



**MACKENZIE**  
Investments



## YOUR INVESTMENTS. OUR EXPERTISE.

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Mackenzie ETF Portfolios  
Mutual Fund Solutions

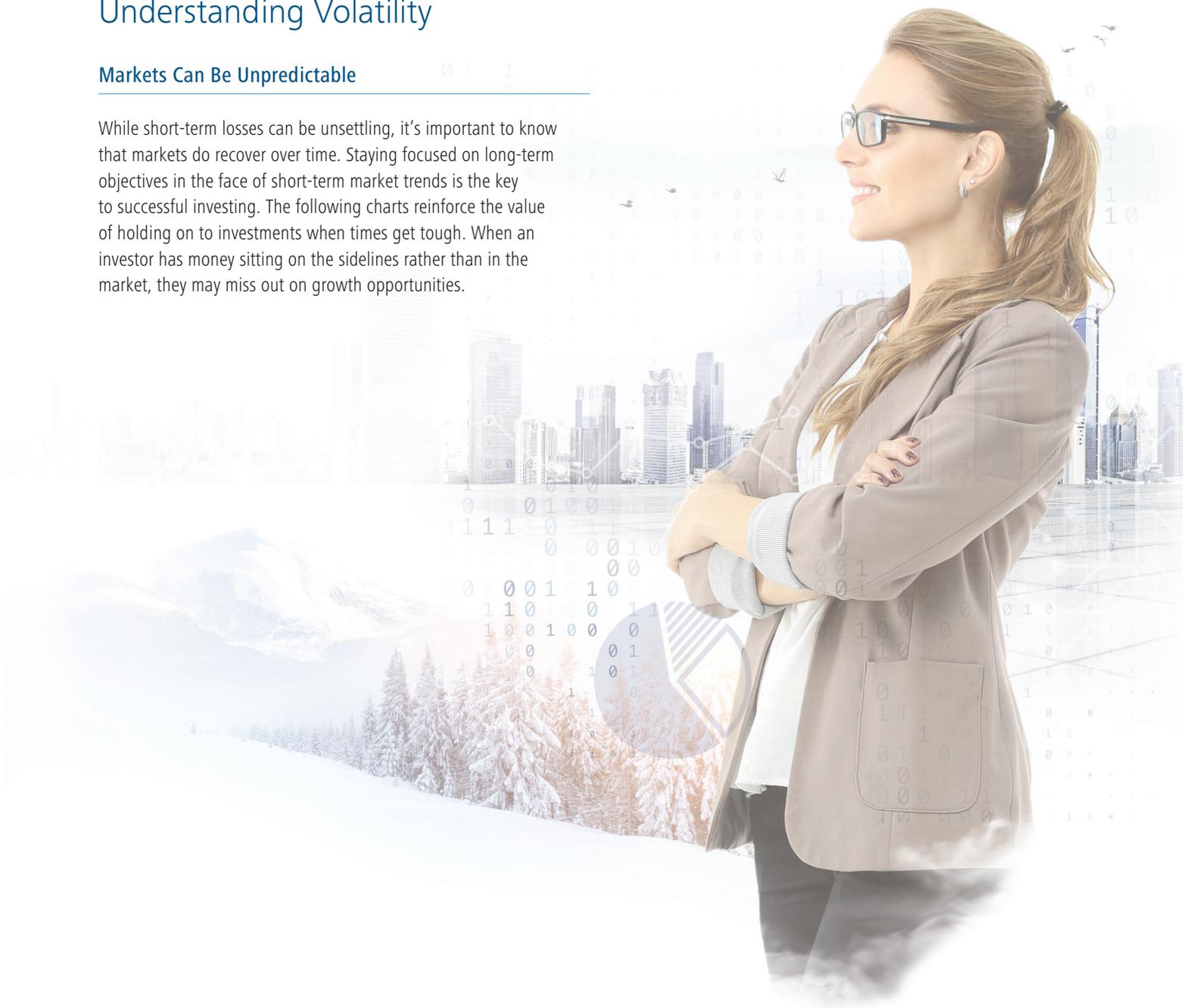
Experienced investors know they need to focus on a well-diversified portfolio that gives them the opportunity for growth while managing risk. Successful investing requires time, discipline and expertise. To fully understand these requirements, investors must consider many different factors, including volatility, risk management and asset allocation.

## Understanding Volatility

### Markets Can Be Unpredictable

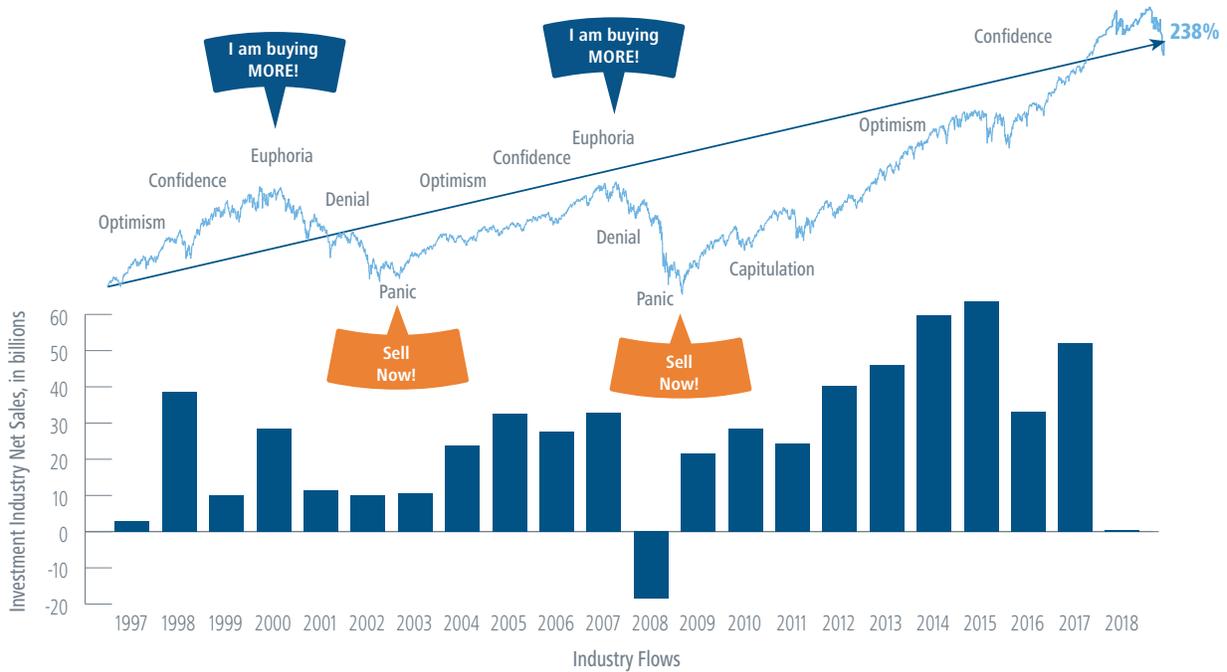
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While short-term losses can be unsettling, it's important to know that markets do recover over time. Staying focused on long-term objectives in the face of short-term market trends is the key to successful investing. The following charts reinforce the value of holding on to investments when times get tough. When an investor has money sitting on the sidelines rather than in the market, they may miss out on growth opportunities.



## Volatility Can Lead to an Emotional Roller Coaster

### Risk of Making Wrong Decisions: Buy High and Sell Low

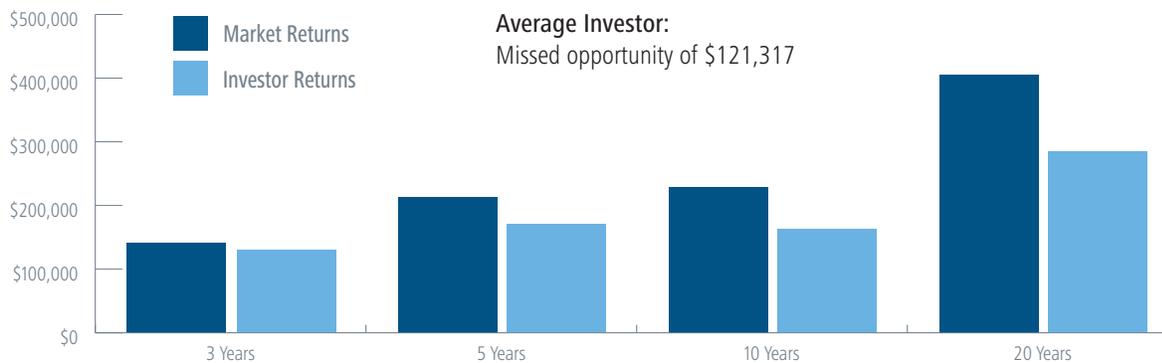


Source: Bloomberg, IFIC, as of December 31, 2018.

When markets are down, investors panic and sell low. When markets are up, investors react and buy high. This emotional roller coaster is evident in the investment industry net sales.

### The Result: Investors Underperform the Market

An initial investment of \$100,000 into the S&P 500 20 years ago would have grown to \$401,694 by the end of 2017. According to Dalbar, an average investor who made buy/sell decisions in equities over the same period realized just \$280,377. That's \$121,317 less than the index return.



Source: DALBAR Quantitative Analysis of Investor Behaviour - 2018. For the period ended December 31, 2017 in USD.

When investors react emotionally, they miss out on return opportunities as the market recovers. Staying invested for the long-term helps realize all potential growth.

<sup>1</sup> It is not possible to invest directly in an index and fees apply to products that track that index

# Managing Risk

## Understanding Risk Tolerance and Risk Capacity

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To manage risk, it's important to keep these two terms in mind. And while similar, they have different meanings.

Risk tolerance is the level of risk an investor is willing to take. Typically, it is defined by the investor's tolerance for portfolio losses and market swings and the investor's acceptance of the inability to predict what's ahead. And it's linked closely to an investor's personality.

Behavioral scientists say loss aversion—the fear that loss can play a larger role in decision-making than the anticipation of gains—can affect an investor's approach to risk. Yet, the investor only discovers how much risk they are able to bear when faced with an immediate potential loss. Prior to that, risk tolerance is linked to their comfort level with uncertainty.

Risk capacity, or how much investment risk the investor can take on, is determined by an individual's financial situation. Unlike risk tolerance, which may not change significantly over the course of an investor's lifetime, risk capacity is more flexible. It not only changes with their personal and financial situation; it is dependent on the investor's financial goals and the time horizon for achieving them.

# Asset Allocation Decisions

## The Importance of Asset Allocation

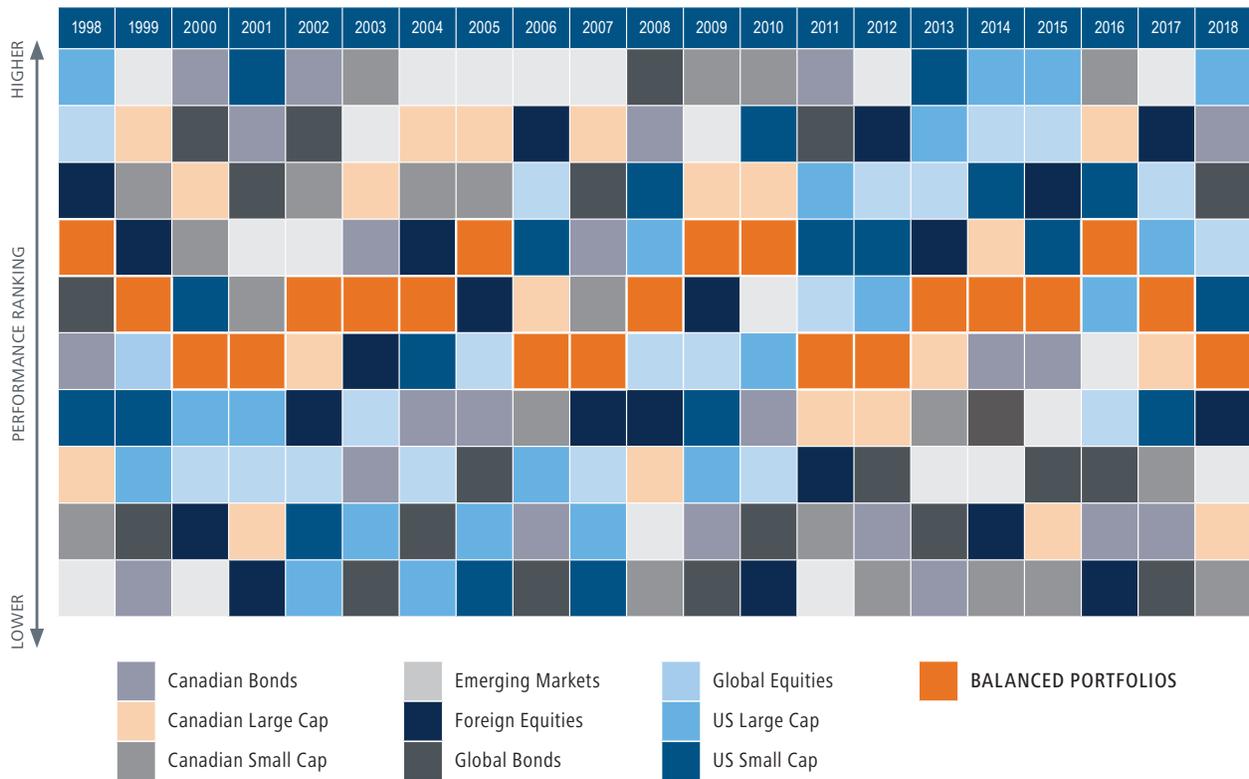
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Asset allocation is the process of diversifying investments across different asset classes such as stocks, bonds, and cash, based on an individual's specific goals and time horizon. Studies have shown that asset allocation is the largest determinant of portfolio performance.<sup>2</sup> By holding investments from different asset classes, the investor can increase their growth potential and minimize risk over time. Since asset classes perform differently in various market conditions, having an appropriate asset allocation can go a long way to helping maintain confidence in the face of ever changing market conditions.

<sup>2</sup> "Determinants of Portfolio Performance" by Gary P. Brinson, Randolph Hood, and Gilbert L. Beebower.

## Diversify Your Portfolio for a Smoother Ride

Different asset classes perform differently from year to year. A well diversified portfolio can give you exposure to top performing categories, while mitigating exposure to the worst performers.



Source: Mackenzie Investments and Morningstar as at December 31, 2018. Canadian Bonds: FTSE Canada Universe Bond Index; Canadian Large Cap: S&P/TSX Composite TR Index; Canadian Small Cap: BMO NB SMCap Blend Wgt'd Index; Emerging Markets: MSCI Emerging Markets Index (CAD); Foreign Equities: MSCI EAFE Index (CAD); Global Bonds: Citigroup World Government Bond Index (CAD); Global Equities: MSCI World Index (CAD); US Large Cap: S&P 500 Index (CAD); US Small Cap: Russell 2000 Index (CAD). Balanced Portfolio is equal weight of the indices above.

Do you have the expertise to build a well diversified and balanced portfolio?

# USING MACKENZIE ETF PORTFOLIOS

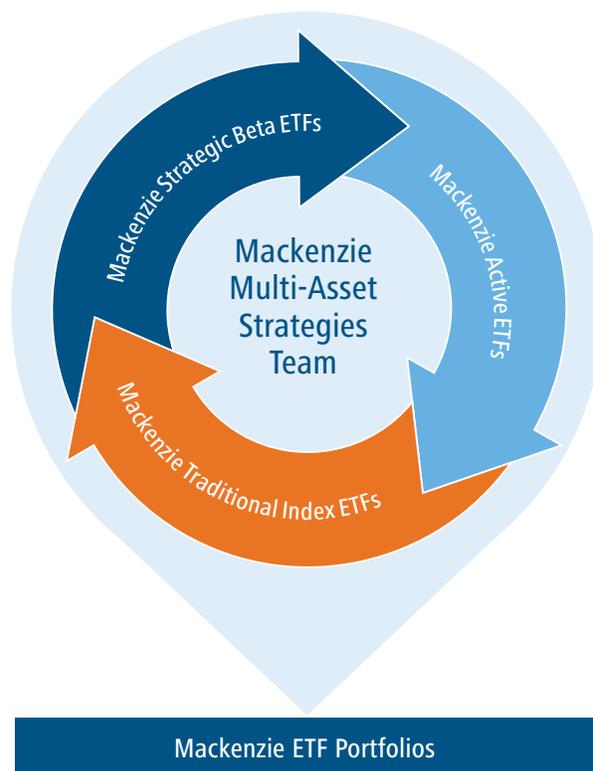
## Helping to Make Difficult Investment Decisions Easier with Mackenzie ETF Based Mutual Funds

To help address an investor's risk profile, mitigate impact of market volatility and deliver an appropriate investment mix, Mackenzie Investments offers risk-based asset allocation solutions in the Mackenzie ETF Portfolio suite.

An investor can choose the portfolio that aligns with their individual risk profile and helps them reach their goals. Mackenzie's Multi-Asset Strategies Team will manage the day-to-day asset allocation and investment decisions and help take the complexity out of investing.

These multi-asset portfolios are constructed using a combination of Mackenzie's Exchange Traded Funds (active, strategic beta and traditional index) to create a one-ticket solution. With the growing popularity of ETFs, using them as an underlying investment in these actively managed Portfolios can help provide:

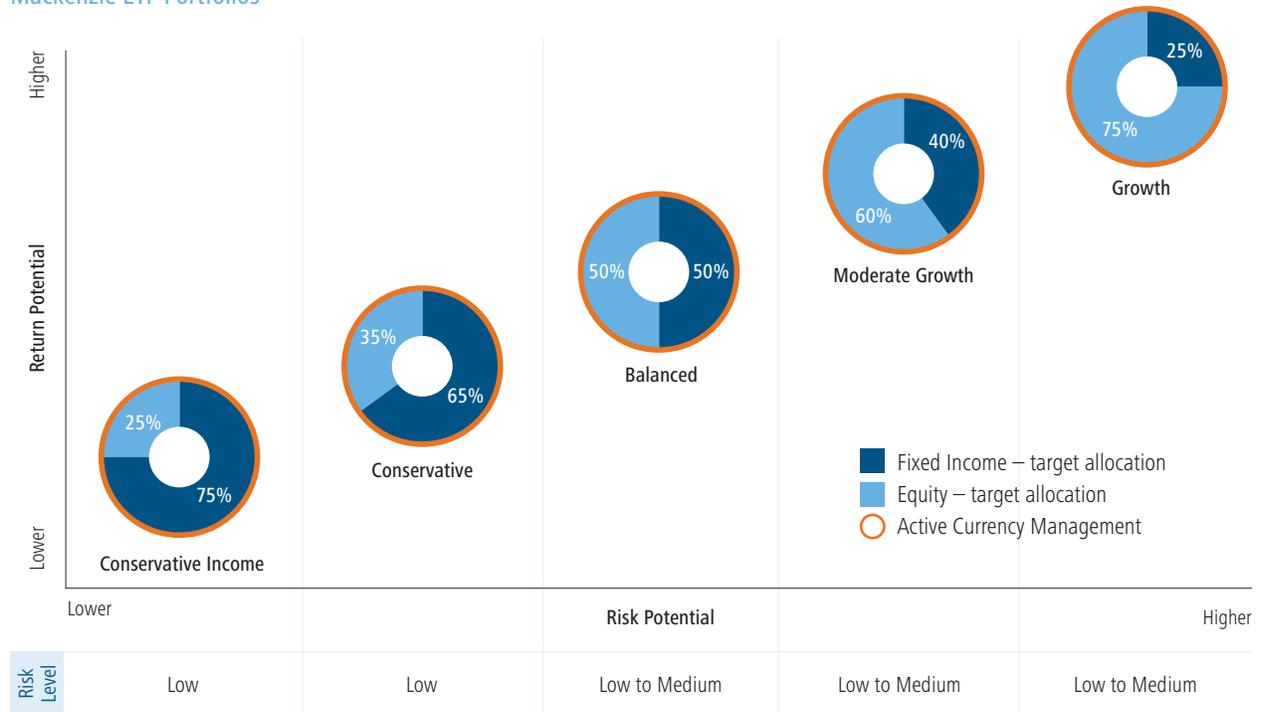
- 1) **Cost effectiveness** – Take advantage of maximum return potential with lower competitive fees
- 2) **Diversification** – Exposure to a wide range of asset classes and geographies can help reduce volatility and enhance return potential
- 3) **Transparency** – Information on an ETFs current price and underlying holdings is easily accessible and frequently disclosed



## Five Target Portfolios for Five Different Risk Profiles

No two investors are alike. That's why Mackenzie ETF Portfolios offer five target risk profiles. Each portfolio is uniquely designed to maximize return potential for a given level of risk.

### Mackenzie ETF Portfolios



For Illustrative Purposes Only. These are the neutral allocations and the portfolios are managed within ranges as set out in the prospectus. The various geographic and other allocations will also vary.

Each of the Mackenzie ETF Portfolios are managed investment solutions that offer a combination of benefits:

### Risk-Based Asset Allocation

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The Mackenzie Multi-Asset Strategies Team brings sophisticated expertise to overseeing the Portfolios and applies a robust process for managing risk for different investor risk appetites. Our managers apply strategic and tactical asset allocation across the underlying ETFs, and actively manage currency exposure.

### Multi-Level Diversification

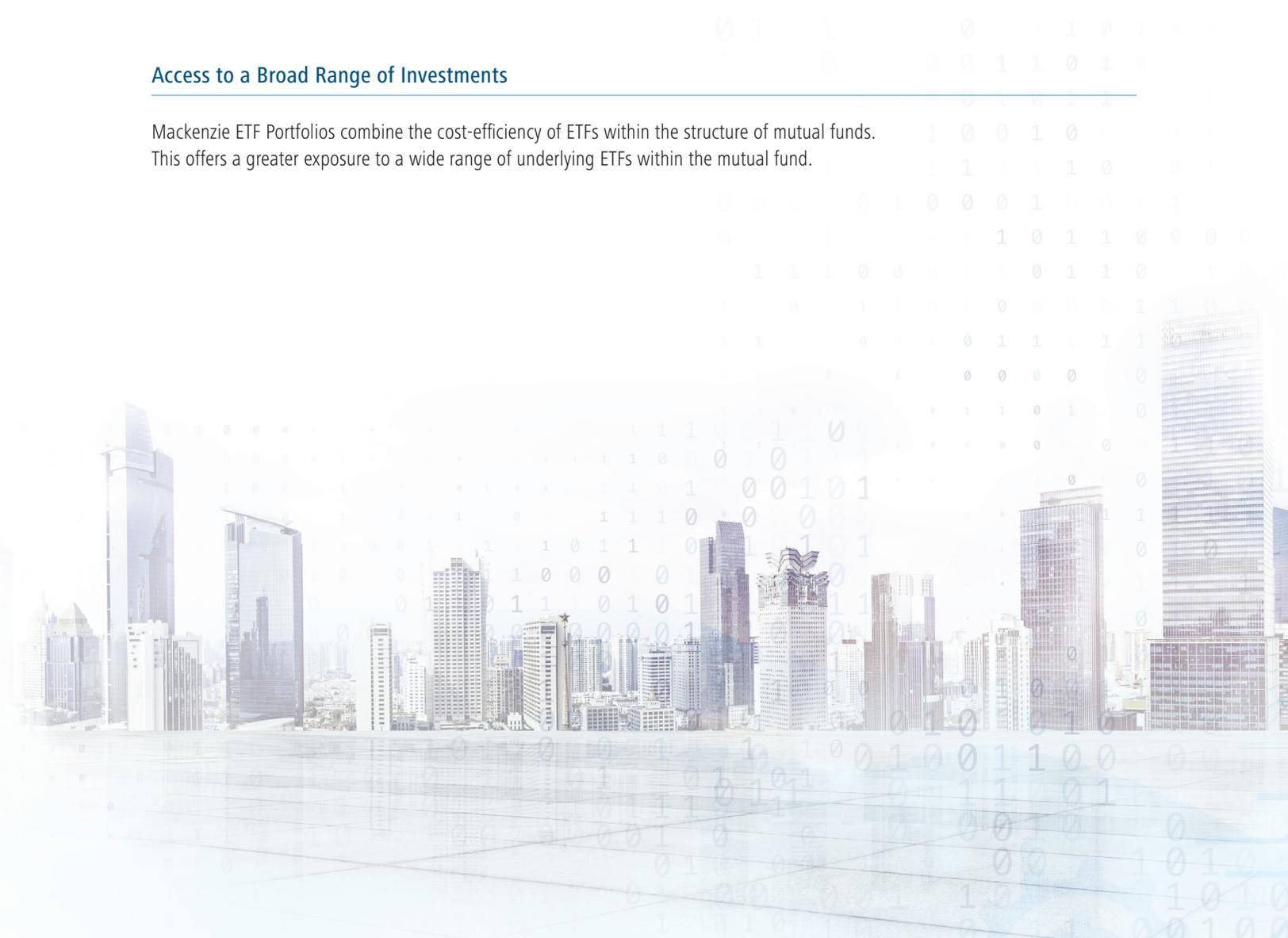
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There are many decisions when constructing a well-diversified portfolio. One of the many challenges is finding the optimal asset mix. Mackenzie ETF Portfolios offer multi-level diversification, from asset classes to investment approaches to geography, which can help provide a smoother investment ride.

### Access to a Broad Range of Investments

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Mackenzie ETF Portfolios combine the cost-efficiency of ETFs within the structure of mutual funds. This offers a greater exposure to a wide range of underlying ETFs within the mutual fund.



## Make It Easier with Mackenzie ETF Portfolios

The ETF Portfolios offer easy and flexible options:



### Affordable Investments

\$500 minimum initial investment;  
\$100 subsequent investment



### Automatic Investing

Automatic transfers are available for  
registered and unregistered plans



### Monthly Distributions

Offers customizable or fixed  
monthly cash withdrawals



### Monitoring and Rebalancing

Continuous oversight and periodic asset  
class rebalancing helps maximize market  
opportunities and manage risk

# PORTFOLIO MANAGEMENT TEAM

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## Mackenzie’s Multi-Asset Strategies Team and Process

The Mackenzie Multi-Asset Strategies Team is well recognized in the industry with over 113 years of combined investment experience. The team aims to generate optimal returns and mitigate risks for investors through a sophisticated approach to portfolio asset management.

The team believes that maximizing the probability of achieving desired investment outcomes requires the deliberate management of risks and a holistic portfolio management approach. The Team utilizes a systematic decision-making process, based on years of accumulated research and driven by sound investment insights and strong economic foundations to help attain repeatable results. They also believe that better diversification of exposures in terms of factors, assets, geographies and investment strategies are key components in delivering higher risk-adjusted returns.



**Nelson Arruda, M.Sc., M.Fin., CFA**  
Senior Vice President, Portfolio Manager,  
Team Co-Lead



**Andrea Hallett, CFA**  
Vice President, Portfolio Manager



**Paul Taylor, MBA, CFA**  
Vice President, Portfolio Manager



**Michael Kapler, MMF, CFA**  
Portfolio Manager

## Asset Allocation Process – Significant Value Added in Each Step:

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Mackenzie's Multi-Asset Strategies Team takes the complexity out of investing. With their expertise in actively managing the Mackenzie ETF Portfolios they provide:

- 1** Long-run strategic mix aims for highest return subject to given risk constraints
- 2** Tactical tilts take advantage of current market conditions
- 3** Sophisticated analysis of each ETF's live exposures
- 4** Customized optimizer builds portfolio subject to risk budget constraints
- 5** Daily monitoring, weekly adjustment, supported by best-in-class risk management

### The result of this process is:

- Dynamic actively managed ETF portfolios that aim to deliver the maximum return for each starting level of risk
- Active management of currency exposure
- Transaction costs and withholding taxes that are actively considered
- Regular rebalancing
- Solutions providing one-stop multi-asset exposure

## Why Invest with Mackenzie

Mackenzie Investments is one of Canada's leading independent asset management companies. We distribute investment products and services to individual Canadians through their advisors, and to institutions globally. In business since 1967, Mackenzie is known for innovative investment solutions, proven investment management expertise across all asset classes and investment styles, and a deep commitment to the value of professional investment advice for individual investors.

We are committed to the financial success of investors through their eyes. Proudly Canadian, Mackenzie is part of IGM Financial—the world's ninth largest publicly-traded asset manager—and owned by Power Financial Corporation.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual funds. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The content of this brochure (including facts, views, opinions, recommendations, descriptions of or references to, products or securities) is not to be used or construed as investment advice, as an offer to sell or the solicitation of an offer to buy, or an endorsement, recommendation or sponsorship of any entity or security cited. Although we endeavor to ensure its accuracy and completeness, we assume no responsibility for any reliance upon it. TOBAM Maximum Diversification Index Series data ©2019 TOBAM S.A.S. All rights reserved. "TOBAM" and "Diversification Ratio" are registered trademarks and service marks of TOBAM S.A.S. or its affiliates ("TOBAM") and are used under license for certain purposes by Mackenzie Financial Corporation. Reproduction of the TOBAM data and information in any form is prohibited except with the prior written permission of TOBAM S.A.S. The Mackenzie Mutual Funds are not sponsored, endorsed, sold or promoted by TOBAM and TOBAM makes no representation regarding the advisability of investing in such fund. TOBAM does not guarantee the accuracy or completeness of any data and information and is not responsible for any error or omission or for the results obtained from the use of such data and information. TOBAM GIVES NO EXPRESS OR IMPLIED WARRANTY, INCLUDING, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. All rights in the CSI 300 Index vest in CSI. "CSI 300®" is a trade mark of CSI. CSI does not make any warranties, express or implied, regarding the accuracy or completeness of any data related to the CSI 300 Index. CSI is not liable to any person for any error of the CSI 300 Index, nor shall it be under any obligation to advise any person of any error therein. Mackenzie China A-Shares CSI 300 Index ETF is in no way sponsored, endorsed, sold or promoted by CSI and CSI shall not have any liability with respect thereto. The Mackenzie ETFs are not sponsored, promoted, sold or supported in any other manner by Solactive nor does Solactive offer any express or implicit guarantee or assurance either with regard to the results of using the Indices, trade marks and/or the price of an Index at any time or in any other respect. The Solactive Indices are calculated and published by Solactive. Solactive uses its best efforts to ensure that the Indices are calculated correctly. Irrespective of its obligations towards the Mackenzie ETFs, Solactive has no obligation to point out errors in the Indices to third parties including but not limited to investors and/or financial intermediaries of the Mackenzie ETFs. Neither publication of the Solactive Indices by Solactive nor the licensing of the Indices or related trade mark(s) for the purpose of use in connection with the Mackenzie ETFs constitutes a recommendation by Solactive to invest capital in said Mackenzie ETFs nor does it in any way represent an assurance or opinion of Solactive with regard to any investment in these Mackenzie ETFs.

