Symmetry Equity Portfolio Class †‡ – Series A

Q2-2015 COMMENTARY

Performance Summary

- Over the second quarter of 2015, Symmetry Equity Class Series A (the "Portfolio") returned -1.4% underperforming its benchmark (75% MSCI AC World Index net-$CDN/25% S&P/TSX Composite Index) which returned -1.2%.
- To note, Symmetry's foreign allocation will typically be higher than this benchmark.

Contributors to Performance

- Strong performance from the U.S. value and small cap equity mandates contributed to performance along with outperformance of the Canadian growth mandate which benefited from stock selection in consumer discretionary and financial stocks.
- Both EAFE mandates contributed to performance this quarter; in particular strong stock selection in Germany and Switzerland in the growth mandate drove returns.

Detractors from Performance

- The overweight strategic allocation to global sovereign bonds detracted from returns over the quarter as government bonds sold off due to growing market concerns over a U.S. interest rate increase this fall and worries on Greece's financial future.
- Within equities, the emerging market mandate underperformed due to an underweight to and stock selection in China. The U.S. growth mandate also underperformed due to stock selection in the industrial and information technology sectors.
- The Canadian small cap mandate underperformed due to stock selection in the energy and industrial sectors and detracted from returns.
- Underperformance from the low volatility mandate detracted from returns due to stock selection in the consumer discretionary, consumer staples and financial sectors.
- Overweight exposure to the U.S. dollar (USD) detracted from performance as the USD depreciated from 1.27 to 1.25.

Portfolio Activity

- The Team continues to maintain an underweight exposure to North American equities and an overweight exposure to global equities. More tactically, the Team has an overweight exposure to Japanese equities and a small overweight exposure to Europe. However, as the Greek situation gains steam, the Team has been trimming this overweight to reduce negative impact.

Outlook

- While issues in Greece, China, and perhaps now Iran capture the headlines, the anticipated tectonic shift in the U.S. monetary policy environment is still one of the most important elements of the outlook. Within the Portfolio's equity component, the team's models, which combine valuation, sentiment and to a lesser degree macroeconomic conditions, continue to point to opportunities within the Japanese, and, to a lesser extent, European markets. Conversely, the U.S. market scores negatively on a valuation basis. The equity portfolio is diversified by geography, market cap and investment style, which is an important part of the risk management of the Portfolio.
- For the first time in many quarters, global developed country bond markets turned in a negative performance. Bond yields rose on a combination of two factors. Earlier in the quarter, fears that a summer Federal Reserve (Fed) rate hike would trigger a broader upward re-set in policy rates across the developed world pushed bond yields upward. That fear has now faded somewhat for markets outside the U.S. Then, later in the quarter, concerns that Greece would exit the euro triggered fears of a broad deterioration in European credit quality. Yields generally ended the quarter higher, while credit spreads widened.
- Stepping back from the recent market gyrations, the European Central Bank's (ECB) €60 billion per month direct asset purchase program continues to have a significant positive impact on keeping an upward bound on most European bond yields. Early in the second quarter the ECB's program helped drive many European sovereign yields into negative territory for long stretches of time. Even during the worst of the Greek crisis, Quantitative Easing (QE) helped keep a lid on yields for Italy, Spain and Portugal. Meanwhile, expected inflation rates declined or remained low. We do not foresee anything on the horizon to cause markets to begin pricing in higher interest rates in Europe or Japan anytime soon.

- Meanwhile the U.S. Federal Reserve is widely expected to begin lifting interest rates later in 2015 as the U.S. labour market continues to demonstrate impressive strength. The weakness seen in U.S. GDP growth early in the year was widely viewed as temporary (due to frigid weather and a port strike that has since been resolved). In contrast, job creation is running hot, job openings are the highest ever, the unemployment rate has declined to 5.5% and the rate of layoffs has been reported at the lowest since the tech boom. The strong job market combined with lower gasoline prices and (until very recently) a decent stock market has provided a powerful boost to consumer confidence.
- That said, by many measures, including the Shiller cyclically-adjusted P/E ratio, valuations on the S&P 500 Index have reached levels typically seen before a period of weaker returns. While investor sentiment and macroeconomic conditions remain positive, and could push the index higher, our current tactical view is that investors should look for opportunities to overweight other equity markets.
- The pattern of global equity market returns reflected the shift in focus over the quarter from economic recovery in Europe to the odds that Europe's monetary union would fracture. Major markets were marked by cautious optimism in the early spring but in the last weeks of the quarter they were wracked by volatility over Greek negotiations with the ECB, a technical default of a payment to the IMF and a Greek referendum on accepting further austerity measures with their loan deal. Concerns that the falling Chinese equity market would lead to a larger slowdown in the Chinese economy added fuel to the fire. The quarter ended without a resolution to the Greek-ECB negotiations. We remain broadly attracted to European equities on a valuation (attractive), macro (improving) and sentiment (negative, therefore attractive from a contrarian perspective). However, we tempered that view back to almost neutral in early June in recognition of the looming issues in Greece.
- In Canada the S&P/TSX Composite Index returned -1.6% during the second quarter. Health Care and Telecommunications were the only sectors to post positive returns of 2.4% and 1.6%, respectively. Industrials, Utilities, and Technology were all in negative territory with declines ranging from -6.3% to -9.6%.
- In the United States, the bellwether S&P 500 Index fell -1.1% (CAD) during the quarter. The Utilities sector fell sharply by 7.1% as investors digested the possibility of a September hike in the Fed Funds rate; however the sector has a small weighting in the index. Health Care and Financials were the largest contributors to index returns whereas Industrials and Consumer Staples were the largest detractors.
- The MSCI World Index dropped 1.1%. Telecommunications was the only notable positive performer, increasing by 2.0%. All other sectors had marginally positive returns or negative returns. Utilities posted the worst-performing return with a 4.3% decline.
- Asian markets were mixed. The Chinese Shanghai market ran up to a scorching 5166 in June from the start of the quarter at 3864 then ended around 5% lower for the quarter, but fell sharply from its peak causing concern about the potential negative impact to the Chinese economy and government controls on short selling and margin lending to calm the stock market. The Japanese TOPIX continued its march upward with a 2.25% increase. Overseas in Europe, uncertainty surrounding Greece shook markets resulting in a 6.5% decline in German markets (DAX).
- On the currency front, we continue to believe the odds are slightly tilted in favour of the U.S. dollar (USD) appreciating against the Canadian dollar, British pound, euro and the Japanese yen. The U.S. dollar should continue to benefit from structural tailwinds. For one, since 2009 countries and foreign institutions outside of the U.S. have borrowed $3.5 trillion in U.S.-dollar denominated debt, creating a currency mismatch with their local revenues. They will need to buy back U.S. dollars to service and repay that debt. In addition, an increase in U.S. interest rates, if it occurs while other central banks are still pursing ultra-loose monetary policies, would add further support to the greenback's value.

PORTFOLIO MANAGEMENT TEAM:

Mackenzie Asset Allocation Team	Alain Bergeron	Siyan Tan	
	Andrea Hallett		
JPMorgan Asset Management	Austin Forey	Emerging Markets Equity	Growth
Mackenzie Investments			
Mackenzie All Cap Value Team	Hovig Moushian	Canadian Equity	Value
Mackenzie All Cap Value Team	Scott Carscallen	Small Cap Equity	Canadian Small Cap Value
Mackenzie Large Cap GARP Team	Chuck Roth	Canadian Equity	Growth at a Reasonable Price
Mackenzie Growth Team	Mark Grammer	International Equity (EAFE)	Growth
Mackenzie Growth Team	Phil Taller	US Equity	Mid-Cap Growth
Mackenzie Ivy Team	Paul Musson	Low Volatility (Foreign)	Quality Growth
Mackenzie Cundill Team	Andrew Massie	International Equity (EAFE)	Deep Value
Mackenzie Global Emerging Markets Team	Jan de Bruijn	Emerging Market Equity	Combination
Manulife Asset Management	Walter McCormick, Emory Sanders, Jr.	US Equity	Large-Cap Value
Waddell & Reed Financial, Inc.*	Erik Becker, Gus Zinn	US Equity	Large-Cap Core
	Gil Scott	Small Cap Equity	US Small Cap Growth

† On September 28, 2012, the Fund changed its name from Symmetry Equity Class.

‡ On September 28, 2012, the Fund changed its investment objective to permit the Fund to seek equity exposure by investing in other mutual funds on more than a temporary basis or by investing directly in securities.

*The portfolio sub-advisor is Ivy Investment Management Company, a wholly owned subsidiary of Waddell & Reed Financial Inc.

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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.

On September 28, 2012 the Fund changed its objectives to permit the Fund to seek equity exposure by investing in other mutual funds on more than a temporary basis or by investing directly in securities. The past performance before this date was achieved under the previous objectives.

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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	Since inception (Dec. 2006)
Symmetry Equity Portfolio Class Series A	8.2%	15.6%	11.2%	3.5%
Blended Index (comprised of 75% MSCI AC World Index NR- $CDN and 25% S&P/TSX Composite Index)	12.9%	18.5%	13.8%	5.0%
S&P/TSX Composite Index	-1.2%	11.1%	8.3%	4.4%
MSCI AC World Index NR - $CDN	17.9%	21.0%	15.6%	5.0%
S&P 500 Index (C$)	25.8%	25.6%	21.2%	xx%