the digital divide throughout Canada, for rural, northern and Indigenous communities. The company's investments will make reliable internet available to more than 500,000 households in rural and underserved communities by the end of 2021. In 2020, Rogers implemented a low-cost Internet program Connected for Success, and gave scholarships and in-kind donations totalling \$75 million. It established a new ESG Committee in 2020 to maintain oversight of related issues. The company is noted for a strong data privacy and security program including overarching and comprehensive policies, external independent audits, and board level oversight. The company is also noted for positive employee relations with share-based compensation practices and high employee engagement scores. The company recently achieved its GHG emission reduction target 5 years ahead of schedule and launched an updated inclusion and diversity strategy including the formation of a Black Leadership Council

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