MACKENZIE
Investments

Fund insights | February 2021

Consistent and sustainable growth: Managing risk by finding 'easier' areas to invest

Investors don't like surprises so understanding what to expect from investments is critical. We manage risk by investing in industries with characteristics we find attractive. These areas provide what we believe are the best opportunities to generate above average returns with limited volatility and superior downside protection.

Industry characteristics that matter to us

1 Competitive intensity

Investing in less competitive areas removes a large layer of risk. Low competitive-intensity allows companies to achieve dominant scale and strong margins, which can lead to steady, stable, and sustainable results.

Industries crowded with competitors make for difficult operating environments. The more intense the competition, the more profitability deteriorates, and this is usually bad for shareholders.

An ideal example of businesses with a dominant position is the longstanding Coke and Pepsi duopoly, with the two companies owning about 75% of the 'cola' market. Both companies have been highly successful over time.

2 Cyclicality

We prefer non-cyclical businesses because there are fewer surprises. These businesses tend to be steady, stable, and sustainable through a full cycle.

An example below shows how the cyclical Automotive industry performed relative to the more stable Health Care industry during the past two downturns. Stable businesses tend to hold up better during large market pullbacks.

Dina DeGeer
MBA, CFA

Portfolio Manager, Team Co-Lead
Mackenzie Bluewater Team

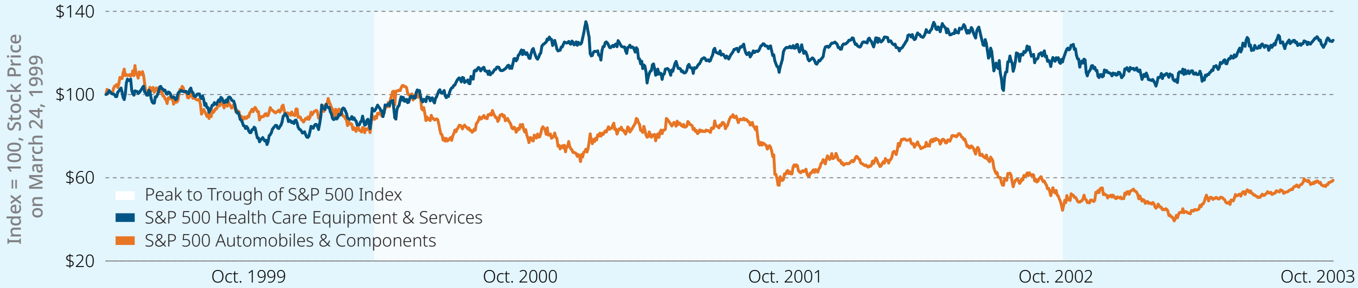
David Arpin
MA, CFA

Portfolio Manager, Team Co-Lead
Mackenzie Bluewater Team

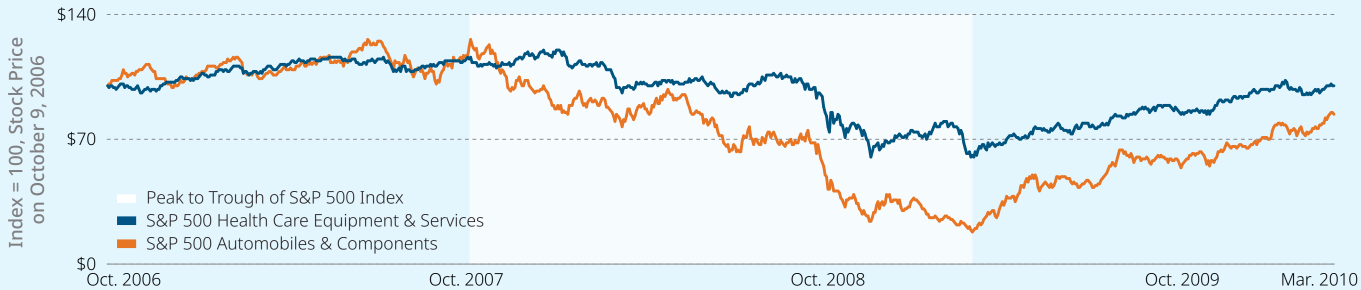
Han Tacoma
CIM

AVP, Investment Director – Equities
Mackenzie Bluewater Team

Recessionary period 1: March 2001 - November 2001



Recessionary period 2: December 2007 - June 2009



Source: Bloomberg, as at March 2010.

3 Growth rates

We focus our capital within industries that are growing at above average rates.

As industries expand, new opportunities are created while older areas often come under threat. If you are looking for conservative growth businesses, you will usually find them in areas with a natural tailwind.

For example, Blockbuster, the chain of movie rental stores, eventually went bankrupt because of the rapid growth of movie and music streaming. Blockbuster simply couldn't adapt their business model fast enough to respond to the technological threat. On the other hand, Netflix, Google and Apple have enjoyed growth in their streaming services given the natural tailwind in this area.

4 Structural secular threats

Disruptive technologies can rapidly impact industries. When a threat is identified, we avoid these areas altogether

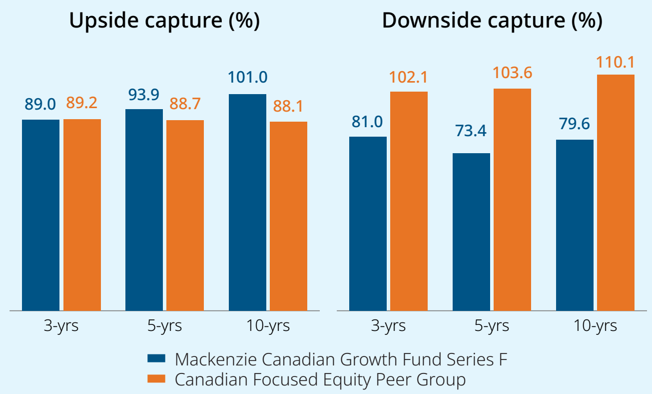
It's difficult to predict how quickly disruptive technology will impact an industry, but when traditional business models are upended, the impact on stock prices can be severe. When a threat is identified, we prefer to stay away from the industry altogether. There are plenty of opportunities in other industries.

Why Bluewater

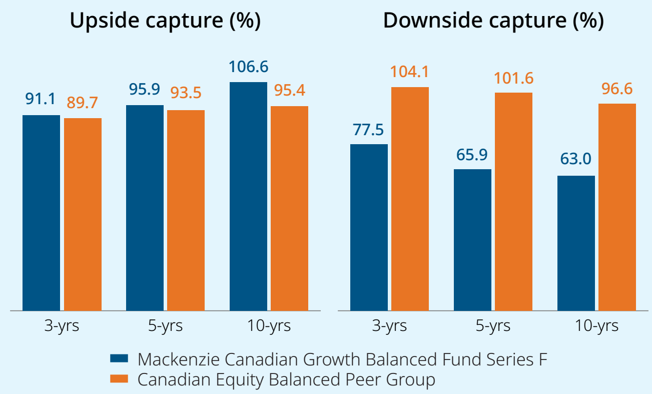
The long-term investor experience with Bluewater has been positive returns in up markets and downside protection in difficult markets. We believe this experience is reflective of our disciplined investment approach.

As seen in the charts below, Bluewater funds have captured more upside over the long term and less downside than the peer group.

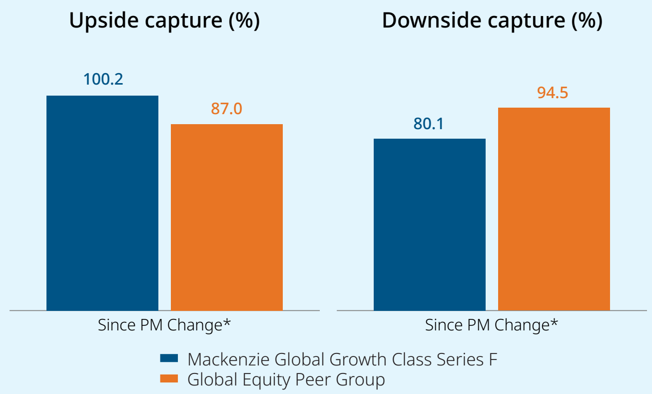
Mackenzie Canadian Growth Fund



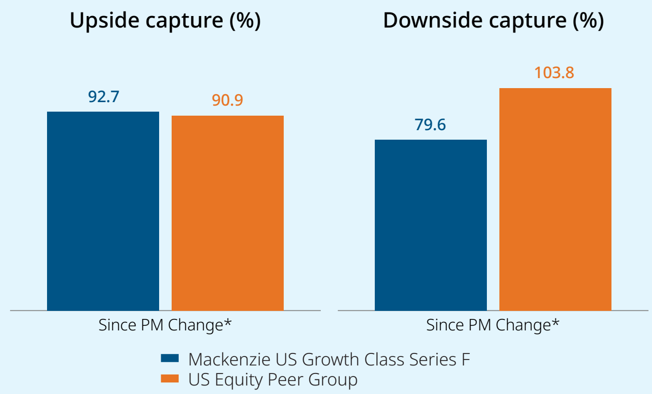
Mackenzie Canadian Growth Balanced Fund



Mackenzie Global Growth Class^



Mackenzie US Growth Class^



Source: Morningstar Direct, as of February 28, 2021. Upside and downside capture ratios are calculated against each fund's benchmark. See benchmark definition below.
* Upside and downside capture ratios calculated for the period of September 1, 2016 to February 28, 2021.
^ Since Portfolio Manager change, effective August 9, 2016.

MACKENZIE
Investments

For more information about the Mackenzie Bluewater suite of funds, please contact your financial advisor

The performance of Mackenzie Canadian Growth Fund Series F for each period is as follows: 1-year 17.0%, 3-years 10.1%, 5-years 13.3%, 10-years 11.5% (As of February 28, 2021). The performance of the blended benchmark composed of 60% S&P/TSX Composite Index, 30% S&P 500 Index and 10% MSCI EAFE (Net) Index for each period is as follows: 1-year 17.9%, 3-years 9.9%, 5-years 11.8%, 10-years 9.2% (As of February 28, 2021). The performance of Morningstar Canadian Focused Equity Peer Group for each period is as follows: 1-year 16.1%, 3-years 7.0%, 5-years 9.0%, 10-years 6.2% (As of February 28, 2021).

The performance of Mackenzie Global Growth Class Series F for each period is as follows: 1-year 22.6%, 3-years 12.4%, 5-years 14.4%, 10-years 12.4% (As of February 28, 2021). The performance of MSCI World Index for each period is as follows: 1-year 22.0%, 3-years 10.3%, 5-years 12.6%, 10-years 12.3% (As of February 28, 2021). The performance of Morningstar Global Equity Peer Group for each period is as follows: 1-year 21.6%, 3-years 8.2%, 5-years 10.3%, 10-years 9.5% (As of February 28, 2021).

The performance of Mackenzie US Growth Class Series F for each period is as follows: 1-year 21.9%, 3-years 14.8%, 5-years 15.1%, 10-years 11.9% (As of February 28, 2021). The performance of S&P 500 Index TR for each period is as follows: 1-year 23.8%, 3-years 13.7%, 5-years 15.3%, 10-years 16.4% (As of February 28, 2021). The performance of Morningstar US Equity Peer Group for each period is as follows: 1-year 22.1%, 3-years 10.8%, 5-years 12.7%, 10-years 13.2% (As of February 28, 2021).

The performance of Mackenzie Canadian Growth Balanced Fund Series F for each period is as follows: 1-year 12.1%, 3-years 8.5%, 5-years 10.1%, 10-years 9.0% (As of February 28, 2021). The performance of the blended benchmark composed of 65% S&P/TSX Composite Index and 35% FTSE Canada Universe Bond Index for each period is as follows: 1-year 10.4%, 3-years 7.6%, 5-years 8.0%, 10-years 5.3% (As of February 28, 2021). The performance of Morningstar Canadian Equity Balanced Peer Group for each period is as follows: 1-year -10.3%, 3-years 5.5%, 5-years 7.0%, 10-years 5.3% (As of February 28, 2021).

Commissions, trailing commissions, management fees, and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. 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.

This document includes forward-looking information that is based on forecasts of future events as of February 28, 2021. 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.

1505798 03/21