



One-month Attribution and Weight

Top Sector Contributors	% Contrib.	% Wgt.
Industrials	0.81	9.7
Consumer Staples	0.27	16.9
Top Sector Detractors		
Consumer Discretionary	-0.81	21.2
Financials	-0.28	5.4
Top Security Contributors		
Rotork plc	0.59	4.4
Aggreko plc	0.21	5.3
Nokian Renkaat Oyj	0.20	2.3
Top Security Detractors		
H&M Hennes & Mauritz AB	-1.04	6.1
Admiral Group plc	-0.28	5.4
Nestle S.A.	-0.03	2.0
FX Attribution		
1.2%		
Cash Position		
39.9%		
Major Currency Exposures	% Gross	% Net
EUR	37.1	28.0
GBP	32.4	22.9
CAD	15.6	42.5

Key Takeaways

- The Fund underperformed the benchmark due to stock selection in Consumer Discretionary and underweight exposure to Financials.
- Stock selection in Consumer Staples and Industrials contributed to relative performance.
- One of the top security contributors was **W.W. Grainger**. It operates as a distributor of maintenance, repair and operating products (MRO).
- On the other hand, **Hennes & Mauritz**, a Swedish based company better known as H&M, continues to be top security detractor from performance this month.

Performance Results

	1 mo	YTD	1 yr	3 yr	5 yr	10 yr
Mackenzie Ivy European Class Sr F	0.1%	0.1%	5.4%	3.4%	8.4%	6.6%
MSCI Europe Index Total Return (CAD)	3.2%	3.2%	22.0%	7.4%	11.8%	5.1%
Morningstar Canada European Equity Category	2.3%	2.3%	17.9%	5.9%	9.8%	4.4%
% Peers Beaten	11	11	8	18	30	92

Fund and Market Insights

- The MSCI Europe Index returned 3.2% (CAD) while Mackenzie Ivy European Class Series F returned 0.1%. The Fund underperformed the benchmark due to stock selection in Consumer Discretionary and underweight exposure to Financials. High cash allocation also detracted from relative performance this month.
- Stock selection in Consumer Staples and Industrials contributed to relative performance.
- **W.W. Grainger** operates as a distributor of maintenance, repair and operating products (MRO). The company offers a broad selection of MRO supplies and other related products and services through local branches, catalogs and the Internet. It offers a combination of product breadth, local availability, speed of delivery, detailed product information and competitively priced products and services. It also provides inventory management and energy efficiency solutions.
- **Hennes & Mauritz**, a Swedish based company better known as H&M. The Company operates in the fast fashion industry with clothing stores in over 50 countries. Their business concept is to offer fashion and quality at the best price. With over 100 designers on staff, H&M is able to quickly adapt to changing trends and fashion.

- **H&M** faced a backlash for a photo that many people deemed to be racist. While we believe this was an error and clearly poor judgment, we don't believe there was ill intent on the part of the company. It is always difficult to gauge the severity of the backlash when things like this happen, but we can evaluate the company's response and analyze what facts we have.

When the issue first surfaced, H&M was apologetic, but the official response was probably not forceful enough. As the intensity of the controversy increased, H&M posted an official apology on social media, which attracted tens of thousands of comments (mostly quite negative). Soon after, they posted another "fuller" apology, accompanied by a news release. This apology also attracted tens of thousands of comments, but far fewer than the first one, and the tone of the comments was more mixed instead of entirely negative. There were relatively few social media comments over the weekend, suggesting the intensity has reduced considerably. While H&M has no doubt lost some customers over this, it is not obvious by analyzing the number of Instagram followers they have (the most relevant platform for fashion brands). They continued to add thousands of followers on a net basis during every day of the controversy, and their pace of addition did not slow from pre-controversy levels. Incidentally, H&M has more followers than any other fashion brand in the world, aside from Nike and Victoria's Secret. So while this was an unfortunate incident on many levels, the initial data do not suggest a material impact in terms of lost customers or an intensification of the backlash. We continue to watch this closely.

Fund Codes and Management Fees

Corporate Class

Series	CAD				Management Fee	Management Expense Ratio*
	Front-End	Back-End	Low Load 2	Low Load 3		
A	1565	1808	7107	2165	2.00 %	2.52 %
F	1900	---	---	---	1.00 %	1.32 %
PW	6103	---	---	---	1.90 %	2.28 %
PWF	6177	---	---	---	0.90 %	1.12 %

*MERs as of September 30, 2017.

Disclaimers

FOR ADVISOR USE ONLY: No portion of this communication may be reproduced or distributed to the public as it does not comply with investor sales communication rules. Mackenzie disclaims any responsibility for any advisor sharing this with investors. Commissions, trailing commissions, management fees, and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns as of January 31, 2018 including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution, or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

This document includes forward-looking information that is based on forecasts of future events as of January 31, 2018. Mackenzie Financial Corporation will not necessarily update the information to reflect changes after that date. Forward-looking statements are not guarantees of future performance and risks and uncertainties often cause actual results to differ materially from forward-looking information or expectations. Some of these risks are changes to or volatility in the economy, politics, securities markets, interest rates, currency exchange rates, business competition, capital markets, technology, laws, or when catastrophic events occur. Do not place undue reliance on forward-looking information. In addition, any statement about companies is not an endorsement or recommendation to buy or sell any security.

Percentile rankings are from Morningstar Research Inc., an independent research firm, based on the European Equity category, and reflect the performance of the Mackenzie Ivy European Class for the one-month, year-to-date, 1-, 3-, 5- and 10-year periods as of January 31, 2018. The percentile rankings compare how a fund has performed relative to other funds in a particular category and are subject to change monthly. The number of European Equity funds for the Mackenzie Ivy European Class for each period are as follows: one year – 169; three years – 117; five years – 77; ten years – 51.

The content of this commentary (including facts, views, opinions, recommendations, descriptions of or references to, products or securities) is not to be used or construed as investment advice, as an offer to sell or the solicitation of an offer to buy, or an endorsement, recommendation or sponsorship of any entity or security cited. Although we endeavour to ensure its accuracy and completeness, we assume no responsibility for any reliance upon it.

Index performance does not include the impact of fees, commissions, and expenses that would be payable by investors in the investment products that seek to track an index.