

Quarterly performance report – March 31, 2019

Mackenzie Private US Equity Pool



MACKENZIE
Investments

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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.

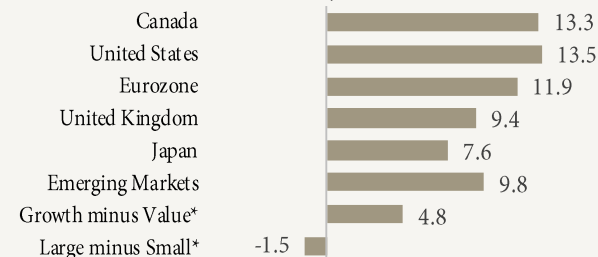
Fixed Income: Bond markets also enjoyed a solid positive quarter as yields fell globally. High yield bonds benefitted most from investors' risk on stance, returning 7.4% in local currencies. For the quarter, Canadian bonds (FTSE TMX Canada Universe Bond Index) rose 3.9% and global bonds (Bloomberg Barclays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

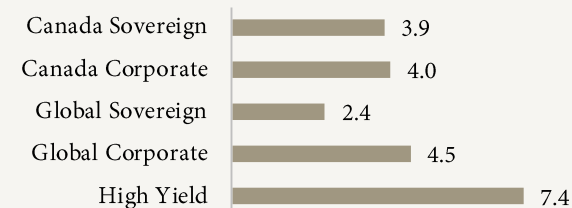
Equity Returns - 3 months

(in local currency unless indicated)



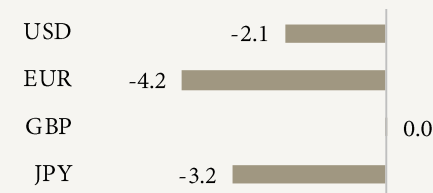
Fixed Income Returns - 3 months

(in local currency)



Currency Spot Returns - 3 months

(against Canadian dollars)



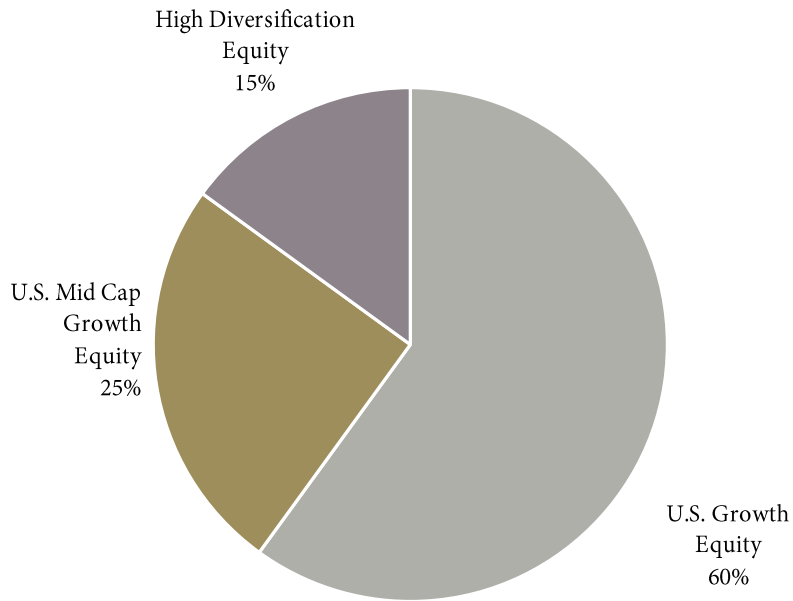
Source: Mackenzie Investments, portfolio as of March 31, 2019

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

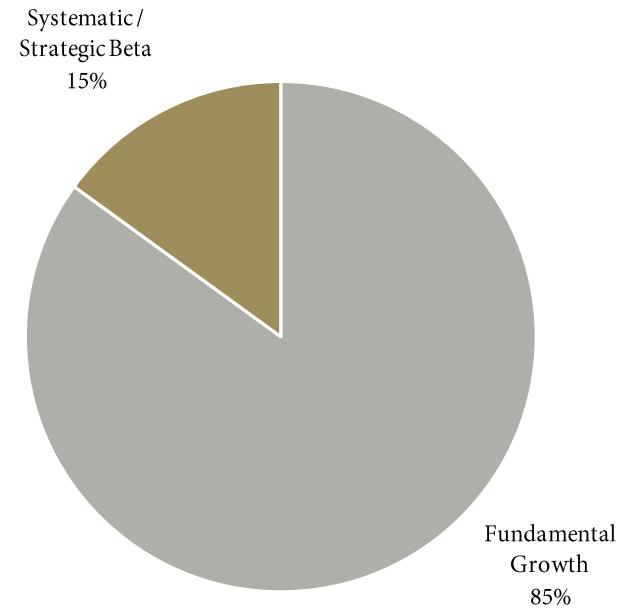
*MSCI World Large Cap (net) index minus MSCI World Small Cap (net) Index

Mackenzie Private US Equity Pool

Allocation by Strategy



Allocation by Style



*Percentages are listed as target weights



Mackenzie Private US 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.
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 that are relevant in each market.



Performance

Pool	3 month	1 Year	2 Year	3 Year	Since Inception*	Inception Date
Mackenzie Private US Equity Pool – PW	14.7%	14.8%	13.7%	12.6%	8.7%	Dec. 14, 2015
Mackenzie Private US Equity Pool – PWF	15.0%	16.1%	15.0%	14.1%	10.2%	Dec. 14, 2015
Mackenzie Private US Equity Pool Class – PW	14.6%	14.7%	13.7%	12.5%	8.7%	Dec. 14, 2015
Mackenzie Private US Equity Pool Class – PWF	15.0%	16.0%	15.2%	14.0%	10.2%	Dec. 14, 2015
S&P 500	11.3%	13.6%	12.0%	14.6%	13.9%	n/a

Underlying Fund**	3 month	1 Year	2 Year	3 Year	Since Inclusion*	Inclusion Date
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 High Diversification US Equity Fund	10.2%	n/a	n/a	n/a	-7.3%	Jul. 06, 2018
S&P 500	11.3%	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 15.0% in Q1 (Series PWF, Trust version), 370 bps ahead of the Pool's benchmark (S&P 500) return of 11.3% in Canadian dollar terms.

The first quarter of 2019 was the best quarter ever in the Pool's three year history as the US equity market had one of its best quarters since 1987. This was a major bounce back after a tough quarter in Q4 2018.

Since the Mackenzie Multi-Asset Strategies team reconstituted the Pool's allocations in 2018, the blend of Phil Taller's U.S. Mid Cap Strategy, Bluewater's U.S. Growth Strategy and the TOBAM-based High Diversification U.S. strategy have worked in harmony to achieve an impressive result. All three mandates provided strong double-digit percentage returns to the Pool, led by the U.S. Growth strategy (16.1%), followed by the U.S. Mid Cap Growth strategy (14.7%), and finally the U.S. High Diversification strategy (10.2%). The growth style used by both Phil Taller and the Bluewater team of David Arpin and Dina DeGeer was rewarded handsomely as the market favoured growth-oriented names in Q1. The High Diversification strategy is designed to seek balance across investment styles, which will work well and contribute to returns if and when Growth is out of favour.

2019 also marks the 3 year anniversary for the private pools and therefore eligible for Morningstar funds star ratings. The Mackenzie Private US Equity Pool received a rating of 3 stars out of 5. 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.

US Growth – Bluewater Team – David Arpin, Dina DeGeer (60%** 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.
- Quebecor is a Quebec-focused integrated cable, wireless and media company with a relentless focus on customer service and building out a superior network. Quebecor exhibits many of the attributes that attracted us to our core holding Telus. In an environment of network and device parity, a critical differentiating factor for telecom providers is customer service. With their best-in-class service, we feel Quebecor is well positioned to win in a province that is enjoying some macro tailwinds.



Portfolio Commentary (continued)

- ▶ Premium Brands is a leading Canadian specialty food manufacturing and food distribution company. The company has transitioned from a commoditized pork processor nearly 30 decades ago to a specialty brands manufacturer with over 50 brands under its umbrella. Premium Brands differentiates itself by focusing on quality, convenience, health and/or lifestyle. As customers diversify away from center of the store and processed foods, the company has been on trend with its offerings, including fresher foods that use natural, locally sourced ingredients. As such, they do not compete on price, but rather product innovation and quality and have a very strong market position in many of the verticals they operate in, including an 80% market share in meat snacks in Canada.
- ▶ The fund initiated a position in US-based Danaher during the quarter. We have followed Danaher for close to two decades and believe it is one of the best managed companies in the world. Danaher is an unusual company, in that the core expertise of the business is the Danaher Business System (DBS) which is a system for operating businesses. Danaher announced the acquisition of General Electric's Biopharma business in late February. GE Healthcare was an extremely attractive target that fits very well within Danaher's existing businesses. We expect that as DBS is deployed, GE Healthcare will see improvement on several dimensions, including growth rate, margin, and free cash flow generation, resulting in continued strong results for Danaher.

US Mid Cap Growth – Growth Team – Phil Taller (25%** 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.

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

- **The Mackenzie High Diversification U.S. Equity mandate returned 10.2%* in Q1, lagging the S&P 500's 11.3% return.**
- This strategy uses a patented systematic approach to select stocks with the lowest correlation to each other, with the goal of building a portfolio with a highly diversified exposure to the broadest possible set of return drivers. As the performance of the S&P 500 becomes more concentrated and more dependent on a relatively smaller number of stocks and/or themes, this strategy is expected to provide protection against the risk that a reversal in those stocks or themes will drag the index sharply downward.

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



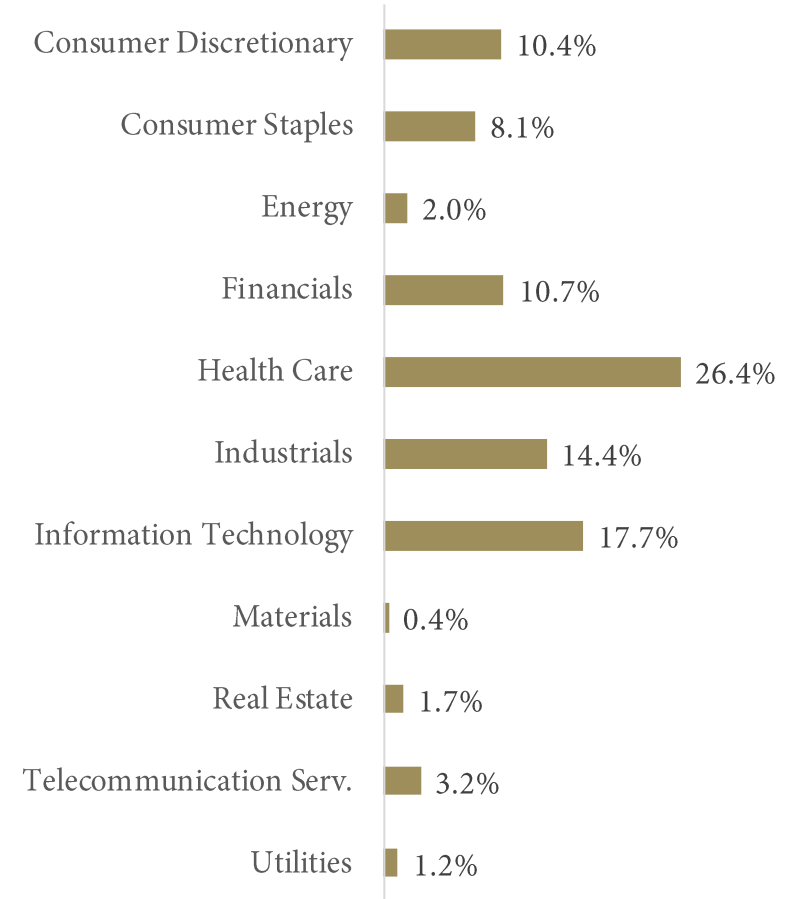
Portfolio Statistics

Top Holdings

Holding Name	Strategy	Weight
Verisk Analytics Inc.	Multi-Manager*	3.5%
Accenture PLC Class A	U.S. Growth	3.4%
Aon PLC	Multi-Manager*	3.3%
Baxter International Inc.	Multi-Manager*	3.1%
Stryker Corp.	Multi-Manager*	3.0%
Danaher Corp.	U.S. Growth	3.0%
Zoetis Inc.	U.S. Growth	2.7%
Visa Inc. Class A	U.S. Growth	2.6%
Becton Dickinson and Co.	Multi-Manager*	2.2%
PepsiCo Inc.	Multi-Manager*	2.2%

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

Sectors



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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