# Mackenzie Ivy Global Balanced Fund

**Series F** Monthly Commentary **As of:** May 31, 2019

### One-month Attribution and Weight

| Top Security Contributors | % Contrib. | % Avg Wgt. |
|---|---|---|
| Amcor Ltd | 0.07 | 3.5 |
| Henry Schein, Inc. | 0.03 | 2.9 |
| PepsiCo, Inc. | 0.03 | 3.5 |
| **Top Security Detractors** | | |
| Henkel AG & Co. | -0.29 | 3.1 |
| Samsonite International | -0.27 | 0.8 |
| United Parcel Service Inc. | -0.24 | 2.1 |

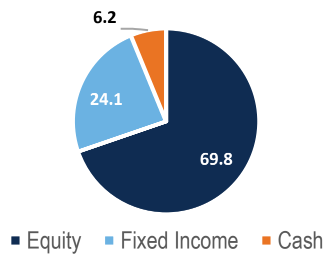
**FX Attribution**

+0.30%

**FX Exposure**

Fixed Income partially hedged

**Asset Allocation**




### Key Takeaways

- The equity component of the benchmark returned -5.3%. The Fund's allocation to equities (69.8% vs. 75% for the benchmark) contributed to its relative performance.
- The Fund's allocation to the Consumer Staples sector and Information Technology sector also contributed to relative performance.
- The fixed income component of the benchmark returned 2.0%. The Fund's allocation to fixed income detracted from its relative performance due to its short duration and exposure to high yield bonds and loans.

### Performance Results

| | 1 mo | YTD | 1 yr | 3 yr | 5 yr | 10 yr |
|---|---|---|---|---|---|---|
| **Mackenzie Ivy Global Balanced Fund Sr F** | **-3.2%** | **4.3%** | **6.7%** | **5.3%** | **6.9%** | **9.3%** |
| Blended Benchmark* | -3.4% | 7.7% | 4.6% | 8.3% | 8.7% | 10.4% |
| Morningstar Global Equity Balanced Category | -2.8% | 7.5% | 1.6% | 5.5% | 5.4% | 7.7% |
| % Peers Beaten | 38 | 5 | 94 | 47 | 84 | 88 |

*75% MSCI World + 25% BofAML Global Broad Market (Hedged to CAD)

### Fund and Market Insights

**Equity**

- The Fund slightly outperformed the benchmark. An overweight exposure to Consumer Staples and stock selection in Materials contributed positively to relative performance.
- Stock selection in Consumer Discretionary and Industrials detracted from relative performance.
- **Amcor** continues to make progress towards finalizing its proposed acquisition of Bemis. The share price had declined following the announcement of the all-stock acquisition in August 2018, however it has now fully recovered due to steady business performance and the market's greater confidence that a deal will be completed. The acquisition is expected to provide Amcor with a broader flexible packaging footprint, and should result in material cost synergies and expanded revenue opportunities.
- **Samsonite** reported Q1 2019 results in May that were below market expectations – sales declined year over year due to a combination of adverse currency movements, cyclical challenges in the US (retailer inventory de-stocking, lower tourist arrivals), planned reduction of B2B sales in China, and a very strong prior year comparable. Operating profit also declined, weighed down by weaker sales and higher costs due to last year's investments to strengthen the direct to consumer channel. The results were in line with management commentary provided at Samsonite's Q4 results. We believe the weakness is more cyclical in nature, rather than structural, and we expect performance to improve over time as sales growth normalizes and expense growth slows. Our thesis is unchanged, and we added to the position modestly following the share price decline.

**Fixed Income**

- The global developed bond market rally which started in mid-November, resumed in May after a pause in April. Worries about global growth prospects due to rising trade tensions drove investors back into the safety of high quality, long duration government bonds. May also saw the first rate cut from a developed market central bank as New Zealand lowered rates 25 bps to 1.50% due to unexpected weakness in inflation and hiring. The Fund's fixed income sleeve's short duration was the key reason for its underperformance in May. Also detracting from performance was the Fund's exposure to high yield bonds and loans.
- Overall, fixed income returns in developed bond markets have been very strong year to date with longer duration bonds providing the highest total returns. But it is difficult to chase duration at this point. In fact, without a dramatic slowing in growth or a recession, we think it would be unwise. Trade talks with China have resumed and threats of tariffs against Mexico have been called off for now. If both situations are resolved before damage is done to the real economy, we would expect global growth to rebound and yields to rise. Further, should issues in Europe be resolved, it would provide another impetus for growth.

## Fund Codes and Management Fees

| Series | CAD | | | | Management Fee | MER |
|---|---|---|---|---|---|---|
| | Front-End | Back-End | Low Load 2 | Low Load 3 | | |
| **A** | 086 | 616 | 7000 | 3182 | 1.85 % | 2.32 % |
| **F** | 395 | --- | --- | --- | 0.75 %* | 1.00 %** |
| **PW** | 6107 | --- | --- | --- | 1.75 %* | 2.10 %** |

## Corporate Class

| Series | CAD | | | | Management Fee | MER |
|---|---|---|---|---|---|---|
| | Front-End | Back-End | Low Load 2 | Low Load 3 | | |
| **A** | 5177 | 5178 | 7266 | 5179 | 1.85 % | 2.34 % |
| **F** | 5181 | --- | --- | --- | 0.75 %* | 1.00 %** |
| **PW** | 6666 | --- | --- | --- | 1.75 %* | 2.11 %** |

MERs as of September 30, 2018.

*Effective June 1, 2018, the management fee on Series PW changed from 1.80% to 1.75%, and Series F changed from 0.85% to 0.75%.

**Pro forma estimate.

## Disclaimers



Percentile rankings are from Morningstar Research Inc., an independent research firm, based on the Global Equity Balanced category, and reflect the performance of the Mackenzie Ivy Global Balanced Fund for the 1-month, year-to-date, 1-, 3-, 5- and 10-year periods as of May 31, 2019. The percentile rankings compare how a fund has performed relative to other funds in a particular category and are subject to change monthly. The number of Global Equity Balanced funds for the Mackenzie Ivy Global Balanced Fund for each period are as follows: one year – 1,252; three years – 932; five years – 578; ten years – 281.



On August 14, 2014, Mackenzie amended the Fund's investment strategies to specify its ability to allocate its assets between equity and fixed income securities, and Alain Bergeron assumed responsibility for asset allocation in the Fund.