

Quarterly performance report – March 31, 2019

Mackenzie Private Global Income Balanced 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.

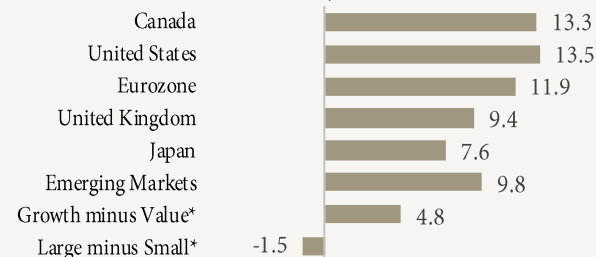
Fixed Income: Bond markets also enjoyed a solid positive quarter as yields fell globally. High yield bonds benefitted most from investors' risk on stance, returning 7.4% in local currencies. For the quarter, Canadian bonds (FTSE TMX Canada Universe Bond Index) rose 3.9% and global bonds (Bloomberg Barclays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

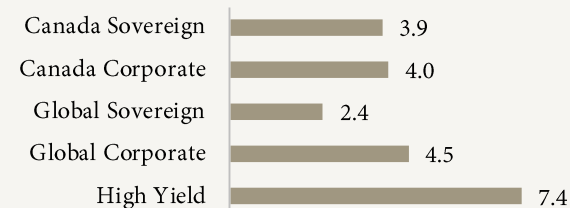
Equity Returns - 3 months

(in local currency unless indicated)



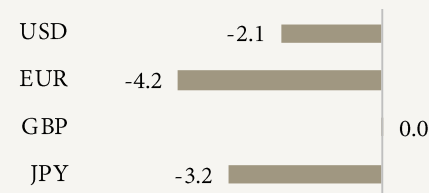
Fixed Income Returns - 3 months

(in local currency)



Currency Spot Returns - 3 months

(against Canadian dollars)



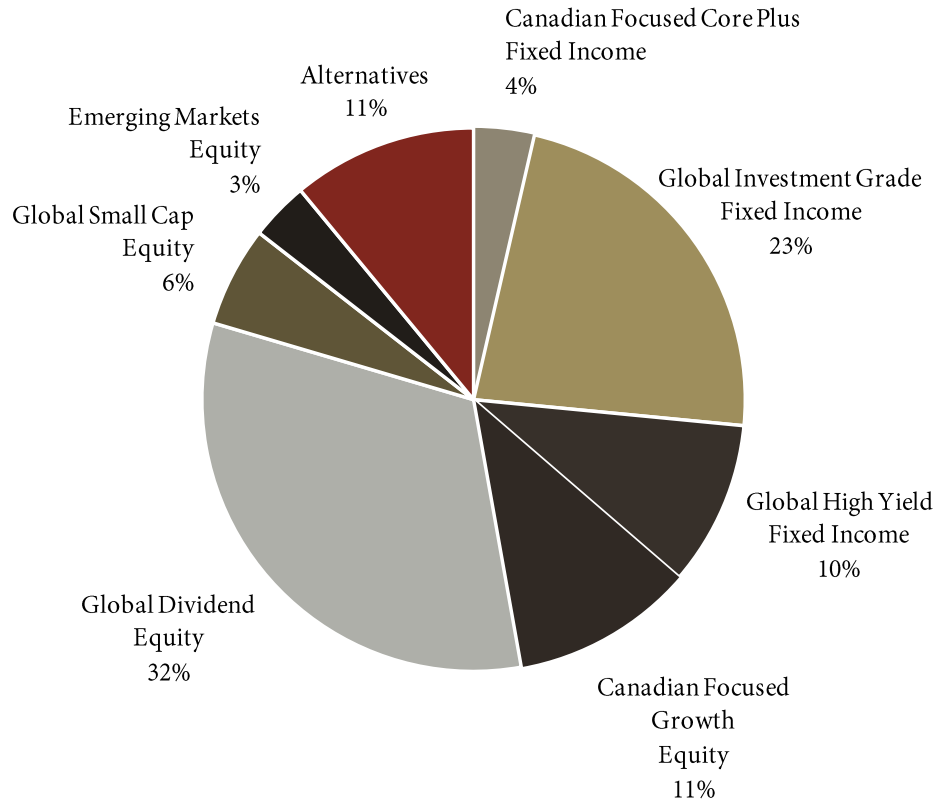
Source: Mackenzie Investments, portfolio as of March 31, 2019

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

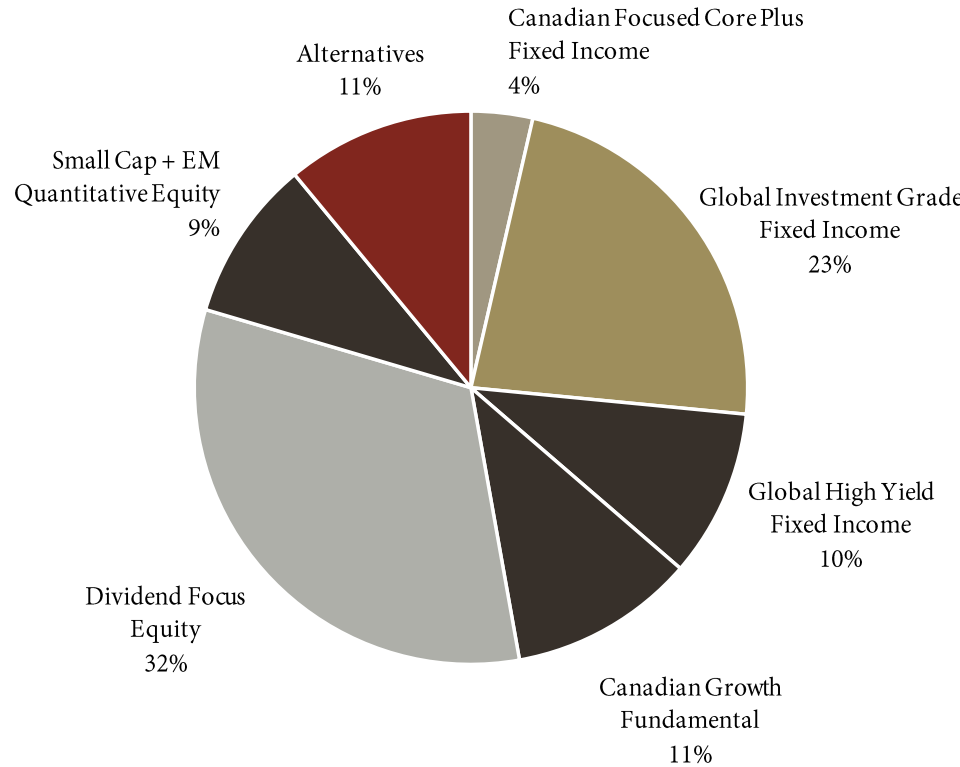
*MSCI World Large Cap (net) index minus MSCI World Small Cap (net) Index

Mackenzie Private Global Income Balanced Pool – 60% Eq / 40% Fi

Allocation by Strategy



Allocation by Style



*Percentages are listed as target weights for this quarter



Mackenzie Private Global Income Balanced Pool

Strategy	Manager	Investment Philosophy
Canadian Focused Core Plus Fixed Income	Fixed Income Team Steve Locke	A “core plus” multi-sector fixed income strategy which aims to preserve high quality core fixed income portfolio characteristics, while opportunistically adding up to 25% in higher yielding bonds across countries, sectors and capital structures. Explicit focus on combining assets with low correlations to maintain volatility similar to a core bond strategy while seeking to maximize risk-adjusted returns.
Global Investment Grade Fixed Income	Fixed Income Team Konstantin Boehmer	Combining qualitative and quantitative research processes, the Team identifies key macro themes that will impact fixed income markets and currencies. The Team’s deep sector expertise allows opportunistic harvesting of all five sources of alpha: country, currency, duration, credit and sector, while ensuring an appropriate return can be generated from any incremental increase in risk.
Global High Yield Fixed Income	Fixed Income Team Daniel Cooper	Credit-driven, valuation-focused, global approach. Primary emphasis is on non-investment grade corporate and government debt. The Team will opportunistically select different vehicles that will provide the flexibility to tilt the portfolio to potentially capture gains and/or manage risks.
Canadian Focused 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.
Global Dividend Equity	Global Equity and Income Team Darren McKiernan	By selecting high-quality dividend-paying businesses which reside at or near the top of the value chain within their respective industries, and by carefully selecting only those that consistently deliver strong returns on capital and optimal capital deployment of free cash flow, the Global Equity and Income team expects the portfolio to compound wealth over time and deliver superior downside performance.
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.
Alternatives	Systematic Strategies Team Matthew Cardillo	Managed exposure to a diversified portfolio of currencies, commodities, private debt, listed private equity, listed infrastructure and real estate, and non-traditional segments of equity and bond markets (ie micro-cap equity, pref shares, convertible bonds, emerging market debt, leveraged loans, and inflation-linked bonds, to name a few). The strategy is specifically managed to be a complement to a traditional balanced portfolio, with the objective of generating a high Sharpe ratio.



Performance

Pool	3 month	1 Year	2 Year	3 Year	Since Inception*	Inception Date
Mackenzie Private Global Income Balanced Pool – Series PW	7.9%	2.5%	2.6%	4.4%	4.0%	Dec. 14, 2015
Mackenzie Private Global Income Balanced Pool – Series PWF	8.2%	3.7%	3.7%	5.6%	5.2%	Dec. 14, 2015
50% BofA Merrill Lynch Global Broad Market (Hedged to CAD), 50% MSCI World (Net) Index	6.4%	6.2%	6.1%	7.0%	6.4%	n/a
Underlying Fund**	3 month	1 Year	2 Year	3 Year	Since Inclusion*	Inclusion Date
Mackenzie Strategic Bond	4.1%	n/a	n/a	n/a	0.5%	Sep. 12, 2018
FTSE TMX Canada Universe	3.9%	n/a	n/a	n/a	1.3%	
Mackenzie Global Tactical Investment Grade Bond	2.7%	3.1%	2.5%	2.5%	2.1%	Dec. 14, 2015
ICE BofAML Global Broad Market (Hedged to CAD)	2.8%	4.1%	3.0%	2.3%	2.3%	
Mackenzie Global Credit Opportunities	4.7%	n/a	n/a	n/a	-0.8%	May. 14, 2018
75% ICE BofAML Global High Yield (Hdg CAD), 25% ICE BofAML Global Broad Market (Hdg CAD)	5.6%	n/a	n/a	n/a	-1.2%	
Mackenzie Canadian Growth	12.9%	n/a	n/a	n/a	-11.2%	Sep. 12, 2018
60% S&P/TSX Composite, 30% S&P 500, 10% MSCI EAFE	12.2%	n/a	n/a	n/a	-9.3%	
Mackenzie Global Dividend	12.3%	9.1%	8.2%	11.5%	7.0%	Dec. 14, 2015
MSCI World	10.2%	8.0%	8.9%	11.8%	6.6%	
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%	n/a	n/a	n/a	-14.9%	May. 14, 2018
MSCI Emerging Markets	7.7%	n/a	n/a	n/a	-9.8%	
Alternatives Sleeve	7.7%	n/a	n/a	n/a	-7.2%	Jun. 13, 2018
60% MSCI World, 40% ICE BofAML Global Broad Market (Hedged to CAD)	7.2%	n/a	n/a	n/a	-3.9%	

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 March 31, 2019



Portfolio Commentary

The Pool returned 8.2% for Q1 (Series PWF, Trust version), 180bps ahead of its benchmark's return of 6.4%.

All sleeves in the Pool delivered strong positive returns, both on an absolute basis and relative to their benchmarks. In fact, all three broad asset classes– bonds, equities and alternatives– beat their benchmarks in the quarter.

Within the fixed income exposure, two of the three sleeves were significantly ahead of the Global Broad Bond Index that makes up half of the Pool's benchmark. In particular, the Mackenzie Global Credit Opportunities global high yield mandate rose 4.7% in the quarter, providing exactly the kind of high-powered “oomph” we look for from this sleeve.

All equity mandates produced positive returns and three of the four equity sleeves handily beat the Pool's benchmark. The top contributor to performance came from the Global Dividend mandate managed by Darren McKiernan, which returned 12.3%, beating its own benchmark by over 200 bps. 32% of Pool assets are invested in this sleeve. Not to be missed, the Canadian Growth mandate managed by Dina DeGeer and David Arpin returned 12.9% this quarter, also well ahead of the MSCI World and an 11% weight of the pool. The two quant oriented equity mandates– Global Small Caps and EM– produced solid returns of 8.8% and 6.2% respectively.

The Pool's Alternatives sleeve bounced back nicely in Q1 2019, and its 7.7% gain was a positive contributor to Pool performance. The Alts sleeve was added in 2018 to provide diversification into a wide variety of asset such as commodities, real estate and currencies. These assets exhibit a lower correlation to traditional asset classes such as equities and bonds. This alternative mandate also outperformed the Pool's benchmark in Q1.

2019 also marks the 3 year anniversary for the private pools and therefore eligible for Morningstar funds star ratings. The Mackenzie Private Global Income Balanced Pool received a rating of 3 stars out of 5. The 2018 reconstitution of the Pool by Mackenzie's Multi-Asset Strategy team has added a diversity of new mandates that we believe will continue to add increased value over the long term. The star rating is based on Morningstar's proprietary risk adjusted return system that ranks all eligible funds within the same category. More detailed information about the ranking methodology is available on Morningstar website.

Canadian Focused Core Plus Fixed Income – Fixed Income Team – Steve Locke (4%** of Pool assets)

- **The core Canadian bond mandate returned 4.1%*, outperforming its benchmark (the FTSE TMX Canada Universe Index) by 20bps.** This was a very healthy quarter for bond markets in many parts of the world, as decelerating growth prompted several major central banks to re-think their tightening bias. The Fed, in particular, by backing away from rate hikes and signalling that growth was not expected to be as strong this year as last, ignited a spirited rally in bond prices during Q1. Investment grade corporate bonds returned 2.0%, ahead of high yield bonds and floating rate loans which returned 1.4% and 0.1%, respectively. The Fund's 3.4% exposure to high yield bonds and 5.2% in floating rate loans detracted from relative performance in Q1.
- The portfolio managers continue to focus on increasing the Fund's credit quality without sacrificing yield by reducing exposure to less liquid positions and adding to higher quality names. Portfolio duration was shortened to 7.08 years, about half a year shorter than the benchmark.



Portfolio Commentary (continued)

Global Investment Grade - Fixed Income Team - Konstantin Boehmer (23%** of Pool assets)

- **For the quarter, this tactical sleeve returned 2.7%***, very slightly lagging its benchmark return of 2.8%. Small exposures to credit helped performance given the strong rally, especially in January, while being underweight to Japan duration helped as JGBs did not participate in the global rally to the same extent as bonds from other economies. The Fund's shorter duration profile detracted from performance as bonds with longer duration in global developed markets rallied after central banks stepped back from rate hikes.
- At quarter-end, the Fund had 48.9% in government bonds, 38.6% in corporate debt (a drop of 8% from the end of January) and 10.1% in the emerging markets. The Fund's duration decreased to 3.1 years, well short of the benchmark at 7.13 years. The Fund's TIPS exposure is currently 13%, significantly overweight versus the benchmark. The Fund reduced its exposure to investment grade and high yield corporate debt and Australia simply to take a few chips off the table as both ideas have worked well and are large overweights in the Fund. The Fund engaged in some high yield hedges using PUT options on HYG. The Fund's use of the Fixed Income Team's credit momentum model is now about 4%.

Global High Yield - Fixed Income Team - Daniel Cooper (10%** of Pool assets)

- **The global high yield strategy returned 4.7%* in Q1**, a strong return that nevertheless undershot its blended benchmark by 90bps. Coming into the quarter with a bias toward higher-quality issues led to a slight underperformance versus a benchmark with a lower average credit quality. The solid risk-on environment saw the lowest quality bond issues bounce back hard in Q1, but we feel our mildly defensive stance will bear fruit in coming months.
- The credit market volatility of Q4 2018 made a complete 180 degree turn in the first quarter of the new year. What the Fed caused with hawkish comments last year, they "fixed" with soothing statements in January, followed by actions—effectively cancelling future rate hikes in 2019, downgrading their GDP forecast and ending any quantitative tightening. The flattening of the yield curve garnered much attention, as it has tended to signal a looming economic downturn. Needless to say, this was an interesting environment for High Yield bonds globally—while current conditions seem fine, future conditions appear incrementally worrisome, however even with moderate economic growth most companies will continue to have little trouble servicing their debt.

Canadian Focused Growth – Bluewater Team – Dina DeGeer, David Arpin (11%** 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 and very 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.



Portfolio Commentary (continued)

Global Dividend - Global Equity & Income Team – Darren McKiernan (32%** of Pool assets)

- **Mackenzie's Global Dividend strategy returned 12.3%* in Q1, outperforming its benchmark by 210bps.**
- Stock selection in Health Care and Consumer Staples contributed positively to relative performance during Q1, whereas stock selection in Materials detracted. At the stock level, top contributors were Micro Focus International, Philip Morris International Inc., and Dentsply Sirona Inc.
- Micro Focus warrants particular attention: In Q1-18, it was our largest detractor – ever – with the largest single day stock drop in the history of the fund. In Q2-18, it was a top performer as it rebounded but remained below its initial level. In Q1-19, the stock returned 48%. The fact that the stock is up almost 50% in a quarter indicates that the market's expectations and view of the business was completely wrong. We believed the market grossly overreacted in early 2018 on a management team that delivered an IRR of 30% over the past decade, and our faith has been rewarded. Similarly, Dentsply Sirona rebounded strongly after falling nearly 60% from its peak and 30% from where we purchased shares. Dentsply Sirona is the largest manufacturer of dental consumables and equipment. The company merged with hardware provider Sirona, which makes computer assisted imaging and manufacturing equipment (CAD/CAM). Today, Dentsply is the market leader with a 21% share of the \$21 billion market.
- The team continues to own a collection of high-quality, reasonably priced, dividend paying equities that we believe will produce the highest long-term real returns over time. Stocks have gone up on average two out of every three years since World War II, and with ten-year government yields around the world still at low absolute and relative levels, benign inflation, and valuations that do not appear overly stretched, there is reason to believe those odds will continue to hold over the next decade.

Global Small Cap - Systematic Strategies Team – Rick Weed (6%** 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.



Portfolio Commentary (continued)

Emerging Markets - Global Quantitative Equities Team – Arup Datta (3%** of Pool assets)

- **The Emerging Markets Equity strategy returned 6.2%*, underperforming the benchmark 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.

Alternatives - Systematic Strategies Team – Matt Cardillo (11%** of Pool assets)

- **Our Alternative Assets sleeve returned 7.7%* in Q4, compared to its reference benchmark's return of 7.2%.**
- This strong return came in a quarter during which the sleeve's benchmark—a simple 60/40 global balanced portfolio—delivered its best quarterly return in a decade. Given that the Alternative Assets sleeve cannot hold traditional large-cap equities and traditional bonds, this is a very strong result!
- The Alts sleeve holds a variety of non-traditional asset classes designed to provide diversification to a traditional portfolio. Helping to power gains in Q1 were our holdings in special situations equity, Infrastructure equity, convertible bonds, EM debt and Operating REITs. Early in January we sharply reduced exposure to floating rate loans and bonds as the Fed reversed course on interest rate hikes and swapped that exposure for increased holdings in assets with equity beta. This trade worked very well in Q1. Looking ahead, data suggests growth has slowed to a more normal, steady state environment from the robust unsustainable burst in 2018. We feel equity markets have gotten a bit ahead of themselves, so a more cautious stance is warranted.

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



Portfolio Statistics

Top Holdings

Holding Name	Strategy	Weight
Becton Dickinson and Co.	Multi-Manager*	1.1%
Nestle SA Reg.	Global Dividend	0.9%
Koninklijke Philips NV	Multi-Manager*	0.9%
Microsoft Corp.	Global Dividend	0.8%
Queensland Treasury Corp. 2.75% 08-20-2027	Global Investment Grade	0.8%
Safran SA	Global Dividend	0.8%
SPDR Gold Trust	Alternatives	0.7%
Deutsche Boerse AG	Global Dividend	0.7%
Philip Morris International Inc.	Global Dividend	0.6%
Kinder Morgan Inc.	Global Dividend	0.6%

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

Characteristics

Average Credit Quality	A+
Duration	2.52
Fixed Income Yield	4.1%
Dividend Yield	2.5%
Portfolio Yield	2.9%

Credit Ratings

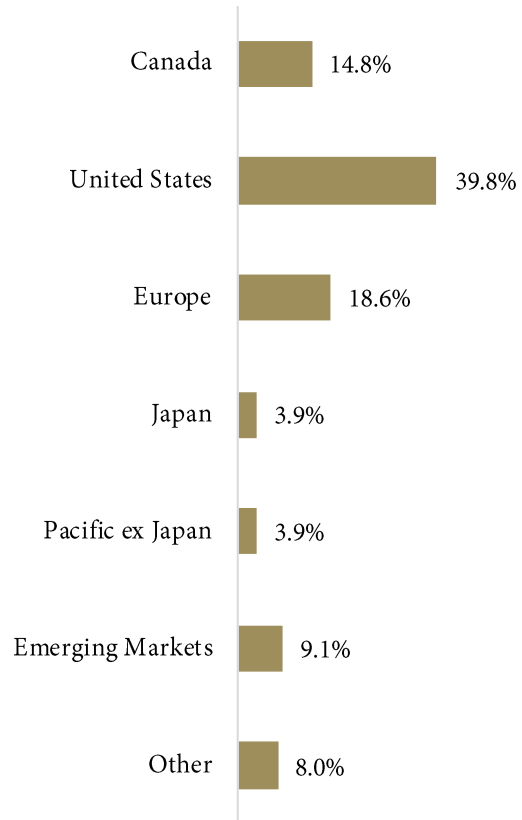
AAA	14.9%
AA	18.3%
A	18.0%
BBB	18.3%
BB	10.9%
B	14.0%
CCC & NR	5.6%

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

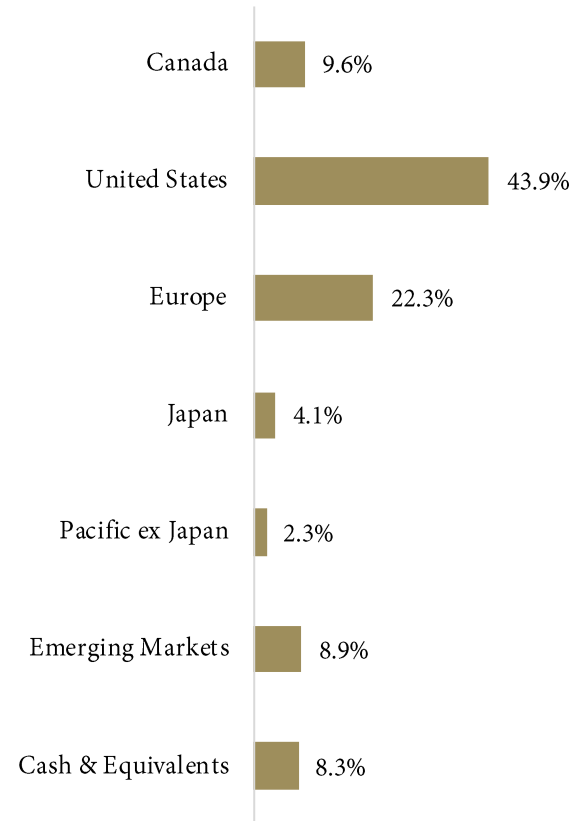


Geographic Exposure

Combined Region



Equity Region

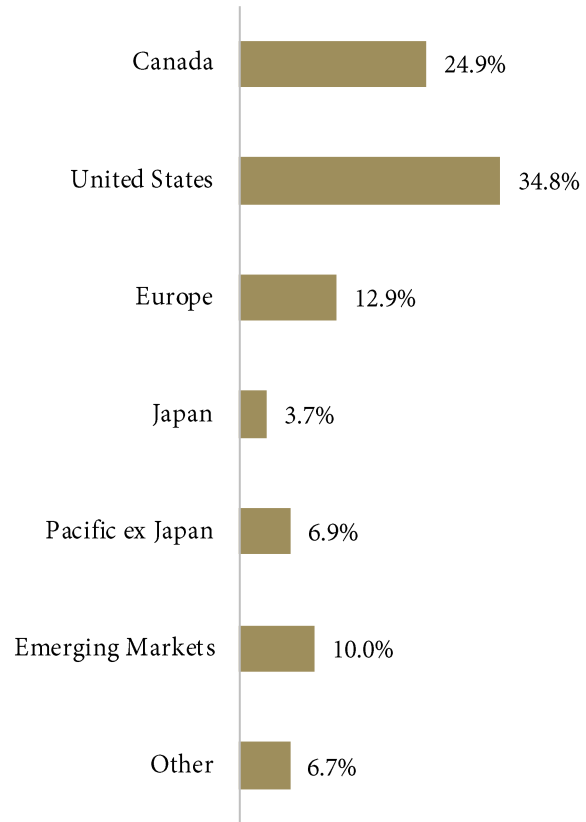


Source: Mackenzie Investments, portfolio as of March 31, 2019

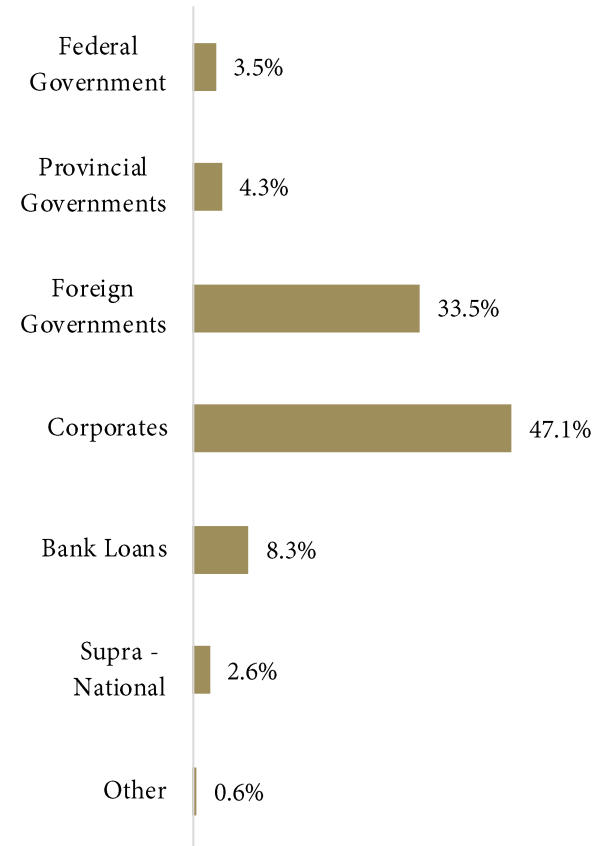


Fixed-Income Exposure

Region



Sector



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



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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