Mackenzie Gold Bullion Class – Series A
Q3-2015 COMMENTARY

Performance Summary

- During Q3 2015, Mackenzie Gold Bullion Class increased 0.7%. This compares with the Gold Bullion Index (CAD) return of 1.6% during the same period.
- Gold bullion prices were down relative to the U.S. dollar (-4.8%) during the period as the market anticipated a rate hike from the Federal Reserve that never transpired. Gold bullion prices were up 2.2% in CAD reflecting the weakness of the Canadian economy that continues to suffer from a decline in commodity prices.

Contributors to Performance

- N/A.

Detractors from Performance

- The Fund's performance is directly impacted by the performance of gold bullion, which depreciated during the period.

Portfolio Activity

- The Fund was fully invested at quarter end with 95.8% in gold bullion, 2.0% in platinum bullion, 1.1% in silver bullion and 0.8% in palladium bullion.

Outlook

- The relative strength of the U.S. and European economies continued to contrast sharply with the emerging economies during the third quarter. This resulted in a further strengthening of both the U.S. dollar and the Euro relative to most emerging market currencies. The portfolio managers suspect that capital flows out of emerging markets and any trade proxies are exaggerating commodity price movements and thus causing substantial disconnects with the underlying fundamentals of several commodity markets.
- Without broad economic participation worldwide, the U.S. may continue to experience lower inflation than normally expected for this stage of its economic expansion cycle. The U.S. economy may also struggle to escape from the current range bound GDP growth rate of 2 to 3% and monetary conditions are therefore anticipated to remain accommodative. Worldwide economic growth is key to the U.S. economy achieving higher capacity utilization and higher inflation levels.
- The portfolio managers continue to believe that moderate economic growth momentum and currency strength in the major developed economies should eventually translate into stronger imports from emerging markets and thereby pull emerging economies out of their current slowdown. However, in the interim the decoupling between developed and emerging markets continues to pressure commodity demand and price expectations.
- Early signs of stabilization are starting to emerge in China following a period of downward revisions to growth expectations. Year-over-year real estate trends have turned positive, whereas retail sales growth remains solid. Capital outflows from China also appear to be leveling off, as foreign currency reserves stabilized on a month-over-month basis in September.
- Gold prices appear to have stabilized, as overly aggressive market expectations for an imminent U.S. steep rate hike cycle have been scaled back. With U.S. inflation low and wage pressures only slowly responding to generally improving U.S. employment statistics, the portfolio managers think it is unlikely that real interest rates (i.e., nominal interest rates minus inflation) are going to rise substantially in the near term, as the path of any rate hikes (if any) is likely going to be very gradual.

PORTFOLIO MANAGEMENT TEAM:

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Fund and Benchmark Performance as at: September 30, 2015	1 year	3 years	5 years	Since inception (Jan. 2010)
Mackenzie Gold Bullion Class Series A	6.4%	-7.8%	-0.3%	1.8%
Gold Bullion Index $CDN	10.0%	-5.7%	2.0%	N/A

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