Quarterly Performance Report – September 30, 2018

Mackenzie Private Global Equity Pool

MACKENZIE Investments | CONFIDENCE IN A CHANGING WORLD

Market Overview

- *Canadian Equity:* The S&P/TSX Composite was down a modest 0.6% for the quarter. The Materials sector fell 12.9%. Gold mining companies have been negatively impacted by falling gold prices, partially fuelled by expectations of a continued rising U.S. dollar. The Consumer Discretionary and Energy sectors were also large detractors to performance falling 8.0% and 5.7% respectively. On the positive side, Industrials returned 5.6%, Financials moved 3.8% higher, and the diminutive Health Care sector rose 31% on strong stock price moves from cannabis stocks.

- *U.S. Equity:* Now in its longest bull market run, the S&P 500 rose another 7.6% (5.7% CAD) for the quarter as U.S. growth continues to show resilience. All 11 GICS sectors were in positive territory led by Health Care (14.5%), Industrials (10.0%) and the newly renamed and reconstituted Communications Services sector (9.9%); formerly the Telecommunications sector. As part of one of the biggest structural changes to the Global Industry Classification Standard, the Communications Services sector now includes companies such as Netflix, Walt Disney, Facebook and Alphabet (formerly Google) in addition to traditional telecommunications companies such as AT&T and Verizon.

- *International Equity:* The MSCI EAFE Index returned 2.4% in local currency terms (-0.4% CAD). In Asia, Japan (+6.3%) was a leading performer; while in Europe, Switzerland (+5.5%) and France (+3.4%) contributed positively. Though U.S. and China trade tensions continued to dominate headlines and a stronger U.S. dollar continues to cast fears over some emerging market (EM) economies, the MSCI EM Index was flat for the quarter (-2.8% CAD). Russia and Brazil returned 10.9% and 10.1% respectively, while China was down 7.6%.

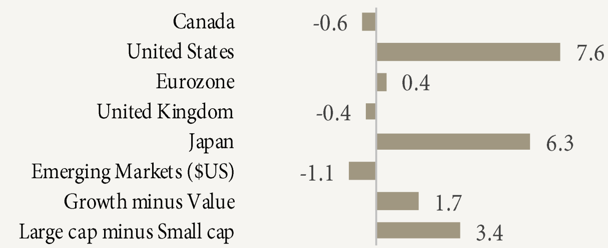
- *Fixed Income:* The appetite for risk appeared to re-enter the bond market with high yield bonds among the few asset classes to post solid returns (+2.4% local currency). Yields increased around the globe, contributing to negative bond returns. For the quarter, Canadian bonds (FTSE TMX Canada Universe Bond Index) fell 1.0% and global bonds (FTSE WBIG Index) fell 0.4% in local currency terms.

- *Currencies:* The Canadian dollar had a strong quarter, rising 1.7% against the U.S. dollar, 4.4% against the yen, and 2.5% and 3.0% against the euro and pound respectively. It was supported by rising oil prices in September and decent economic data; supporting the view that the Bank of Canada can continue its path of interest rate hikes.

Market Performance

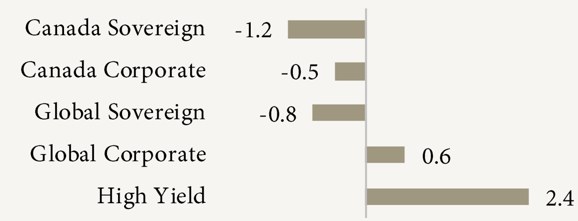
Equity Returns - 3 months

(in local currency unless indicated)



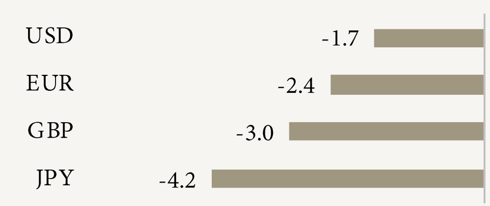
Fixed Income Returns - 3 months

(in local currency)



Currency Spot Returns - 3 months

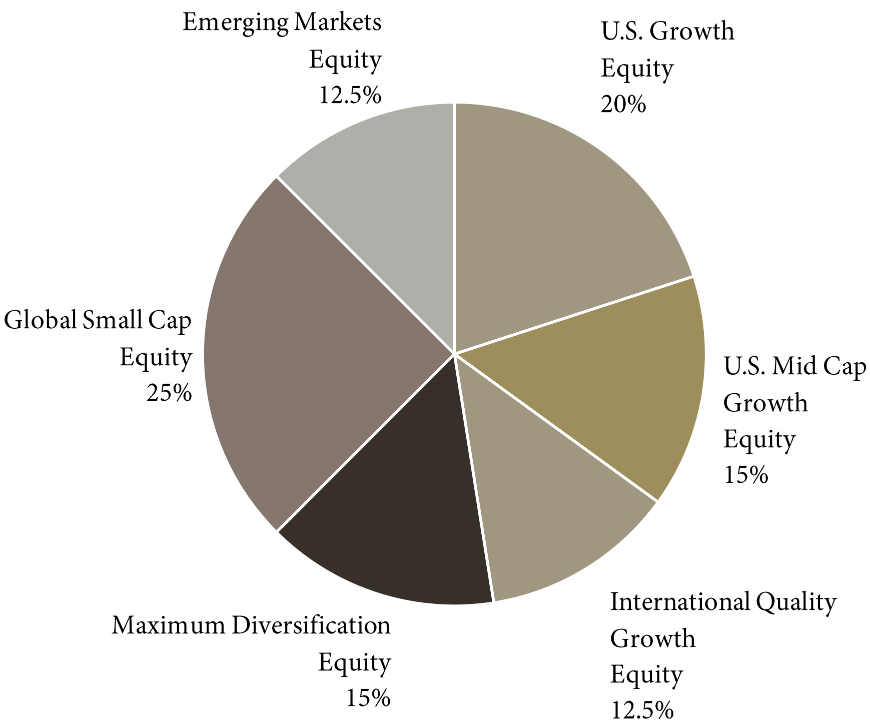
(against Canadian dollars)



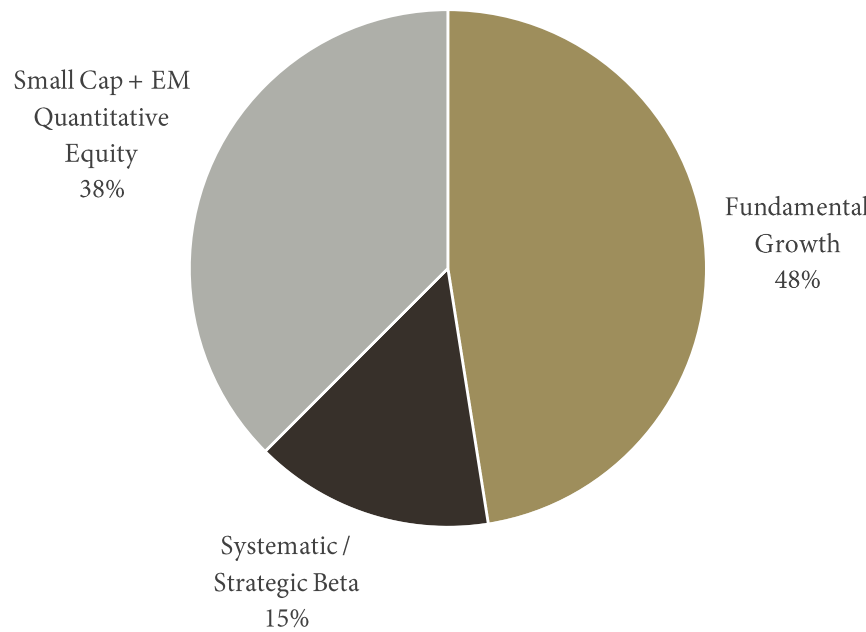
Source: Mackenzie Investments, portfolio as of September 30, 2018

Mackenzie Private Global Equity Pool

Allocation by Strategy



Allocation by Style



*Percentages are listed as target weights

Mackenzie Private Global Equity Pool

Strategy	Manager	Investment Philosophy
U.S. Growth Equity	Bluewater Team David Arpin, Dina DeGeer	The Mackenzie Bluewater team seeks conservative growth businesses that generate and sustainably grow free cash flow. The team selects stable businesses that are leaders in their respective niches and have strong economic franchises, strong balance sheets, and superior management teams with a record of intelligent capital allocation. The Team analyzes macroeconomics to identify structural risks and avoids highly exposed geographies/industries/companies.
U.S. Mid Cap Growth Equity	Growth Team Phil Taller	The Mackenzie Growth Team aims to deliver superior performance over a full market cycle by investing in a portfolio of innovative, US mid cap businesses growing faster than the economy, fuelled by secular drivers, and at prices that do not fully reflect their growth prospects. The Team believes that value creation is the result of innovation in the pursuit of delivering better, faster, and cheaper products and services to customers.
International Quality Growth Equity	Ivy Team Paul Musson	Ivy's quality growth strategy seeks businesses with high returns on capital, strong balance sheets, significant free cash flow, and critically, a reinforcing positive corporate culture. These high quality businesses are patiently acquired at relatively low valuations using a long-term, business-owner mindset. Ivy's process has delivered strong risk-adjusted returns spanning over several decades.
High Diversification Equity	TOBAM	TOBAM's patented systematic approach aims to maximize diversification by assembling the single portfolio of stocks with the lowest possible correlations to each other. This seeks to provide an investor with equity market beta, but with less volatility than other strategies due to the model's equally balanced exposure to all risk factors relevant in each market.
Global Small Cap Equity	Systematic Strategies Team Rick Weed	The Team uses a quantitative approach that ranks stocks based on specific factors. The systematic investment process focuses on many of the same factors utilized by traditional money managers, but can apply the process over thousands of securities across many markets, multiple times per year in a disciplined manner that works in any market environment.
Emerging Markets Equity	Global Quantitative Equity Team Arup Datta	Using a core style and led by Arup Datta, who has 25 years of experience in quantitative equity investing and a proven track record, the strategy seeks alpha in emerging and frontier markets using a quantitative process that seeks a balance across major risk factors. The Portfolio utilizes a proprietary constraints-based risk model, and features daily rebalancing and trading.

Performance

Pool	3 month	1 Year	2 Year	Since Inception*	Inception Date
Mackenzie Private Global Equity Pool – PW	1.0%	8.9%	8.5%	5.3%	Dec. 14, 2015
Mackenzie Private Global Equity Pool – PWF	1.2%	10.1%	9.6%	6.5%	Dec. 14, 2015
Mackenzie Private Global Equity Pool Class – PW	1.0%	8.8%	8.4%	5.2%	Dec. 14, 2015
Mackenzie Private Global Equity Pool Class – PWF	1.2%	10.0%	9.6%	6.5%	Dec. 14, 2015
MSCI World	3.1%	15.2%	13.8%	10.9%	n/a

Underlying Fund**	3 month	1 Year	2 Year	Since Inclusion*	Inclusion Date
Mackenzie US Growth Series R	4.2%	24.5%	18.1%	11.6%	Dec. 14, 2015
S&P 500	5.8%	22.1%	17.4%	13.9%	
Mackenzie US Mid Cap Growth Series R	9.1%	n/a	n/a	16.1%	May. 14, 2018
Russell 2500	2.9%	n/a	n/a	6.5%	
Mackenzie Ivy International Equity Series R	4.1%	5.1%	-	3.9%	Dec. 14, 2015
MSCI EAFE	-0.4%	6.4%	9.8%	7.0%	
Mackenzie Max Div All World Developed ex North America Index ETF	-2.5%	n/a	n/a	-4.9%	Jun. 13, 2018
MSCI EAFE	-0.4%	n/a	n/a	-2.1%	
Mackenzie Global Small Cap Series R	-1.3%	n/a	n/a	-0.6%	May. 14, 2018
MSCI AC World Small Cap	-0.4%	n/a	n/a	1.0%	
Mackenzie Emerging Market Series R	-3.4%	0.2%	8.1%	12.1%	Dec. 14, 2015
MSCI Emerging Markets	-2.8%	2.7%	9.4%	11.9%	

Notes
* Benchmark "since inception/inclusion" returns are based on the comparative fund(s) since inception/inclusion period.
** Returns are gross of fees.

Source: Mackenzie Investments, portfolio as of September 30, 2018

Portfolio Commentary

The Pool returned 1.2% (Series PWF, Trust version) in the quarter, lagging the 3.1% return for its benchmark. Over the past year, the Pool gained 8.9%, lagging its benchmark return of 15.2%. The Pool's construction was significantly re-constituted by Mackenzie's Multi-Asset Strategies Team during the second quarter.

The main driver behind the lagging performance is that our diversifying elements performed much worse than the MSCI World. Our structural allocations to emerging market (EM) equities and Global Small Caps delivered negative returns in Q3, while our Maximum Diversification sleeve's approach was not rewarded.

We have included EM and Small Cap sleeves in the Pool because research and experience supports the thesis that these are both faster-growing asset classes over time and are also very fertile ground for adding alpha through active management. However, they will be more volatile and have suffered negative performance in recent months, especially EM as countries like China are hit by the threat of an escalating trade war. Seen in the context of a full cycle, we feel this episode will fade in importance over time.

In contrast, our allocation to Ivy's quality growth approach was decidedly rewarded in Q3. Ivy's approach– quality growth– has rewarded patient, long-term investors, thought their elevated cash holdings hurt returns earlier this year. Our US-focused Growth mandate also delivered returns that exceeded the Pool's benchmark.

During the second quarter of 2018, the Multi-Asset Strategies Team reconstituted the Pool's allocations. *We added a dedicated US Mid-Cap sleeve run by Phil Taller, to access the greater potential for alpha in this space using his team's time-tested approach. We also added TOBAM's Maximum Diversification approach as a counter-balance to style concentration elsewhere. We also further expanded the capitalization spectrum of the Pool by adding an allocation to Global Small Caps. Finally, management of the EM sleeve transitioned to our Boston-based office run by Arup Datta, a highly respected manager who recently joined Mackenzie. While perhaps more volatile quarter-to-quarter, these sleeves should help the Pool post superior returns over the longer term.*

US Growth – Bluewater Team – David Arpin, Dina DeGeer (20%** of Pool assets)

- For the quarter, this mandate returned 4.2%*, lagging the Pool's benchmark by 160bps.
- Sector allocation benefitted performance, especially underweights to the Energy, Materials, and Real Estate sectors, which all posted negative returns. However, underperformance was ultimately driven by stock selection. In Health Care, the mandate generated a positive return of 5.2%, however, it was unable to keep up with the benchmark's posted return of 12.5%. Similarly, in the Information Technology sector, the mandate generated a solid return of 7.4%, but trailed the benchmark's return of 10.5%.

Portfolio Commentary (continued)

US Mid Cap Growth – Growth Team – Phil Taller (15%** of Pool assets)

- The US Mid Cap Growth mandate returned 9.1%* in Q3, trouncing its benchmark's 2.9% return by 620bps. Since its inclusion on May 14, 2018, this mandate returned 16.1%*, outperforming its benchmark, the Russell 2500 (6.5%), by 960bps.
- Again this quarter, Fund performance benefitted from strong stock selection within Health Care, Consumer Discretionary, and Financials. Top contributors include Dexcom Inc., Dave & Buster's Entertainment Inc., and HMS Holdings Corp. In Q3 the portfolio increased its allocation to the IT and Consumer Discretionary sectors, and reduced exposure to Industrials. It also reduced its cash allocation.
- By sector, this sleeve has cut its exposure to more cyclical businesses in favour of innovative secular growth businesses. These companies offer products and services that make the world better, cheaper, and faster – enabling them to grow faster than the overall economy. The PMs see this as a more "all weather" approach – these companies can do well in a rising economy but can also perform well in a difficult economy.

International Quality Growth – Ivy Team – Paul Musson (12.5%** of Pool assets)

- During Q3 2018, the Fund returned 4.1%*, outperforming its benchmark, the MSCI EAFE Total Return Index (-0.4%), by 4.5%.
- Stock selection in Industrials, Financials, and Consumer Staples contributed positively to relative performance. By regional, stock selection in the UK, Hong Kong and Australia contributed positively. At the stock level, leaders were Brambles, Aggreko, and Burford Capital.

Maximum Diversification – TOBAM (15%** of Pool assets)

- The Pool holds the TOBAM Maximum Diversification All World Developed ex North American (International) mandate. The sleeve declined 2.5% in Q3, versus a 0.4% decline for it's benchmark the MSCI EAFE Index. Since its inclusion on June 13, 2018, the International mandate returned -4.9%*, underperforming the MSCI EAFE (-2.1%) by 280bps.
- While this strategy has been slightly ahead of the MSCI EAFE index over the past year (6.6% v. 6.4% respectively, the MSCI EAFE has markedly lagged the MSCI World (+15.2% over the same period) due to the strength of the US market relative to most others. Since this Pool's benchmark is the MSCI World, which has a roughly 50% weight in the Index, the Pool has recently been at a disadvantage using this version of TOBAM's Maximum Diversification approach.
- The Maximum Diversification systematic methodology has seen this sleeve recently overweight consumer stocks, IT and Real Estate, which have all underperformed the benchmark, and underweight Energy, Materials and Telecom, which outperformed the benchmark. Recall there is no fundamental analysis within this strategy– it uses a patented systematic approach to select stock with the lowest correlation to each other.

Portfolio Commentary (continued)

Global Small Cap – Systematic Strategies Team – Rick Weed (25%** of Pool assets)

- The mandate returned -1.3%* against the MSCI All Country World Small Cap Index TR (net) CAD, which returned -0.4%. Since its inclusion on May 14, 2018, this mandate returned -0.6%*, lagging its benchmark, the MSCI AC World Small Cap Index (1.0%), by 160bps.
- The Systematic Strategies Team maintains exposure to certain factors, which they believe will consistently add value over time. At the end of Q3, the portfolio was generally positioned with positive exposures to Growth, Liquidity, Valuation, and Medium-Term Momentum factors. The Team expects the portfolio to outperform in an environment which values stocks with positive growth characteristics and positive medium-term momentum, and stocks that are more liquid than the average small cap stock. In Q3, exposure to volatility and liquidity factors hurt performance with higher-vol and less-liquid stocks in the small cap universe outperforming their peers.

Emerging Markets - Global Quantitative Equities Team – Arup Datta (12.5%** of Pool assets)

- Mackenzie's quantitative Emerging Markets Equity strategy returned -3.4%*, underperforming the MSCI EM Index (net) CAD by 60 basis points. This was the second consecutive quarter of elevated volatility and losses for EM equities in general.
- Overall, the Value factor outperformed both the Quality and Revisions aggregate factors. Within the Quality factor, management's sub-factors focused on low volatility and analyst coverage which contributed to positive performance. Conversely, more traditional quality factors focused on share buybacks and efficiency metrics underperformed. The Revisions factor experienced a rotation during the quarter with positive performance in both July and August followed by negative performance during September. Within the revisions factor, analyst revisions related sub-factors fared significantly better than price momentum, which had a tough quarter.
- Over longer periods, the Team expects performance from each of these factors to contribute towards positive relative performance.

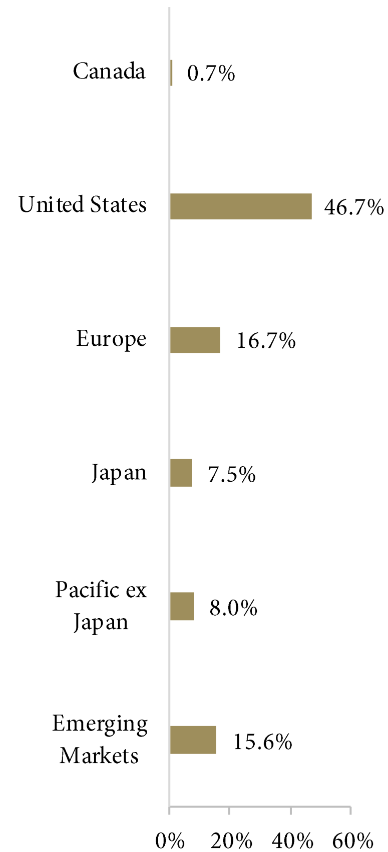
Notes
* Returns are gross of fees. ** Weights are target weights and are subject to change without notice.

Portfolio Statistics

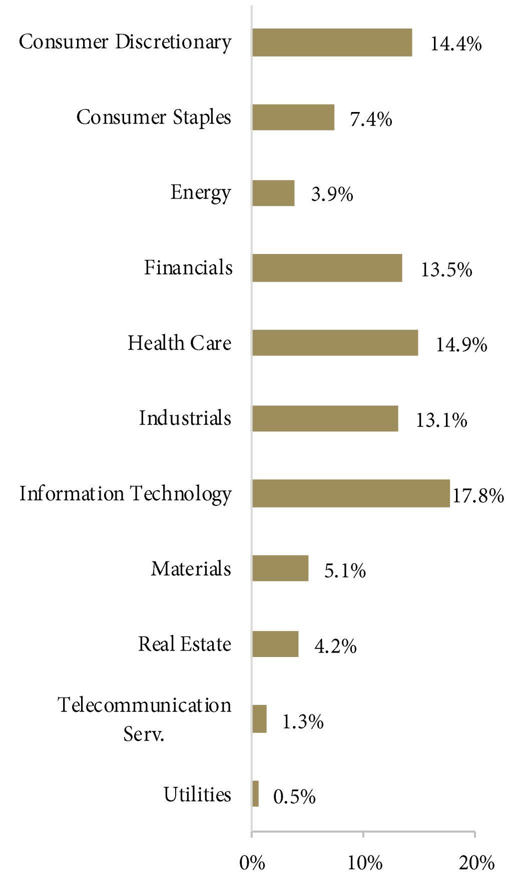
Top 10 Holdings

Holding Name	Strategy	Weight
Mackenzie Max Div All World Developed ex NA Index ETF	Maximum Diversification	14.0%
Verisk Analytics Inc.	Multi-Manager*	1.3%
Visa Inc. Class A	U.S. Growth	1.1%
Aon PLC	U.S. Growth	1.1%
Becton Dickinson and Co.	U.S. Growth	1.1%
Fiserv Inc.	U.S. Growth	1.1%
Baxter International Inc.	U.S. Growth	1.1%
Accenture PLC Class A	U.S. Growth	1.1%
Stryker Corp.	U.S. Growth	1.0%
Amphenol Corp. Class A	U.S. Growth	0.9%

Regions



Sectors



*Multi-Manager – position is held by more than one strategy

Source: Mackenzie Investments, portfolio as of September 30, 2018

Disclaimer

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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.

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.

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