

# Discover the power of dividends

## Event summary

In this webinar the Mackenzie Global Equity & Income Team explored their commitment to quality and flexibility in global equity investment. The discussion emphasized the team's decade-plus performance, their unique investment philosophy and the introduction of two new funds aimed at enhancing yield and tax efficiency. Key themes included their rigorous investment process, the importance of diversification and the strategic use of options to generate additional income.

### Investment philosophy and team:

- The team celebrated its 10-year performance milestone last year, highlighting successful outperformance in the global equity category.
- The core investment philosophy focuses on quality and flexibility, allowing the team to invest in high-quality leaders globally, regardless of sector or location.
- The team approach emphasizes a breadth of knowledge across multiple industries, contributing to robust debate and decision-making.

### Investment process:

- The process involves identifying high-quality companies with strong competitive advantages, financial positioning and sustainable earnings growth.
- Companies that meet these criteria are placed on the "Dream Team" list for potential portfolio inclusion.

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- The portfolio is constructed with about 80 stocks, diversified to deliver the best risk-adjusted returns over time.

#### **Diversification and resilience:**

- The portfolio is diversified across sectors, styles and geographies to create resilience in different market environments.
- The team seeks to identify the highest-quality businesses.
- Technology is the largest sector in the portfolio, with significant holdings in companies like Microsoft, but diversification is evident with JP Morgan and Johnson & Johnson and among the top holdings.

#### **Portfolio characteristics:**

- The portfolio is reasonably valued, with a higher free cash flow yield and dividend yield compared to benchmarks.
- The focus on quality companies results in a high-quality portfolio with superior risk-adjusted returns.

#### **Performance and risk management :**

- The fund has consistently outperformed its peer group, with lower volatility and higher risk-adjusted returns.
- The emphasis on quality and diversification has contributed to a stable and competitive return stream.

## **Two new strategies**

#### **Global Dividend Enhanced Yield Fund:**

- This fund aims to adjust the return experience to emphasize a higher yield, using the same investment process and philosophy.
- It generates premium income by writing options on the companies in the portfolio, as well as those on the Dream Team list, to enhance the yield component.

#### **Global Dividend Enhanced Yield Plus Fund:**

- This is a liquid alternative version of the Enhanced Yield Fund, using leverage to amplify exposures.
- It targets a higher yield with similar return characteristics, leveraging the same research and investment process.

#### **Option strategy:**

- Options are used to generate additional income and manage portfolio positions, targeting a 7% annualized yield for the Enhanced Yield Fund.
- The strategy involves writing cash-covered puts on companies for potential inclusion and covered calls on companies for potential trimming, enhancing yield through premiums.

#### **Tax efficiency:**

- The yield from the new funds is tax-efficient, with a significant portion of the income treated as capital gains.

- This tax efficiency is achieved through the use of options and T-bills, providing a favourable tax treatment for investors.

#### **Implementation and suitability:**

- The new funds are designed to complement the core global dividend strategy, offering different yield and risk profiles to suit various client needs.



## **For more information about the Mackenzie Global Equity & Income Team, please speak to your Mackenzie sales team.**

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