



Performance Highlights

Portfolio Information	
Equity	48.3%
Fixed Income	46.2%
Cash	5.5%
Portfolio Yield	4.1%

Equity Statistics	
Dividend Yield	3.42%
Regional Exposure	
Canada	52.0%
US	25.1%
Europe	16.8%
Japan	2.9%
Emerging Markets	2.2%

Fixed Income Statistics	
Fixed Income Yield	5.77%
Average Credit Quality	BBB-
Duration	3.60
Credit Exposure	
Investment Grade	37.4%
High Yield (BB to B)	56.1%
High Yield (CCC & lower)	6.5%
Regional Exposure	
Canada	50.7%
US	42.7%
Europe	4.9%
Emerging Markets	1.0%

Major currency exposures	Gross currency exposure	Net exposure after hedging
CAD	48.0%	74.3%
USD	35.5%	14.9%
Euro	4.7%	4.5%

- The Fund underperformed its benchmark primarily due to the underperformance of its fixed income holdings. But it is also true that the Fund's equity holdings underperformed the TSX which fell 3.1% in May.
- The USD gained almost 1.0% against the CAD in May (which was marginally helpful to the Fund's performance because it has 15% exposed to the USD). The impacts of a deterioration in trade talks between China and the US and a near 16% decline in the price of the oil to \$53.50 weighed on the loonie.
- May was a difficult month as equity market volatility increased on fears of slowing global growth. Investor appetite for bonds, particularly high-quality, long duration was strong with Government of Canada long term bonds driving the strong performance of the FTSE Universe Bond Index. The Fund's fixed income component underperformed its benchmark primarily because of its focus on credit.
- For simplicity, the Fund's fixed income exposure can be approximated as a third in each of investment grade bonds (mostly corporates), high yield bonds and loans. But that belies the "fine tuning" that takes place based on relative value opportunities and shifts in the investment landscape. At the end of May, the Fund's corporate investment grade component was 33.8% plus almost 6% in cash. The Fund's loan exposure has increased over the last two months and is now 30.3% (for reference, the recent high-level mark was 32.3% at the end of September). The Fund's high yield bond exposure now at 27.2% was largely unchanged from the end of March and is below the average level of 30% for the last 12 months. The Fund also holds a small amount in each of preferred shares, sovereign and EM bonds. Overall, the fixed income component has undergone a measure of de-risking.
- The high yield bond had its first down month YTD. High yield bonds returned -1.2% with BB credits returning -0.73% while CCC slumped -2.9%. The loan market returned did better returning -0.3%.
- Despite May's weakness, both the loan market and the high yield market have posted extraordinary gains of 5.0% and 7.5% respectively. At the end of April, the YTW for the high yield bond market was 6.7% and YTM 6.9%
- The Fund continues to own protection against its high yield bond exposure via PUT options on HYG (our PUT protection now covers 18% of our HY). Further, the strike price for all our options is \$84 (while HYG's May month end price was \$84.50). Given the HY market's sharp rally this year it makes sense to safeguard some of our gains.
- In May, security selection in Canada and the UK added to performance while security selection in the US and China detracted from performance.
- Regarding sectors, security selection in consumer staples and information technology detracted the most while security selection in healthcare contributed by far the most to performance.
- Detracting from performance in the consumer staples sector was the Fund's tobacco and alcohol stocks. From the info tech sector, not owning Shopify, which had another extraordinary month was a cause of relative underperformance. Also detracting were holdings such as Broadcom, Apple and Microsoft. Within healthcare, not owning some of the higher beta names helped performance as cannabis stocks sold off.

- The Fund's asset allocation relative to its neutral posture is approximately 2% underweight equities and 2% overweight fixed income.

Performance	1 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr
Mackenzie Strategic Income Fund - F	-1.8%	8.3%	5.1%	7.3%	5.4%	9.6%
50% S&P/TSX Total Return Index +50% FTSE Universe Bond Index	-0.7%	9.5%	5.2%	5.4%	4.5%	6.2%

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On October 30, 2009, the Fund changed its mandate from a Canadian income trust mandate to a Canadian high income balanced mandate. The past performance before this date was achieved under the previous objectives.

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