Mackenzie Global Strategic Income Fund

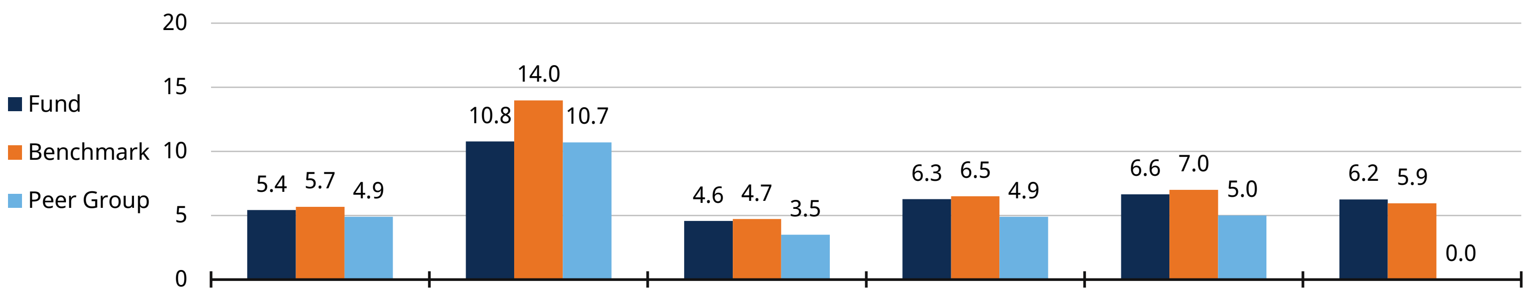
Fund snapshot

Inception date	11/24/2006
AUM (millions in CAD)	2134.9
Management Fee	0.70%
MER	0.94%
Benchmark	52.5% MSCI World + 47.5% GBMI (Hgd to CAD)
CIFSC Category	Global Neutral Balanced
Risk Rating	Low-Med
Lead Portfolio Managers	Darren McKiernan, Steve Locke, Konstantin Boehmer

Strategy overview

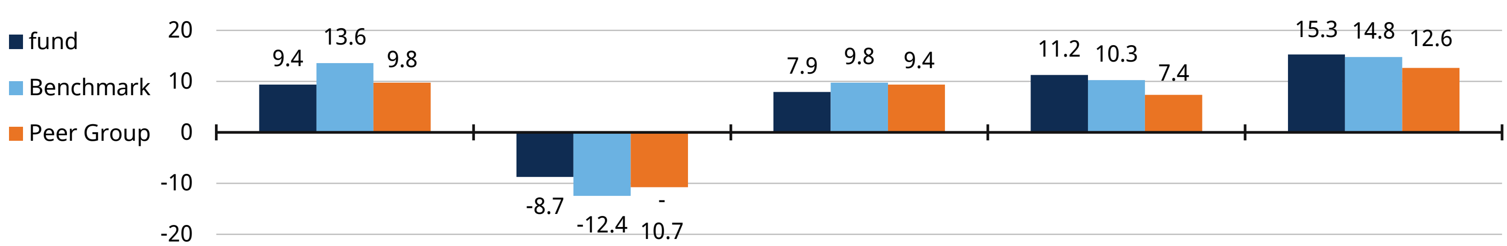
- A truly global approach, the Fund invests in a diversified portfolio of equities and fixed income securities that are income producing with an aim to deliver superior risk-adjusted returns in all market environments
- In fixed income, the Fund selects from the broadest array of securities globally to build a portfolio that provides best value for risk
- The equity style is core, investing in quality companies anywhere in the world

Trailing returns %



	3 Mth	1 Yr	3 Yr	5Yr	10Yr	SI
Excess return	-0.3	-3.2	-0.2	-0.2	-0.4	0.3
% of peers beaten	70	55	73	81	85	NA

Calendar returns %



	2023	2022	2021	2020	2019
Excess return	-4.2	3.7	-1.9	0.9	0.5
% of peers beaten	43	75	36	98	96

Portfolio characteristics

	Portfolio	Benchmark
Overall yield	4.7	2.8
Equity		
P/E 12m forward	20.2	19.4
Dividend yield	2.0	1.8
Net debt/EBITDA	1.1	1.1
EPS growth (FY E)	12.4	43.3
P/B	4.5	3.2
Fixed income		
Yield	5.7	3.9
Duration	6.1	6.7
Average credit quality	A	AA

Sector allocation

Sector	Portfolio (%)	Benchmark (%)	Relative weight (%)
Communication Services	2.6	3.9	-1.3
Consumer Discretionary	4.7	5.6	-0.9
Consumer Staples	5.0	3.4	1.6
Energy	3.8	2.3	1.5
Financials	9.8	8.1	1.7
Health Care	8.0	6.3	1.7
Industrials	6.1	5.9	0.2
Information Technology	12.0	12.5	-0.5
Materials	3.4	2.1	1.3
Real Estate	0.3	1.2	-0.9
Utilities	0.8	1.3	-0.5
Other	1.3	6.7	-5.4

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	8.5	9.1
Sharpe Ratio	0.2	0.2
Tracking Error	2.4	-
Information Ratio	-0.1	-
Alpha	0.1	-
Beta	0.9	-
Upside Capture (%)	91.1	-
Downside Capture (%)	89.0	-

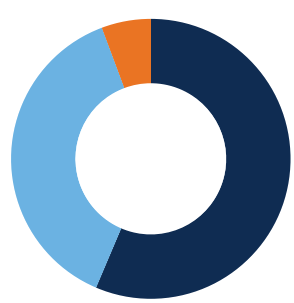
Country allocation

Country	Weight	Benchmark (%)	Relative weight
United States	48.6	54.3	-5.7
Canada	12.0	3.4	8.6
Germany	5.8	3.4	2.4
United Kingdom	4.1	4.2	-0.1
Mexico	3.2	0.1	3.0
France	3.1	4.4	-1.2
Other	23.2	30.2	93.0

Credit breakdown

Rating	Portfolio	Benchmark
A	6.9	-
AA	29.3	-
AAA	17.2	-
B	5.1	-
BB	12.0	-
BBB	26.5	-
CCC & Below	0.8	-
NR	2.3	-

Asset allocation



	Portfolio (%)
Equity	56.4
Fixed Income	37.9
Cash	5.7

Top 10 equity holdings

Security name	Country	Sector	Weight
Microsoft Corporation	United States	Information Technology	2.9
10Y T-Note (CBT) Jun 24	Other	--	2.7
Government Of The United States Of America 3.5% 15-feb-2033	United States	--	2.6
SAP SE	Germany	Information Technology	1.8
Amazon.com, Inc.	United States	Consumer Discretionary	1.7
JPMorgan Chase & Co.	United States	Financials	1.6
Broadcom Inc.	United States	Information Technology	1.6
Government Of New Zealand 3.5% 14-apr-2033	New Zealand	--	1.6
Government Of Canada 3.5% 01-mar-2028	Canada	--	1.5
Alphabet Inc. Class A	United States	Communication Services	1.4

Equity - Attribution

	Sector	Portfolio Average Weight (%)	Portfolio Contribution to Return (%)
Contributors	Information Technology	11.6	1.8
	Financials	9.7	0.9
	Health Care	8.1	0.8
Detractors	Real Estate	0.3	0.0

Fixed Income - Attribution

	Sector	Portfolio Average Weight (%)	Portfolio Contribution to Return (%)
Contributors	Corporate	17.1	0.3
	Bank Loan	1.1	0.04
Detractors	Government	19.3	-0.1

Commentary

It was a strong quarter for equity investors, helped by resilient economic data in the United States coming in stronger than initially expected, benefiting global equities overall. However, it was a more challenging period for fixed income investors, with sticky inflation and strong economic growth shifting expectations for interest rates cuts by the Federal Reserve down to three instead of the six forecasted at the start of the year, putting pressure on bond prices as yields climbed.

The S&P 500 surged 10.6% (13.5% CAD) with broad-based returns across sectors. Globally, the MSCI ACWI returned 9.6% in local terms (11.2% CAD). The Bloomberg Global Aggregate Bond Index (hedged to CAD) was flat and returned -0.1%. The FTSE Canada Universe Bond Index fell 1.2% (total return) amid a backup in bond yields to start the year. A pickup in U.S. inflation data, coupled with a stronger outlook for U.S. economic growth has delayed expectations for the first rate cut. On a sector basis, further tightening in credit spreads allowed corporate bonds to outperform sovereigns. Within credit, high yield bonds outperformed investment-grade corporates with the ICE BofA U.S. High Yield Bond Index (hedged to CAD) returning 1.5%. In Canada, the S&P/TSX Composite was up 6.6%, driven primarily by health care, energy and industrials. The Canadian dollar depreciated against the pound and US dollar while appreciated against yen and Australian dollar.

Mackenzie Global Strategic Income Fund (Series F) was up over the quarter, but underperformed its blended benchmark comprised of 52.5% 52.5% MSCI World Index and 47.5% ICE BofA Global Broad Market (Hedged to CAD) Index. Equities contributed the most to performance, with information technology being the biggest contributor. Fixed income also added, led by corporate bonds. However, underperformance was primarily due to its equity positions

From an equity perspective, security selection in information technology and communication services sectors contributed the most to relative performance. On the contrary, security selection in financials, consumer staples and consumer discretionary sectors detracted the most to relative performance. From a fixed income allocation perspective, shorter duration in corporate bonds contributed to relative performance while duration management in government bonds detracted.

Despite rising bond yields and higher-than-expected inflation, global stock markets showed strength in the quarter. All equity sectors across regions ended positively (in CAD), led by a narrow cohort of stocks, primarily in Info Tech and Communication Services. Initially, market expectations leaned towards a soft landing in the US economy, supported by anticipated interest rate cuts by the Federal Reserve. However, recent data showing resilient economic indicators and persistent inflation have shifted expectations towards the Fed potentially holding off rate cuts. The investment strategy remains consistent, focusing on high-quality companies with superior financial metrics and appropriate valuations. Amidst ongoing technological, geopolitical, and macroeconomic risks, the portfolio is well positioned to navigate these uncertainties.

The first quarter of 2024 was marked by a reversal of the strong fixed income rally we saw across North American markets in the fourth quarter. Both the US and Canadian government bond curves sold off in near-perfect parallel fashion with yields across the US curve rising between 27-30bps and yields in Canada rising 22-28bps. The entire US yield curve (2s30s) remains inverted by 20bps with the Canadian curve considerably more inverted at -80bps. Most of this inversion of the Canadian curve is in the short end – 2s5s is inverted by 60bps – reflecting a high Bank of Canada policy rate against the backdrop of weakening economic metrics.

The explanation for the reversal in yields can once again be attributed to stronger economic data. In Canada Core Median YoY CPI came in at 3.6% vs an expectation of 3.3% (Jan 16th) causing the Bank of Canada to hold rates at their high of 5% in January. At the beginning of February the unemployment rate unexpectedly dipped to 5.7% vs an expectation of 5.9% and a prior reading of 5.8%. However, as the quarter progressed these stronger readings have abated. CPI in both February and March came in lower than expected as did GDP. With other metrics such as credit card delinquencies and business insolvencies spiking, we continue to feel that the Bank of Canada will be forced to take policy action to support the economy.

We prefer to be invested in high-grade (low-beta) Corporate Bonds at the short end of the curve (2-5y but especially 2-3y) and prefer the Canadian over the US curve. With fragilities seemingly on the horizon in the Canadian market, led by the growing strains on consumers caused by mortgage resets, there is, in addition to the elevated yield, the potential for significant price appreciation.

We believe that in periods of elevated volatility, it is most important to focus on what can be controlled. This involves investing in leading companies that generate high returns on their capital base, have strong cash flow and are in a position to improve their market share in times of uncertainty. In response to higher levels of inflation and market volatility, we continue to focus on companies where the business quality and financial strength enable the portfolio to weather economic downturns better than most. But one can never completely immunize yourself from recessionary risks. A good process is designed to achieve good outcomes but does not guarantee it. However, we feel comfortable with what companies are telling us today and we expect our companies to grow their earnings significantly above the benchmark's growth rate. The portfolio on average has a higher dividend yield, significantly better ROIC, ROE, operating profits margins and balance sheet strength. While "surprises" have become the norm in stock markets in recent years, the companies we own are well positioned to ride out unpredictability.

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, 2024 including changes in share value and reinvestment of all distributions and does 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.

This document may contain forward-looking information which reflect our or third party current expectations or forecasts of future events. Forward-looking information is inherently subject to, among other things, risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed herein. These risks, uncertainties and assumptions include, without limitation, general economic, political and market factors, interest and foreign exchange rates, the volatility of equity and capital markets, business competition, technological change, changes in government regulations, changes in tax laws, unexpected judicial or regulatory proceedings and catastrophic events. Please consider these and other factors carefully and not place undue reliance on forward-looking information. The forward-looking information contained herein is current only as of March 31, 2024. There should be no expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.

The content of this commentary (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 endeavour to ensure its accuracy and completeness, we assume no responsibility for any reliance upon it.

Standard deviation provides a measure of the variability of returns that have occurred relative to the average return. The higher the standard deviation, the greater is the range of returns that has been experienced. Standard deviation is commonly used as a measure of risk.

Percentile rankings are from Morningstar Research Inc., an independent research firm, based on the Canada Fund Global Neutral Balanced category and reflect the performance of the Mackenzie Global Strategic Income Fund for the 3-month, 1-, 3-, 5- and 10-year periods as of March 31, 2024 . 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 Canada Fund Global Neutral Balanced category funds for Mackenzie Global Strategic Income Fund for each period are as follows: one year - 1569 ; three years - 1324 ; five years - 1194 ; ten years - 633.

Morningstar data is shown as of the most recent reporting period by each fund family. Allocations may not equal 100% and will vary overtime. Assets contained within "Other" category are not classified by Morningstar. All information presented in this tool is for informational purposes only and is not intended to be investment advice. The information is not meant to be an offer to sell or a recommendation to buy any investment product. Unless otherwise noted, performance is shown before sales charge.

All information is historical and not indicative of future results. Current performance may be lower or higher than the quoted past performance, which cannot guarantee results. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes. Performance may not reflect any expense limitation or subsidies currently in effect. Short-term trading fees may apply. To obtain the most recent month-end performance, visit Morningstar.com.

This material is for informational and educational purposes only. It is not a recommendation of any specific investment product, strategy, or decision, and is not intended to suggest taking or refraining from any course of action. It is not intended to address the needs, circumstances, and objectives of any specific investor. Mackenzie Investments, which earns fees when clients select its products and services, is not offering impartial advice in a fiduciary capacity in providing this sales and marketing material. This information is not meant as tax or legal advice. Investors should consult a professional advisor before making investment and financial decisions and for more information on tax rules and other laws, which are complex and subject to change.