

Mackenzie GQE US Alpha Extension Fund

An alternative approach to add alpha to US equity portfolios

In highly efficient markets like US large caps, generating consistent alpha can be challenging and investors may be tempted to adopt passive index investing instead, which can lead to concentration and volatility risk. Conversely, pursuing alpha through hedge fund strategies that may involve higher leverage, risk, and typically fees, also may not be optimal.

By adopting an innovative approach that employs unique, alpha-seeking tools, the Mackenzie GQE US Alpha Extension Fund can derive the alpha that may elude investors in traditional, long only US equity portfolios.

How “alpha extension” enhances traditional long exposure

The Mackenzie GQE US Alpha Extension Fund aims to enhance alpha potential while maintaining a beta of 1, achieved through full exposure to US equities. The fund holds 100% of its portfolio at 100% long exposure to S&P 500 Index companies. The Mackenzie GQE team then employs a proven quantitative investment process to identify companies expected to underperform, taking short positions in these stocks at a 20% portfolio weight. The proceeds from these short positions are used to purchase an additional 20% of high-conviction long positions, “porting” additional alpha opportunities without altering the portfolio’s overall market exposure.

Why invest in this fund?

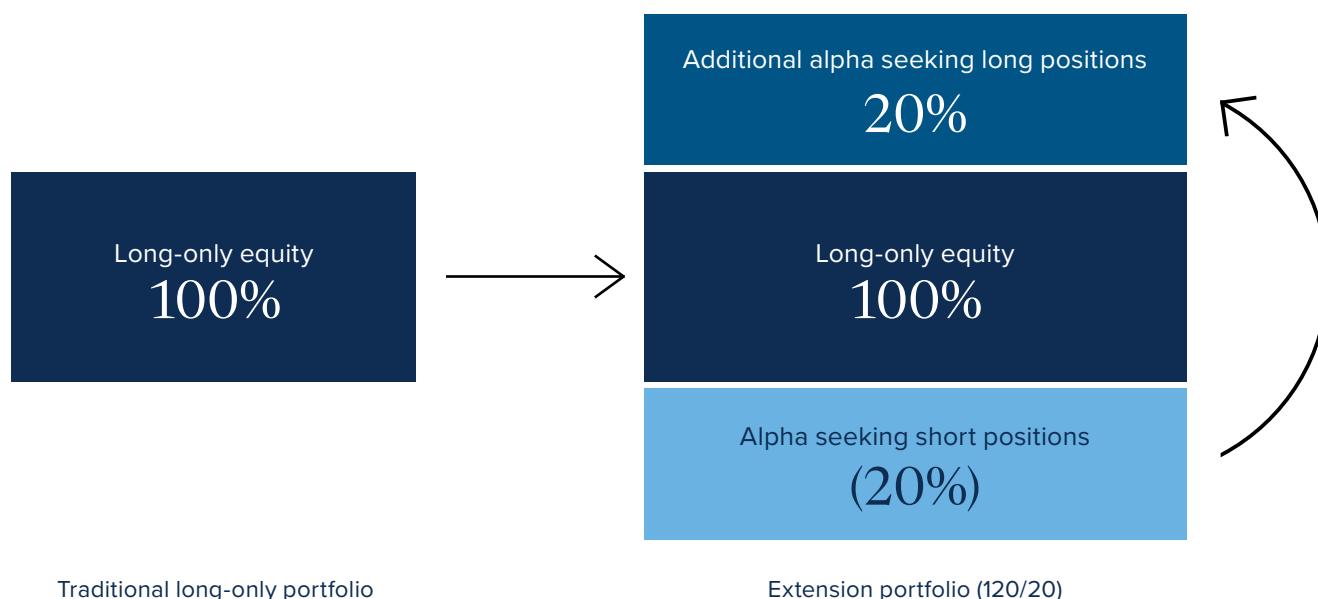
1. **Broaden the opportunity set** by capturing alpha through both traditional long positions and additional long equity exposure via short selling.
2. **Enhance core US equity return potential** through a proven, quantitative approach to alpha generation.
3. **Leverage a proven investment process** that combines quantitative research with a human overlay to spot rare investment opportunities and risks.

Managed by

Mackenzie Global Quantitative Equity (GQE) Team



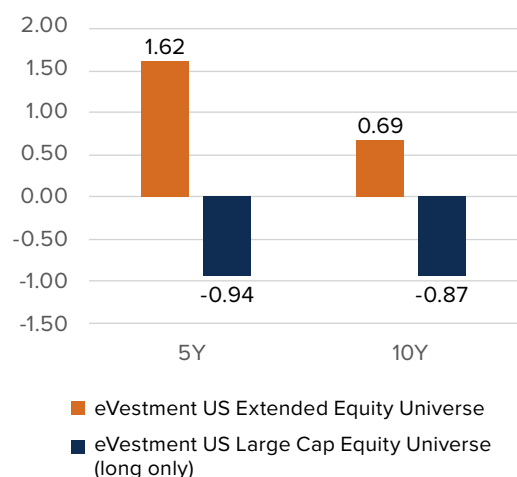
How the Mackenzie GQE US Alpha Extension Fund “ports” alpha into a US equity portfolio



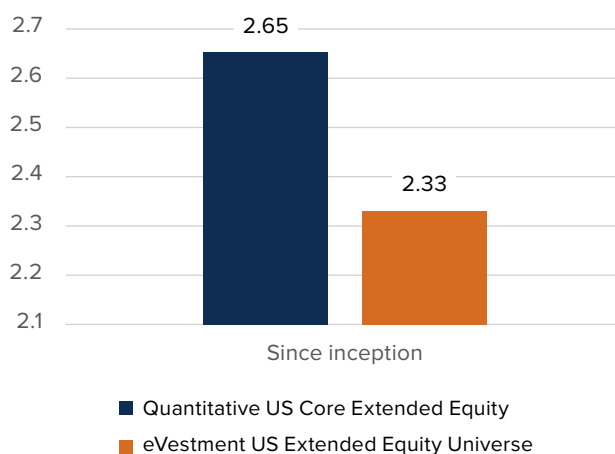
Targeting excess returns without excess risk

The investment approach of the fund is a well-established strategy for generating alpha in US equity markets. The Mackenzie GQE team has successfully applied a similar approach to manage the institutional version of the fund, historically delivering returns that exceed the benchmark and outperform both the US alpha extension universe and the long-only US large-cap universe.*

Median excess return - US extended equity vs. US long only equity



Median excess return - Mackenzie US 120/20* vs. US extended equity



Mackenzie US 120/20 is represented by the Quantitative US Core Extended Equity strategy, which employs the same approach as the Mackenzie GQE US Alpha Extension Fund, but is designated for institutional investments. Composite inception date: September 2020. Number of managers included in excess return calculations: 5-year: 32 for US extended equity, 898 for US large cap (long only); 10-year: 26 for US extended equity, 769 for US large cap (long only). Excess returns are calculated based on the manager's preferred benchmark. Source: eVestment, as at December 31, 2024. Median excess return based on eVestment universe.



Mackenzie GQE Team investment approach

The Mackenzie GQE Team seeks to identify companies and areas of the market with greater alpha potential based on identified market inefficiencies. Using proprietary models to optimize stock selection, portfolio construction and transaction costs, the team evaluates and ranks potential holdings against over 20 metrics, broadly grouped into four “super factors”:

- **Value:** revenues and cash flow management.
- **Quality:** capital allocation, operating efficiency and ESG.
- **Growth:** analyst earnings revisions, long-term growth and innovation.
- **Informed investor:** activity of informed market participants.

The team selects highly ranked stocks for the long portfolio and poorly ranked stocks for the short portfolio, rebalancing the portfolio daily. This process enables the team to execute quickly, responding to new investment ideas derived from quantitative research, or applying a human overlay to spot rare opportunities and risks.

Portfolio Managers

Mackenzie GQE Team

Arup Datta, MBA, CFA
SVP, Portfolio Manager,
Head of Team
Industry start: 1992

Nicholas Tham, MA, CFA
VP, Portfolio Manager
Industry start: 2009

Denis Suvorov, MSc, MBA, CFA
VP, Portfolio Manager
Industry start: 2001

Haijie Chen, PhD, CFA
VP, Portfolio Manager
Industry start: 2011

FUND CODES AND MANAGEMENT FEES

Series	Prefix	C\$	U\$	Mgmt fee %
		FE	FE	
A	MFC	7714	7715	2.25%
F	MFC	7716	7717	1.15%
PW	MFC	7720	7721	2.15%

FUND SERIES DESCRIPTIONS

Series A – Bundled series that is available in front-end, redemption charge and low load purchase options.

Series F – An asset-based (or fee-based) series where the advisory fee is charged separately. Your dealer has entered into an agreement with Mackenzie Investments relating to the distribution of these securities.

Series PW – Investors are automatically enrolled to series PW once \$100,000 of household assets with Mackenzie mutual funds is reached.



To learn more about the [Mackenzie GQE US Alpha Extension Fund](#), speak to your advisor or your Mackenzie sales team.

*Hypothetical performance is for illustrative purposes only. It should not be interpreted as an indication or guarantee of future results. Actual performance of the Fund may vary significantly. The portfolio of the Fund will generally include securities that are included in the Quantitative US Core Extended Equity (the "Private Fund") which was launched on August 3, 2020. However, the Private Fund is available only to accredited investors. As such, the Fund will slightly differ from the Private Fund and no representation is being made that an actual investment in the Fund is likely to achieve similar returns to the historical returns of the Private Fund. The Private Fund's historical performance does not include the impact of fees, commissions and expenses that would be payable by investors of the Fund. The Private Fund's performance is not an exact illustration of how this Fund will perform. The Fund will act as a sister fund to the Private Fund with slight differences stemming from timing of subscriptions and redemptions, and trading considerations regarding lots and transaction costs which may impact position weights between the two portfolios. Standard deviation provides a measure of the variability of returns that have occurred relative to the average return. The higher the standard deviation, the greater is the range of returns that has been experienced. Standard deviation is commonly used as a measure of risk.

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