

Performance Summary

- Mackenzie Monthly Income Conservative Portfolio (the “Fund”) Series A was launched December 1, 2014. Based on Canadian mutual fund regulations, performance cannot be disclosed until the Fund reaches its one-year anniversary.

Contributors to Performance

- The Fund has less than 1 year of performance history.

Detractors from Performance

- The Fund has less than 1 year of performance history.

Portfolio Activity

- The allocation to equity is currently 35.6%, with 16.6% invested in the SPDR S&P 500 ETF. The remainder of the equity is made up of 101 individual stocks and REITs. The equity portion of the Fund is invested in 5 countries across 10 sectors.
- The allocation to fixed income is currently 59.0% with 422 holdings across 20 countries.
- Within the underlying Mackenzie Unconstrained Fixed Income Fund, there is 6% in cash, 19.9% in bank loans, 43.9% in high yield bonds and 29.6% exposure to investment grade bonds across 422 holdings and 20 countries. Weighted average credit quality BBB- and a yield of 6.1%. The Fund has small open currency exposures to both the U.S. dollar and Mexican peso. The Fund continues to maintain hedges against the high yield exposure which will limit downside risks in a market correction.
- Currently, in the equity portion of the fund puts have been purchased on 42% and calls on 28%. This will change over time as equity market and volatility surface conditions evolve.

Outlook

- Global financial and commodity markets experienced extreme volatility during the third quarter due to the re-emergence of the Greek sovereign debt crisis, and the collapse of Chinese stock markets. The latter event had a profound impact on energy-exporting economies, countries competing directly with China and those with direct trade ties to China. In Canada, equity markets declined as lower commodity prices put downward pressure on energy and materials stocks.
- In the United States, the bellwether S&P 500 Index was flat (CAD). Energy, Materials and Health Care were all negative. The Utilities sector was up the most as the U.S. 10-year Treasury yield fell which is positive for the interest-sensitive sector. Information Technology, Consumer Staples and Consumer Discretionary sectors were also positive.
- The MSCI World Index fell -2.2% (CAD). Energy and Materials sectors declined the most on the back of falling commodity prices. Financials, Telecommunications, Health Care and Industrials were modestly negative in the quarter. Utilities rose the most as the U.S. 10-year Treasury yield fell. Information Technology and Consumer Staples rose while Consumer Discretionary was flat.
- As a result of the financial turmoil, the U.S. Federal Reserve delayed raising interest rates. However, recovery in the United States continued, underpinned by falling unemployment rates. With relatively lackluster growth in Europe and Japan, both the European Central Bank and the Bank of Japan maintained their massive monetary stimulus programs.
- Volatility in fixed income markets was another key theme of Q3 2015 as bond prices adjust to slower global growth. Key ten-year bond yields declined across major markets including the U.S., Canada, the UK, Germany and Japan. The decline in yields was partly due to the risk-off sentiment but also due to lower inflationary pressures globally.
- This combination of market uncertainty and delayed monetary tightening is expected to dominate the market environment in the fourth quarter of 2015. In light of these developments and their continuation into this quarter, we believe investors should adopt a cautious approach in Q4.
- China’s weakness has had serious knock-on effects around the globe. While the situation seems to have eased, the events have left a lingering sour taste in the form of a sizeable downshift in expectations for global growth. Investors are no longer as sanguine

that Chinese authorities can engineer a return to 7%+ rates of real GDP growth in the near term. Moreover, they are concerned that official rate of growth in China are misrepresenting the true extent of the economy's weakness. Without a rebound in the cards, a major engine of global growth is sputtering.

- Europe is both China's largest export market and China's largest source of imports. When both China and Europe are experiencing varying degrees of economic weakness, they can feed on each other. While Germany's economy remains solid, it is facing a longer-term problem of insufficient foreign demand for its exports and an extremely acute shorter-term problem of finding a home for the hundreds of thousands of migrants that have arrived from the Middle East and Africa. Left unabated, what might appear to be a short-term problem threatens to become a severe long-term cost to Germany's economy. Meanwhile, Southern European nations such as Spain and Italy are still digging out from debt and are in no position to provide a source of sustainable growth.
- In terms of currencies, we like the Euro and the Japanese Yen over the loonie. It would be appropriate to have more of these currencies unhedged than normal. We are long the U.S. dollar vs. the Canadian dollar. At this stage, negative market sentiment and macro assessments lead us to believe that the odds are tilted toward more downside.
- Specifically, the strong Canadian dollar driven by high oil prices played a role in undercutting the international competitiveness of the manufacturing sector. A weaker Canadian dollar is needed to boost Canada's competitiveness as the economy transitions away from its dependence on energy.

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The Mackenzie Unconstrained Fixed Income Fund is used to fulfill the Absolute Return Strategy component of the Fund. Although the Mackenzie Unconstrained Fixed Income Fund's objective is to seek a positive total return over a market cycle, you may lose money on your investment. There is no assurance or guarantee the fund will realize a positive return in any given year or over any time period.

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Fund performance and ranking not available for funds with a history of less than one year.