

Quarterly performance report – March 31, 2019

Mackenzie Private Canadian Focused Equity Pool



MACKENZIE
Investments

CONFIDENCE
IN A CHANGING WORLD



Market Overview

Canadian Equity: Equity markets, globally, posted strong returns for the quarter. The S&P/TSX Composite was among the best performing equity indices, up 13.3% for the quarter. All GICS sectors posted positive returns. The Energy sector (+15.6%) was the largest contributor to returns, recovering most of its losses from Q4 2018 as oil prices rebounded from last quarter's sharp declines. Other top performing sectors included the cannabis heavy Health Care sector (+49.1%) and Info Tech (+26.0%). Materials (+8.5%), Consumer Discretionary (+9.8%) and Communication Services (+10%) provided solid returns but lagged the sector average.

U.S. Equity: The S&P 500, seemingly buoyed by the Fed's more cautious approach to rate normalization, rose 13.6% (11.2% CAD) for the quarter. In local currency terms, Info Tech (19.9%), Real Estate (+17.5%) and Industrials (+17.2%) sectors lead performance. Health Care (+6.6%) and Financials (+8.6%) were the only sectors to post less than a 10% return.

International Equity: International equity markets also posted strong returns but generally lagged North American markets during the quarter. The MSCI EAFE Index returned 10.7% in local currency terms (7.7% CAD). Italy (+16.8%) and Hong Kong (+15.9%) were among the best performing markets while Japan (+7.8%) was unable to keep up with the average. The MSCI Emerging Markets Index returned 9.9% (7.6% CAD) with China (+17.9%) contributing significantly to returns. Large EM markets South Korea (6.7%), India (6.3%) and South Africa (4.8%) lagged the index average.

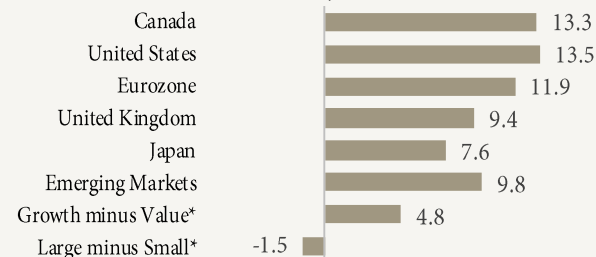
Fixed Income: Bond markets also enjoyed a solid positive quarter as yields fell globally. High yield bonds benefitted most from investors' risk on stance, returning 7.4% in local currencies. For the quarter, Canadian bonds (FTSE TMX Canada Universe Bond Index) rose 3.9% and global bonds (Bloomberg Barclays Global Aggregate Bond Index Hedged to CAD) rose 2.8%.

Currencies: The Canadian dollar, supported by higher oil prices, had a strong quarter, rising 2.2% against the U.S. dollar, 4.4% against the euro and 3.3% against the yen. There was no change against the British pound.

Market Performance

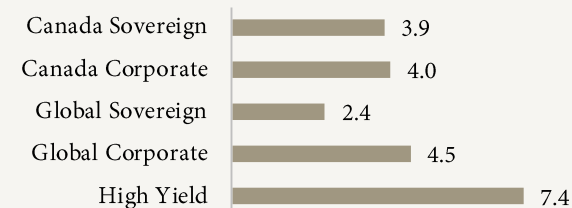
Equity Returns - 3 months

(in local currency unless indicated)



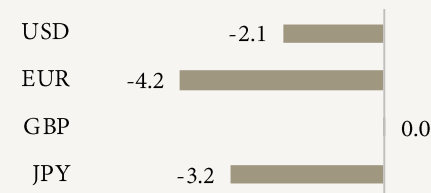
Fixed Income Returns - 3 months

(in local currency)



Currency Spot Returns - 3 months

(against Canadian dollars)



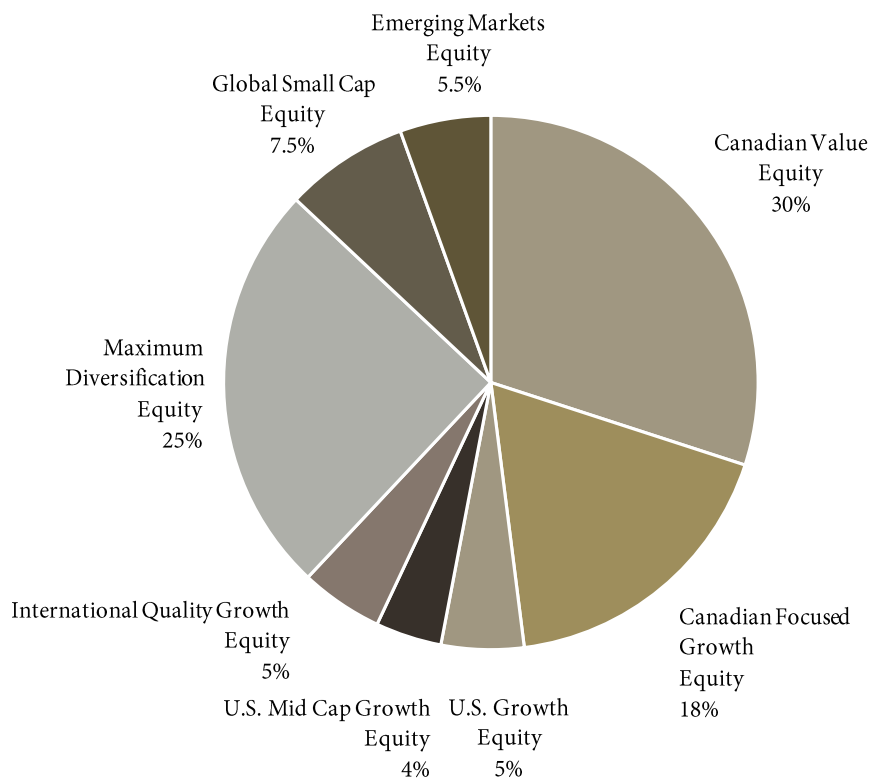
Source: Mackenzie Investments, portfolio as of March 31, 2019

*MSCI World Growth (net) index minus MSCI World Value (net) Index,

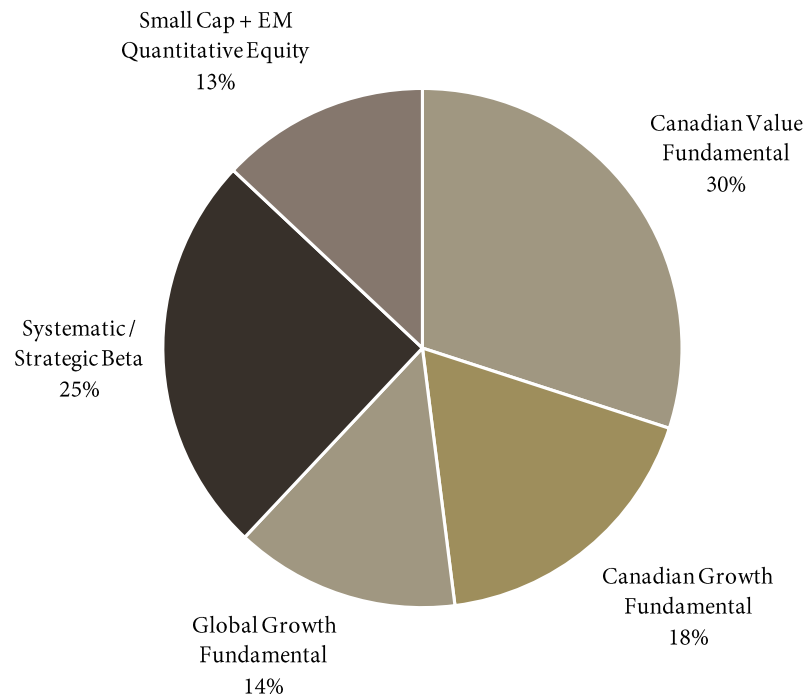
*MSCI World Large Cap (net) index minus MSCI World Small Cap (net) Index

Mackenzie Private Canadian Focused Equity Pool

Allocation by Strategy



Allocation by Style



*Percentages are listed as target weights



Mackenzie Private Canadian Focused Equity Pool

Strategy	Manager	Investment Philosophy
Canadian Value Equity	North American Equities Team Will Aldridge	The North American Equity team believes that consistent returns with reduced volatility can be achieved by buying stocks at a discount to fair market value, with an emphasis on sustainable cash flow metrics. The team's bottom-up, value-oriented approach identifies attractive businesses that should appreciate over time despite movements in the broader market.
Canadian Focused Growth and U.S. Growth Equity	Bluewater Team Dina DeGeer, David Arpin	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.
Maximum 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 balanced exposure to all risk factors that are 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 and 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	3 Year	Since Inception*	Inception Date
Mackenzie Private Canadian Focused Equity Pool – PW	11.2%	3.8%	3.5%	7.7%	7.8%	Dec. 14, 2015
Mackenzie Private Canadian Focused Equity Pool – PWF	11.5%	4.9%	4.5%	8.9%	9.0%	Dec. 14, 2015
Mackenzie Private Canadian Focused Equity Pool Class – PW	11.2%	3.7%	3.4%	7.6%	7.7%	Dec. 14, 2015
Mackenzie Private Canadian Focused Equity Pool Class – PWF	11.5%	4.9%	4.6%	8.8%	8.9%	Dec. 14, 2015
60% S&P/TSX Composite, 30% S&P 500, 10% MSCI EAFE	12.2%	9.0%	7.1%	10.9%	12.2%	n/a
Underlying Fund**	3 month	1 Year	2 Year	3 Year	Since Inclusion*	Inclusion Date
Mackenzie Canadian All-Cap Value	11.8%	6.5%	3.8%	10.0%	9.0%	Dec. 14, 2015
S&P/TSX Composite	13.3%	8.1%	4.9%	9.3%	8.1%	
Mackenzie Maximum Diversification Canada Index ETF	13.1%	n/a	n/a	n/a	-10.4%	Jun. 13, 2018
S&P/TSX Composite	13.3%	n/a	n/a	n/a	-9.7%	
Mackenzie Canadian Growth	12.9%	n/a	n/a	n/a	-5.9%	May. 14, 2018
60% S&P/TSX Composite, 30% S&P 500, 10% MSCI EAFE	12.2%	n/a	n/a	n/a	-6.3%	
Mackenzie US Growth	16.1%	18.0%	17.7%	16.6%	7.6%	Dec. 14, 2015
S&P 500	11.3%	13.6%	12.0%	14.6%	9.3%	
Mackenzie US Mid Cap Growth	14.7%	n/a	n/a	n/a	4.9%	May. 14, 2018
Russell 2500	13.4%	n/a	n/a	n/a	-7.4%	
Mackenzie Ivy International Equity	7.4%	5.3%	5.3%	7.0%	1.8%	Dec. 14, 2015
MSCI EAFE	7.7%	0.0%	5.4%	8.3%	3.6%	
Mackenzie Max Div All World Developed ex North America Index ETF	7.2%	n/a	n/a	n/a	-12.3%	Jun. 13, 2018
MSCI EAFE	7.7%	n/a	n/a	n/a	-10.2%	
Mackenzie Global Small Cap	8.8%	n/a	n/a	n/a	-17.4%	May. 14, 2018
MSCI AC World Small Cap	10.8%	n/a	n/a	n/a	-11.2%	
Mackenzie Emerging Market	6.2%	-11.5%	4.1%	10.2%	9.0%	Dec. 14, 2015
MSCI Emerging Markets	7.7%	-3.8%	7.8%	11.7%	10.0%	

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 March 31, 2019



Portfolio Commentary

The Pool returned 11.5% in the quarter (Series PWF, Trust version), 70 bps behind its benchmark return of 12.2%. This quarter marks the best return achieved in the Pool's 3 year history. Since 2019 also marks the 3 year anniversary for the Mackenzie Private Pools, they are therefore eligible for Morningstar star ratings. The Mackenzie Private Canadian Focused Equity Pool received a rating of 3 stars out of 5. The star rating is based on Morningstar's proprietary risk adjusted return system to rank all eligible funds within the same category. More detailed information about its ranking methodology is available on Morningstar website.

The main contributors to the Pool's in Q1 returns were the Canadian and US-focused mandates. These North American exposures make up about 57% of the Pool. All five North American oriented sleeves returned in the double digits, led by the US Growth mandate with a return of 16.1%, followed by the US Mid Cap Growth mandate with 14.7%. The Canadian equity exposures also contributed to the pool's healthy Q1 return, with the Canadian Large Cap Dividend strategy returning 11.8%, the Canadian Growth strategy delivering 12.9%, and the MaxDiv Canada Index ETF returning 13.1%.

However, as has been the case over the past year, some performance drag resulted from the international, small cap, and EM mandates. Our Ivy International and Mackenzie MaxDiv All World Developed ex North America Index ETF sleeves returned 7.4% and 7.2% respectively in Q1. While these would be very respectable return numbers in most quarters, in Q1 they lagged the Pool's benchmark return of 12.2%. These exposures are designed to provide some diversification for our Mackenzie Private Pools clients, many of whom have concentrated positions in US and Canadian public and/or private businesses. These sleeves accounted for about a 10% weight in the Pool in Q1; thus, the drag on overall return was limited.

The Emerging Market and Small Cap mandates performed fairly well in Q1 with returns of 6.2% and 8.8% respectively. These two quantitative strategies combined for 13% of pool's exposure. Both mandates contributed to overall return while adding diversification to the pool to reduce risk.

Canadian Value – North American Equities Team – Will Aldridge (30%** of Pool assets)

- This sleeve returned 11.8%*, underperforming the S&P/TSX Composite's 13.3% return by 150bps. Underperformance was due to an underweight in Health Care and Information Technology. These two sectors gained 49.1% and 26% respectively in the quarter, so not having a full weight in either expensive cannabis or tech stocks cost the fund in Q1. The fund benefited from security selection in Utilities and an underweight to Materials.
- Last quarter, the team calculated that the Fund's holdings had an upside return to our estimate of fair value that was 4x the projected downside. Clearly stocks were inexpensive at the end of 2018. Today the inverse is true—the downside is nearly 4x the current upside potential. We expect our companies to grow earnings over the course of the year, but multiple expansion will be difficult unless rates fall further.



Portfolio Commentary (continued)

Canadian Focused Growth – Bluewater Team – Dina DeGeer, David Arpin (18%** of Pool assets)

- The Canadian-Focused Growth strategy outperformed its benchmark by 70 bps, returning 12.9%* in Q1. Stock selection in Health Care contributed positively to relative performance, as did stock selection in Financials. At a security level, Accenture Plc, Stryker Corp., and Baxter International were the top security contributors to performance. Stryker's stock sold off in Q42018 and rebounded sharply this year, with a large jump after they reported strong fiscal 2018 results. Stryker's medical device/technology industry exhibits above-average and non-cyclical growth, with extremely large barriers to entry.
- Exposure to Consumer Staples and Communication Services increased over the quarter, while exposure to Financials and Information Technology decreased. As always, the strategy continues to own 30-35 companies that are leaders in their respective niches. Each investment is expected to continue to outgrow their peers while showing superior profitability, strong free cash flow generation, and maintaining the balance sheet flexibility necessary to weather difficult economic environments. Companies with these characteristics, bought at sensible prices, will outperform over time.

US Growth – Bluewater Team – David Arpin, Dina DeGeer (5%** of Pool assets)

- This mandate returned 16.1%*, outperforming its benchmark, the S&P 500, by 480bps. The team is successfully replicating the success of their Canadian growth model in their US mandate by identifying companies with superior profitability, strong free cash flow generation, and balance sheet flexibility. They invest in businesses that have been around for a very long time, that have proven much more resilient when economic growth is slower, and that operate in less competitive areas. Then they watch industries closely for signs of disruption and structural change, because even well-established areas can be rapidly upended by new technologies and unconventional business models.
- The Fund added several new positions in Q1 that fit their model, including Quebecor, Premium Brands, Danaher, and Estee Lauder.

US Mid-Cap Growth – Growth Team – Phil Taller (4%** of Pool assets)

- The strategy returned 14.7%* in Q4, outperforming its benchmark's 13.4% return by 130 bps. This sleeve also outperformed the Pool's benchmark by 250bps. The top sector contributors to performance in Q1 were Information Technology, Health Care, and Industrials. At a security level, top contributors included Worldpay Inc., CoStar Group Inc., and Dentsply Sirona Inc. This quarter Worldpay, a large holding in the Fund, was acquired by Fidelity National Information Services for a premium to our existing model fair value price, another in a list of takeouts the strategy has enjoyed in recent years. No sector detracted on absolute return basis during the quarter.
- The team is taking on a more "all weather" approach by cutting exposure to more cyclical businesses and focused more on owning innovative secular growth businesses. These types of companies offer products and services that make the world better, cheaper, and faster – enabling them to grow at a faster pace than the overall economy.



Portfolio Commentary (continued)

International Quality Growth – Ivy Team – Paul Musson (5%** of Pool assets)

- The strategy returned 7.4%*, slightly underperforming its benchmark by 30bps. Stock selection in Consumer Discretionary, Health Care and Materials contributed positively to relative performance, while stock selection in Consumer Staples and Communication Services were the largest detractors. Leading stock-level detractors were Seven & I Holdings, Publicis Groupe, and Henkel AG. The portfolio's cash holding also dragged.
- Although the late-2018 correction provided a brief buying opportunity, the Ivy team believes valuations for high quality businesses are generally unattractive, particularly following the sharp market rebound in 2019. There will be pockets of potential opportunity, but as always, the team remain disciplined on stock prices to allocate our clients' capital prudently.

Global Small Cap – Systematic Strategies Team – Rick Weed (7.5%** of Pool assets)

- The strategy returned 8.8%* in Q4, lagging its benchmark by 2%. The Fund benefitted from an underweight to Financials, stock selection in Health Care, and stock selection in Denmark, the United Kingdom, and Hong Kong. At the security level, strong results were seen from Tenet Healthcare Corporation, Weichai Power Co, and SimCorp A/S. From a style factor perspective, our funds generally have positive exposures to growth, valuation, medium term momentum, and liquidity factors. For this quarter all of these exposures helped performance.
- Detractors included stock selection in Information Technology, Consumer Staples, and Real Estate and stock selection in the United States, France, and Korea. Key detractors included SMART Global Holdings, Navigant Consulting, and Neopost SA.
- The Systematic Strategies Team maintains exposure to certain factors, which we believe will consistently add value over time. We will vary the weightings of these factors depending on our forecasts of the rewards to these factors. Currently the team was positioned with positive exposures to growth, liquidity, valuation and medium-term momentum factors. The Regime model is set at neutral, with growth, value, and momentum expected to be equally rewarded at this time.

Emerging Markets - Global Quantitative Equities Team – Arup Datta (5.5%** of Pool assets)

- The Emerging Markets Equity strategy returned 6.2%*, underperforming by 150bps. EM did not have as strong a rebound in Q1 compared to developed markets, but it was a great quarter nonetheless. But despite positive relative performance in March, underperformance in both January and February resulted in negative relative performance for the quarter. For the period, our Value factor contributed positively to performance. However, both the Quality and Revisions factors did not add value. At the sector level, Materials and Real Estate contributed to positive relative performance. Key detractors from performance were the portfolio's underweight positions in Alibaba Group Holdings, Samsung Electronics, Tencent Holdings..

Maximum Diversification – TOBAM (25%** of Pool assets)

- Adding diversification via the TOBAM approach was beneficial to the Pool. Both the Canadian and International ETFs generated a return only slightly behind their benchmarks while contributing significant defense by bringing a highly scientifically diversified portfolios to the Pool. Ideally this approach will help minimize Pool risk without cost to returns over time, which is consistent with TOBAM's long-term track record.

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

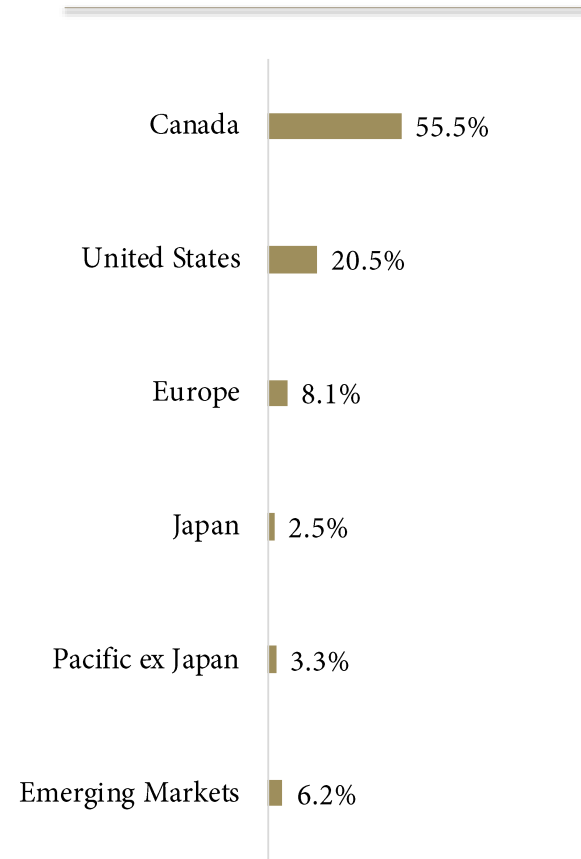


Portfolio Statistics

Top 20 Holdings

Holding Name	Strategy	Weight
Canadian Pacific Railway Ltd.	Multi-Manager*	1.8%
Enbridge Inc.	Canadian Value	1.6%
Alimentation Couche-Tard Inc. Class B Sub. voting	Multi-Manager*	1.3%
Accenture PLC Class A	Multi-Manager*	1.2%
TELUS Corp.	Multi-Manager*	1.2%
The Bank of Nova Scotia	Multi-Manager*	1.2%
Aon PLC	Multi-Manager*	1.2%
Canadian National Railway Co.	Multi-Manager*	1.2%
CAE Inc.	Multi-Manager*	1.1%
Baxter International Inc.	Multi-Manager*	1.0%

Regions



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

Source: Mackenzie Investments, portfolio as of March 31, 2019



Disclaimer

Commissions, trailing commissions, management fees, and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns as of March 31, 2019, including changes in unit value reinvestment of all distributions and do and not take into account sales, redemption, distribution, or optional charges or income taxes payable by any security holder that would have reduced returns. 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.

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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