

Click on Investment Team name to advance to commentary:

[Mackenzie Fixed Income Team](#)

Steve Locke (Team Lead), Konstantin Boehmer, Dan Cooper, Movin Mokbel, Felix Wong

[Mackenzie Growth Team](#)

Phil Taller (Team Lead), Sonny Aggarwal, John Lumbers

[Mackenzie Ivy Team](#)

Paul Musson (Team Lead), James Morrison

Please see our [Mackenzie Express](#) for fund profiles, fees and complete fund code listing.

Mackenzie Fixed Income Team Commentary:

Comments from Movin Mokbel, Portfolio Manager

[Mackenzie Floating Rate Income Fund](#) ★★★★★

[Mackenzie Unconstrained Fixed Income Fund](#) ★★★★★

[MFT - Mackenzie Floating Rate Income ETF](#) ★★★★★

[MUB - Mackenzie Unconstrained Bond ETF](#)

- Approximate portfolio yield (Yield To Maturity) 11.54%
- Adjusted Yield 9.75% (adjusted for credits where par recovery is not expected)
- US 3M Libor 1.45%
- High yield bond exposure 5.5%, down materially vs last week
- Cash 9.6%
- Weighted average portfolio rating B+
- Loan prices were up 2.23% last week; total return (in USD) on the S&P LSTA was +2.44% for the week, bringing the total return MTD to -14.8% and YTD to -15.5%. February's total return was -1.34%, and 2019's total return was +8.64%.
- High yield bond prices gained 5.26% last week. The BofA Merrill Lynch US High Yield Index total return was +5.38% on the week, bringing the total return MTD to -12.98% and YTD to -14.35%. February's total return was -1.58%, 2019's total return was +14.41%.
- High yield bond funds reported an outflow of \$2.0 bn for the week ended Wed March 25th (ETFs +\$148 mil, Actively Managed Funds -\$2.2 bn) after reporting an outflow of \$2.9 bn in the prior week. Total outflows of \$19.2 bn, or 9% AUM, for the past 5 weeks is most severe stretch of outflows on record. YTD flows total -\$16.7 bn (ETF YTD flows are -\$6.0 bn) which compares to inflows of \$18.8 bn for FY2019. For the full year 2019, inflows of \$18.8 bn compares to outflows of \$49.6 bn in 2018.
- Loan funds reported an outflow of \$2.1 bn for the week ended Wed March 25th (ETFs -\$158 mil, Actively Managed Funds -\$1.9 bn), after an outflow of \$3.45 bn in the prior week and bringing the YTD flows to -\$11.6 bn. Total outflows of \$9.9 bn, or 17.3% AUM, for the past 4 weeks with total AUM for loan mutual funds halved to \$74 bn from \$154 bn in Oct 2018. For the full year 2019, outflows totaled \$38.1 bn (ETFs -\$148 mil), compared to outflows of \$4.7 bn in 2018.

- No new CLOs priced last week, bringing the YTD total to \$17.37 bn from 34 deals. February's total issuance was \$9.89 bn from 17 deals. 2019 had total issuances of \$118.4 bn from 246 deals, just shy of 2018's record level of \$128.9 bn across 241 deals.

Mackenzie Growth Team Commentary

Comments from Phil Taller, Portfolio Manager; Sonny Aggarwal, Portfolio Manager; John Lumbers, Associate Portfolio Manager

[Mackenzie US Mid Cap Growth Class](#) ★★★★★

- We have received many questions about our portfolio activity – did we raise cash? Why or why not? Are we actively changing the holdings to upgrade or change exposures?
- We did not build up a large cash position – neither earlier this year or more recently. At the beginning of 2020 we saw many good investment opportunities at reasonable prices. We have included a “garden variety” recession in our valuation models for over a year now, and we believed that for many companies' shares, including some with cyclical exposure a recession was already priced in.
- It seems increasingly likely that this is no “garden variety” recession but a much deeper decline – at the beginning of 2020 we did not imagine a year in which a large percentage of the world's population might be staying at home for an extended period. So as this has become clearer, why not sell then?
- The keys to the answer are the companies we own and what is priced into their shares. Let's take a concrete example by looking at one of our companies – **Cognex Corporation**. Cognex sells machine vision systems. To some extent the products are about the hardware, but a lot of the value added is in the software. The systems that Cognex sells are increasingly capable of finer resolution imaging and of viewing objects in three dimensions. The systems are used in factory automation and quality control applications extensively – traditionally places like automobile plants.
- There are some more recent high growth areas for robotics and automation and thus for Cognex as well. One of those is warehousing and logistics. Think of all the distribution centers in the world (especially burdened with high volumes today) and their need to get more efficient. Electronics assembly requires increasing levels of precision as parts get smaller and more complex. In robotics, simpler collaborative robots are lowering costs and increasing ease of use. This trend is increasing the use of robots in the global industrial manufacturing economy. There are nascent opportunities in health care – we are seeing trials of disinfecting robots that can clean operating rooms and one day perhaps other hospital areas, as well as robots that can deliver drugs and meals to patients. These applications may one day extend to airport, hotel and store cleaning (there are trials at Wal-Mart already).
- The business should be a long term secular grower. It has no debt and generates a free cash flow margin on sales in the 20's – a very high level. So there you have a picture of the quality of the business.
- We first built a model on Cognex more than 5 years ago. We waited until 2018 to start buying the shares because in our view they were too expensive before that. At times in the last couple of years, the shares have dipped as the slowdown in manufacturing already in place slowed down Cognex's top line. It also experienced a cyclical decline in orders from its largest consumer electronics customer (we believe their name begins with “A”). We viewed the shortfalls as temporary and so began accumulating shares during periods of price weakness in 2018 and 2019. It is true that we could have sold our shares in February and avoided a 20% drop. However we didn't see February's share price as excessive and still don't – in fact it is still close to our revised “deep recession” model price. Selling our holdings would incur trading costs and would imply that we would know exactly when to buy them back.
- In a similar way, in general we saw our holdings before the recent market drop as reasonably priced. Now they are highly undervalued in our view. Cognex trades at a double digit discount to our model. In fact we calculate that on average our current portfolio holdings are trading at an over 30% discount to our models. Could the models change and we revise numbers lower? Absolutely true, but this is our best guess right now.

- Are we changing the portfolio? Yes we are. We are still selling some shares that we see as offering less future return or where we think we might find a better opportunity. We have a list of target companies that we are interested in and which we couldn't justify owning before given the share prices. Now many of them look more attractive, and we are reviewing these to decide whether they deserve a place in the Fund.

Mackenzie Ivy Team Commentary

Comments from James Morrison, Portfolio Manager

[Mackenzie Ivy Canadian Fund](#) ★★★★★

[Mackenzie Ivy European Class](#)

[Mackenzie Ivy Foreign Equity Fund](#)

[Mackenzie Ivy International Fund](#)

- Last week, markets rallied on the back of the announcement of an unprecedented stimulus bill out of the US, with higher risk securities outperforming those that are more defensive, according to our analysis. In this respect, our fund gave up some ground. While stimulus actions announced to date may prove effective in softening the blow of the current health care crisis that we are experiencing, fundamental data continues to worsen and the duration of this crisis and the follow on economic implications (which we believe will likely persist well beyond the initial quarantining phase) seem impossible to predict at this point. However, based upon our readings and interactions with subject matter experts, it seems prudent to be prepared for the possibility that the beginning of a slow return back to normal could still be weeks or even months away. Given the current heightened level of uncertainty, our strategy of investing in businesses that are able to absorb set-backs and adapt to changing circumstances seems more relevant than ever. Our portfolio is well positioned to weather a prolonged economic downturn, with the majority of our holdings enjoying strong liquidity positions and durable cash flows that we believe can sustain considerable economic hardship. Although a number of our holdings are down by more than the overall market, these securities also share these attributes and we expect that they will be among our top performers from the current starting point.

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Morningstar Star Ratings reflect performance of Series F as of February 29, 2020 and are subject to change monthly. The ratings are an objective, quantitative measure of a fund's historical risk-adjusted performance relative to other funds in its category. Only funds with at least a three-year track record are considered. The overall star rating for a fund is a weighted combination calculated from a fund's 3, 5, and 10-year returns, as available, measured against the 91-day Treasury bill and peer group returns. A fund can only be rated if there are a sufficient number of funds in its peer group to allow comparison for at least three years. If a fund scores in the top 10% of its fund category, it gets 5 stars; if it falls in the next 22.5%, it receives 4 stars; a place in the middle 35% earns a fund 3 stars; those in the next 22.5% receive 2 stars; and the lowest 10% receive 1 star. For more details on the calculation of Morningstar Star Ratings, see www.morningstar.ca. Quartile rankings and peers beaten are calculated by Mackenzie Investments based on the fund series-level data Morningstar provides. The CIFSC categories, Star Ratings and number of funds in each category are:

As of February 29, 2020								
Name	Morningstar Category	Overall Rating	Morningstar Rating 3 Yr	# of Invest ments 3 Yr	Morningstar Rating 5 Yr	# of Invest ments 5 Yr	Morningstar Rating 10 Yr	# of Invest ments 10 Yr
Mackenzie Canadian Growth Balanced F	Canada Fund Canadian Equity Balanced	5	5	381	5	305	5	164
Mackenzie Canadian Growth F	Canada Fund Canadian Focused Equity	5	5	585	5	432	5	211
Mackenzie Floating Rate Income F	Canada Fund Floating Rate Loans	4	4	93	5	66		0
Mackenzie Global Div F	Canada Fund Global Equity	5	4	1,470	4	987	5	502
Mackenzie Global Strategic Income F	Canada Fund Global Neutral Balanced	5	4	1,228	4	907	5	383
Mackenzie Income F	Canada Fund Canadian Fixed Income Balanced	5	5	465	5	373	5	191
Mackenzie Ivy Canadian F	Canada Fund Canadian Focused Equity	4	3	585	3	432	4	211
Mackenzie Strategic Income F	Canada Fund Canadian Neutral Balanced	5	5	564	5	429	5	167
Mackenzie Unconstrained Fixed Inc F	Canada Fund High Yield Fixed Income	4	3	372	4	257		70
Mackenzie US Mid Cap Growth CI F	Canada Fund US Small/Mid Cap Equity	5	5	259	5	182	4	73

Mackenzie Global Growth CI F	Canada Fund Global Equity	4	5	1,470	4	987	4	502
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As of February 29, 2020						
Fund Name	1yr	3yr	5yr	10yr	Since Inception	Inception Date
MACKENZIE FLOATING RATE INCOME SC	0.4	3.1	3.5		4.0	May-13
MACKENZIE FLOATING RATE INCOME F	1.1	3.8	4.2		4.6	May-13
MACKENZIE INVESTMENT GRADE FLOATING RATE SC	1.5	1.2	1.1		1.0	Apr-14
MACKENZIE INVESTMENT GRADE FLOATING RATE F	2.2	1.8	1.7		1.6	Apr-14
MACKENZIE GLOBAL TACTICAL BOND SC	4.3	1.9	1.4		2.2	Apr-14
MACKENZIE GLOBAL TACTICAL BOND F	5.0	2.6	2.1		3.0	Apr-14
MACKENZIE UNCONSTRAINED FIXED INC FUND SC	4.4	2.8	3.4		3.9	Dec-14
MACKENZIE UNCONSTRAINED FIXED INC FUND F	5.1	3.4	4.1		4.3	Dec-14
MACKENZIE CANADIAN GROWTH BALANCED A	7.4	6.7	6.1	7.2	6.7	Nov-96
MACKENZIE CANADIAN GROWTH BALANCED F	8.8	8.0	7.4	8.4	7.4	Dec-99
MACKENZIE CUNDILL CANADIAN BALANCED A	-5.0	-1.7	-1.2	4.2	5.4	Oct-98
MACKENZIE CUNDILL CANADIAN BALANCED F	-3.7	-0.5	0.0	5.5	5.5	Mar-01
MACKENZIE GLOBAL STRATEGIC INCOME A	6.7	4.0	4.1	6.6	5.6	Mar-08
MACKENZIE GLOBAL STRATEGIC INCOME F	8.2	5.4	5.4	7.9	6.2	Nov-06
MACKENZIE STRATEGIC INCOME A	4.3	3.7	3.7	6.1	5.3	Dec-05
MACKENZIE STRATEGIC INCOME F	5.7	5.0	5.0	7.4	6.6	Dec-05
MACKENZIE CANADIAN GROWTH A	7.0	8.4	8.2	9.5	9.7	Jan-76
MACKENZIE CANADIAN GROWTH F	8.6	9.8	9.6	10.8	9.0	Dec-99
MACKENZIE CANADIAN SMALL CAP FUND A	3.2	1.5	1.9	5.9	10.4	Jan-09
MACKENZIE CANADIAN SMALL CAP FUND F	4.7	2.8	3.2	7.2	10.3	Jun-09
MACKENZIE CUNDILL CANADIAN SECURITY A	-11.9	-4.7	-2.6	4.5	6.1	Oct-98
MACKENZIE CUNDILL CANADIAN SECURITY F	-10.6	-3.4	-1.4	5.7	6.7	Dec-99
MACKENZIE IVY CANADIAN A	-0.1	0.2	2.2	6.1	6.3	Oct-92
MACKENZIE IVY CANADIAN F	1.4	1.6	3.5	7.4	5.7	Dec-99
MACKENZIE US DIVIDEND A	-0.5	0.6	5.2		8.1	Apr-14
MACKENZIE US DIVIDEND F	0.8	1.8	6.5		9.4	Apr-14
MACKENZIE US MID CAP GROWTH CL A	5.1	10.8	9.1	12.8	10.4	Nov-02
MACKENZIE US MID CAP GROWTH CL F	6.7	12.3	10.6	14.1	11.5	Jan-03
MACKENZIE CUNDILL VALUE A	-11.0	-6.1	-2.8	3.1	5.7	Oct-98
MACKENZIE CUNDILL VALUE F	-9.7	-4.9	-1.5	4.3	5.6	Dec-99
MACKENZIE GLOBAL DIVIDEND A	8.5	6.0	7.0	10.1	8.2	Mar-08
MACKENZIE GLOBAL DIVIDEND F	10.1	7.4	8.4	11.5	8.7	Jul-07
MACKENZIE GLOBAL SMALL CAP FUND A	-10.4	-3.0	-1.5	6.8	7.2	Jul-81
MACKENZIE GLOBAL SMALL CAP FUND F	-9.1	-1.8	-0.2	8.0	7.1	Dec-99
MACKENZIE IVY INTERNATIONAL FUND A	-4.5	0.4	-0.6	4.2	4.5	Oct-85



MACKENZIE IVY INTERNATIONAL FUND F	-3.1	1.8	0.7	5.4	1.8	Dec-99
MACKENZIE IVY FOREIGN EQUITY A	1.4	1.6	2.5	7.4	7.3	Oct-92
MACKENZIE IVY FOREIGN EQUITY F	2.9	2.9	3.8	8.7	6.2	Dec-99
MACKENZIE IVY EUROPEAN CL A	-6.4	-1.1	-0.7	4.4	4.3	Nov-02
MACKENZIE IVY EUROPEAN CL F	-5.1	0.3	0.6	5.7	6.0	May-03
MACKENZIE US MID CAP GROWTH CL A USD	3.1	10.4	7.6	10.1	8.8	Dec-07
MACKENZIE US MID CAP GROWTH CL F USD	4.6	12.0	9.0	11.4	10.1	Dec-07
FTSE CANADA UNIVERSE BOND INDEX	9.1	4.5	3.0	4.5	8.6	Dec-79
S&P/TSX COMPOSITE DIVIDEND INDEX TR	4.8	4.9	5.3	7.2	6.2	Dec-05
S&P/TSX COMPOSITE TOTAL RETURN INDEX	4.9	5.0	4.4	6.5	9.0	Dec-67
S&P 500 TOTAL RETURN INDEX CDN	10.3	10.2	10.8	15.4	11.0	Jan-70
RUSSELL 2000 GROWTH TOTAL RETURN INDEX CDN	1.2	8.2	8.0	14.8	9.9	Dec-78
MSCI WORLD TOTAL RETURN INDEX CDN	6.7	7.6	7.4	11.4	9.1	Dec-69
MSCI EAFE TOTAL RETURN INDEX CDN	1.4	4.3	3.4	7.4	8.9	Dec-69