Mackenzie Corporate Bond Fund (Formerly Mackenzie Sentinel Corporate Bond Fund) – Series A

Q2-2015 COMMENTARY

Performance Summary

- For Q2 2015, the Mackenzie Corporate Bond Fund returned 1.0% vs. the blended index[1]return of -0.4%.
- The Fund outperformed the benchmark largely because of currency. The Fund hedges its foreign currency exposure while the benchmark is unhedged. The Canadian dollar was strong relative to the U.S. dollar and the Fund did not benefit because of the hedge.

Contributors to Performance

- Positioning within telecommunications, industrials, and paper & packaging benefited returns in the portfolio.
- At the issuer level, overweight allocations to Data & Audio Visual and Crew Energy, along with underweight positioning to Bombardier, were the biggest contributors to relative returns during the period.

Detractors from Performance

- Underweight allocations to First Quantum Minerals, MEG Energy, and Jupiter Resources were the biggest detractors from performance relative to the index at the issuer level.
- Allocations within metals & mining, energy, and transportation detracted from relative performance in the fund.

Portfolio Activity

- At the end of the quarter, the Fund's exposure to energy at 21.8% was almost identical to that of the benchmark.
- Relative to the benchmark the Fund was overweight BB securities and underweight B. The Fund's overall average credit rating is equal to that of the Benchmark at BB.
- The Fund had 4.9% in CCC rated securities and 3.6 in non-rated securities.
- The Fund's duration at 3.7 years is almost 1 year shorter than that of the benchmark.
- The Fund is invested approximately 68% in high yield bonds and 22% in investment grade bonds.

Outlook

- June was the worst month for the asset class since December 2014. Credit spreads widened during the month, and outflows accelerated in the mutual fund space. Year to date, high-yield volumes are just over $191B. The majority of the new issuance in the high-yield market continues to be led by refinancing. Year to date, 50.9% was for refinancing, 30.7% for acquisition financing, and 14.2% for general corporate. The par-weighted default rate at the end of the quarter was 1.88%.
- The portfolio managers continue to believe that the U.S. economy looks fine and will have a stronger second half. Tracking estimates of Q2 GDP have moved above 3% (SAAR), and the portfolio managers believe that the U.S. can at least sustain that pace over the balance of the year. There are, of course, risks: U.S. manufacturing has weakened a little, plus the combined effect of the appreciation of the dollar and the weakness in some EM economies. If China slows further, which is not our expectation but certainly possible, that would add to the headwinds facing the U.S.
- In Canada, growth has been lackluster in 2015 and the energy sector's decline is taking a toll on the economy. The pullback in economic activity in Q1 and poor performance in Q2 mean that the output gap grew in the first half of 2015 and will likely take longer to close. These conditions opened the door for another rate cut by the Bank of Canada. It is expected that a recovery in the U.S. economy in Q2 could lead to an eventual pickup in Canadian exports and better economic activity for Canada in the second half of 2015.
- Despite some mixed data in the U.S. and Canada, our outlook on the high-yield market remains constructive, as the fundamental landscape continues to be attractive, and defaults are still below historical averages. One potential headwind is weak energy prices, which may cause elevated defaults going forward. Although geopolitical events may bring elevated levels of volatility, the portfolio

Mackenzie INVESTMENTS

managers still believe high-yield spreads are attractive, specifically when compared with other fixed-income alternatives. Due to continued unease around market liquidity, the portfolio managers are holding higher cash levels across our portfolios. In addition, we have a slightly lower duration than the benchmark given realized and expected interest-rate volatility. Although energy continues to be one of the top-performing sectors, we continue to hold an underweight allocation. With that being said, we believe opportunities remain in several non-energy/metals & mining sectors.

PORTFOLIO MANAGEMENT TEAM:

Putnam Investments: Paul Scanlon, Kevin Murphy, Norm Boucher, Robert Salvin

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, 2015 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.

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

This document includes forward-looking information that is based on forecasts of future events as of June 30, 2015. 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.

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.

On May 31, 2013, Ivy Investment Management Company ceased to be a sub-advisor and The Putnam Advisory Company LLC remained as the sole sub-advisor.

To the extent the Fund uses any currency hedges, share performance is referenced to the applicable foreign country terms and such hedges will provide the Fund with returns approximating the returns an investor in a foreign country would earn in their local currency.

Fund and Benchmark Performance as at: June 30, 2015	1 year	3 years	5 years	10 years
Mackenzie Corporate Bond Fund Series A	-0.5%	5.1%	6.4%	5.8%
[1]Blended Index (comprised of 50% BofA/ML Global High-Yield Canadian Issuers Index/25% BofA/ML Canadian Corp BBB Index/25% BofA/ML U.S. High Yield Index ($CDN))	10.6%	10.8%	9.3%	5.3%

Mackenzie INVESTMENTS