

### Market Review

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#### Global Equity

The second quarter of 2019 showed a 1.92% return for global equity stocks. April and June had nicely positive returns, but May had a -6.90% return due to global trade war concerns driven by Trump's comments on Twitter. Sectors had widely varying returns due to the global uncertainty, led by the financials and technology sectors with 4.13% and 3.68% returns respectively. Conversely, energy and real estate sectors had poor returns of -3.47% and -1.48% respectively. Global stocks with high exposure to medium term momentum, size, growth and profitability did well over the quarter. Stocks with high exposures to volatility, earnings yield, and liquidity did very poorly over the quarter. However, stocks with higher valuation characteristics did quite well in the last month of the quarter.

#### Global Small Cap Equity

The second quarter of 2019 showed a -0.39% return for global small cap stocks. April and June had nicely positive returns, however May had a -6.84% return due to global trade war concerns driven by Trump's comments on Twitter. Sectors had widely varying returns due to the global uncertainty, led by the utility and industrial sectors with 3.27% and 2.70% returns respectively. Conversely, energy and consumer discretionary sectors had poor returns of -12.84% and -7.07% respectively. Global small cap stocks with high exposure to medium term momentum, size, growth and profitability did well over the quarter. Stocks with high exposures to volatility, earnings yield, and liquidity did very poorly over the quarter. However, stocks with higher valuation characteristics did quite well in the last month of the quarter.

### Outlook & Strategy

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#### **What are the key opportunities you see?**

In general, the Systematic Strategies team maintains exposure to certain factors, which we believe will consistently add value over time. We will vary the weightings of these factors depending on our forecasts of the rewards to these factors. Another key component of our investment process is our stock selection model. In general, the more successful the stock selection model is, the better the portfolio will perform.

In the Global Equity arena, our funds generally have positive exposures to growth, valuation, medium term momentum, and liquidity. The exposures to all of these factors was very positive over the quarter, accounting for 47 bps of performance. Stock selection was negative for the quarter by 141 bps, with mixed results by sector. However, valuation and liquidity characteristics were well rewarded in the last month. Poor stock selection was concentrated in the United States, most likely due to extreme economic uncertainty due to Trump's global trade comments on Twitter, while all across Europe and Japan showed nicely positive stock selection.

In the Global Small Cap arena, our funds generally have positive exposures to growth, valuation, medium term momentum, and liquidity. The exposures to all of these factors was positive over the quarter, accounting for 15 bps of performance. However, stock selection was negative for the quarter by 226 bps, with widely mixed results by sector. However, valuation and liquidity characteristics were well rewarded in the last month. Poor stock selection was concentrated in the United States, while all across Europe showed nicely positive stock selection.

The team's stock selection model for the Global Equity Portfolio was negative in 2 of the 3 months in the quarter, but most importantly, it was positive for the month of June. Global quantitative stock selection models have been punished for almost a full year, and we have been seeing the conditions needed for positive stock selection improve markedly over the past 2 months. The Systematic Strategies team has completed some very useful research which will allow us to forecast the ability of quantitative stock selection models. The current reading is trending positively.

## How are you positioning portfolios in response to this outlook?

At the end of Q2, our portfolios were generally positioned with positive exposures to Profitability, Earnings Yield, Value, and Medium Term Momentum factors in both global equity strategy and global small cap strategy.

The funds also have a high Alpha exposure, across all industries and sectors to the stock selection model. Thus, aside from our stock-specific risks, we would expect our portfolios to perform above their market benchmarks in an environment which values stocks with positive valuation characteristics that are more liquid than the average global stocks.

Our Regime model is currently showing a neutral regime, shaded towards valuation, and neutral on growth.

## PORTFOLIO MANAGEMENT TEAM:

**Richard Weed**, Senior Vice President, Investment Management, Mackenzie Investments

**Matthew Cardillo**, Vice President, Investment Management, Mackenzie Investments

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 June 30, 2019 including changes in unit value reinvestment of all distributions and do 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.

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.

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Fund and Benchmark Performance as at: June 30, 2019	1 year	3 years	5 years	10 years
Mackenzie Growth Fund - Series F	-12.2%	3.4%	2.4%	7.3%
*Blended Index (50% S&P/TSX Composite Index, 30% MSCI World Small Cap Index, and 20% MSCI World (Net) Index)	2.2%	10.0%	7.7%	10.4%
Mackenzie Global Small Cap Class - Series F (Formerly Mackenzie Global Small Cap Growth Class)	-13.8%	4.7%	2.8%	9.4%
Mackenzie Global Small Cap Fund - Series F (Formerly Mackenzie Global Small Cap Growth Fund)	-13.6%	4.8%	2.9%	9.7%

MSCI All Country World Small Cap Index TR CAD	-3.4%	10.5%	9.6%	12.8%
Mackenzie Global Equity Fund - Series F (Mackenzie Global Concentrated Equity Fund)	-7.4%	7.8%	5.6%	8.7%
MSCI World Total Return Index (net-CAD)	5.9%	12.3%	11.1%	12.0%