

Mackenzie ETF Portfolios

Portfolio snapshot

Lead Portfolio Managers Nelson Arruda
Gleb Sivitsky

Investment exp. since 2009
2014

Strategy overview

- Mackenzie ETF Portfolios are comprehensive, yet easy to implement solutions that combine active and traditional index ETFs in a unified investment experience.
- Applying institutional-grade processes and expertise, each ETF Portfolio is diversified and actively managed, aiming to deliver the highest return within a given risk tolerance.

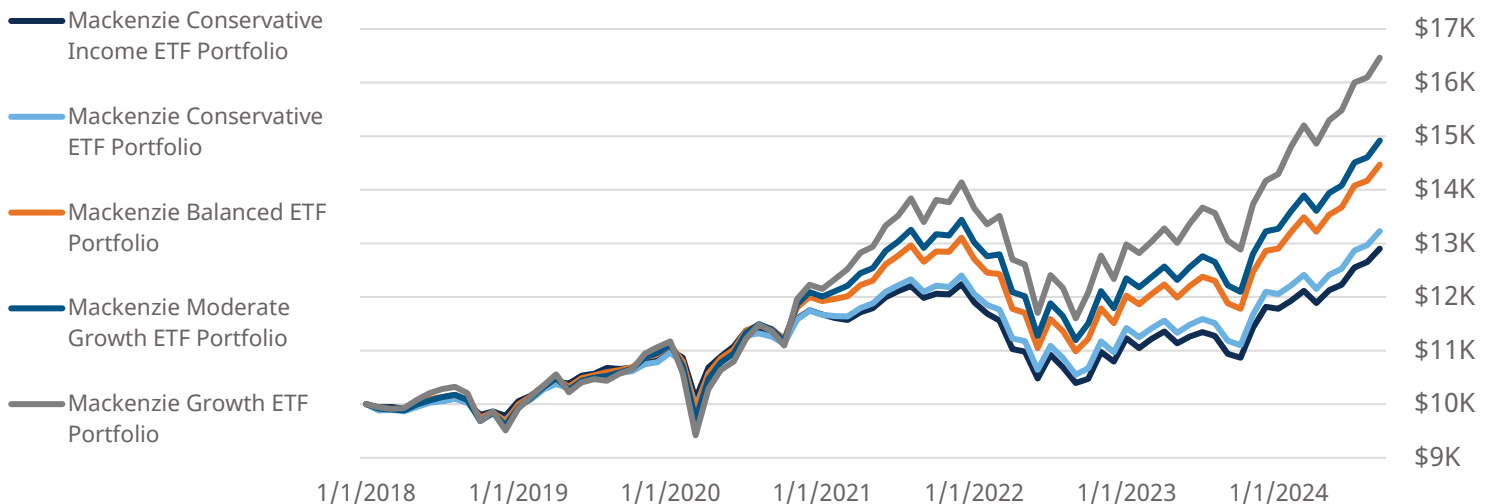
| | Inception date | MER | AUM (\$M) | Risk rating | CIFSC category |
|---|----------------|-------|-----------|-------------|------------------------------|
| Mackenzie Conservative Income ETF Portfolio | 01/29/2018 | 0.64% | 57.8 | Low | Global Fixed Income Balanced |
| Mackenzie Conservative ETF Portfolio | 01/29/2018 | 0.62% | 93.3 | Low | Global Fixed Income Balanced |
| Mackenzie Balanced ETF Portfolio | 01/29/2018 | 0.62% | 194.4 | Low-Med | Global Neutral Balanced |
| Mackenzie Moderate Growth ETF Portfolio | 01/29/2018 | 0.62% | 368.7 | Low-Med | Global Neutral Balanced |
| Mackenzie Growth ETF Portfolio | 01/29/2018 | 0.66% | 277.7 | Low-Med | Global Equity Balanced |

Performance Metrics (3 Yr trailing)*

| | Standard Deviation | Sharpe ratio | Down capture ratio | Up capture ratio | Alpha | Information ratio |
|---|--------------------|--------------|--------------------|------------------|-------|-------------------|
| Mackenzie Conservative Income ETF Portfolio | 8.5 | -0.1 | 105.3 | 106.0 | 0.3 | 0.1 |
| Mackenzie Conservative ETF Portfolio | 8.7 | -0.1 | 105.4 | 103.9 | 0.0 | 0.0 |
| Mackenzie Balanced ETF Portfolio | 9.7 | 0.1 | 109.0 | 104.6 | -0.4 | -0.2 |
| Mackenzie Moderate Growth ETF Portfolio | 10.3 | 0.2 | 110.5 | 101.2 | -1.2 | -0.8 |
| Mackenzie Growth ETF Portfolio | 11.8 | 0.3 | 116.7 | 108.3 | -1.0 | -0.3 |

*The blended benchmark for each Portfolio is used in calculation of their up and down capture ratios, alpha and information ratio.

Growth of \$10K



Trailing returns (%)

| | 3m | 6m | 1yr | 3yr | 5yr | SI | Inception date |
|---|-----|-----|------|-----|-----|-----|----------------|
| Mackenzie Conservative Income ETF Portfolio | 5.5 | 6.5 | 17.9 | 2.5 | 3.9 | 3.9 | 1/29/2018 |
| Mackenzie Conservative ETF Portfolio | 5.6 | 6.5 | 18.3 | 3.0 | 4.6 | 4.3 | 1/29/2018 |
| Mackenzie Balanced ETF Portfolio | 5.8 | 7.3 | 21.8 | 4.6 | 6.4 | 5.7 | 1/29/2018 |
| Mackenzie Moderate Growth ETF Portfolio | 5.9 | 7.4 | 22.1 | 4.9 | 7.1 | 6.2 | 1/29/2018 |
| Mackenzie Growth ETF Portfolio | 6.3 | 8.3 | 26.2 | 7.1 | 9.3 | 7.7 | 1/29/2018 |

Calendar year returns (%)

| | YTD | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|------|------|-------|------|------|------|
| Mackenzie Conservative Income ETF Portfolio | 9.2 | 9.4 | -11.8 | 4.1 | 8.8 | 10.5 |
| Mackenzie Conservative ETF Portfolio | 9.4 | 10.3 | -11.6 | 5.6 | 8.9 | 11.2 |
| Mackenzie Balanced ETF Portfolio | 12.5 | 11.7 | -12.1 | 9.2 | 9.8 | 13.1 |
| Mackenzie Moderate Growth ETF Portfolio | 12.8 | 12.2 | -12.2 | 11.1 | 10.3 | 14.1 |
| Mackenzie Growth ETF Portfolio | 16.2 | 14.9 | -12.7 | 15.6 | 10.5 | 16.4 |

3 month market returns (%)*

| Fixed Income | Return (LCL) | Equity | Return (CAD) | Currency | Return |
|---------------------|--------------|--------|--------------|----------|--------|
| Canadian Government | 4.7 | Canada | 9.7 | USDCAD | -1.2 |
| Canadian Corporate | 4.7 | US | 5.5 | JPYCAD | 10.6 |
| Global Government | 8.2 | Intl | 7.9 | GBPCAD | 4.6 |
| Global Corporate | 7.8 | EM | 9.1 | EURCAD | 2.7 |
| High Yield | 5.3 | | | | |

*Indices used for the 3-month market return are as follows: FTSE Canada All Government Bond, FTSE Canada All Corp Bond, FTSE WBIG Govt/Govt Spnsd USD, FTSE WBIG Corp Index USD, ICE BofA US High Yield, S&P/TSX Composite PR, S&P 500 PR, MSCI EAFE PR, and MSCI EM PR.

Top contributors & detractors

| | Security | 3-month return |
|--------------|---|----------------|
| Contributors | Mackenzie Canadian Equity Index ETF (QCN) | 10.4 |
| | Mackenzie US Large Cap Equity Index ETF (QUU) | 4.6 |
| | Mackenzie Core Plus Canadian Fixed Income ETF (MKB) | 4.7 |
| Detractors | Please note there are no detractors this quarter. | |

* The top contributors and detractors are based on the average contribution across all ETF Portfolios, excluding the all-equity portfolio.

| Mackenzie ETF Portfolios | | | | | |
|--------------------------|---------------------|--------------|----------|-----------------|--------|
| | Conservative Income | Conservative | Balanced | Moderate Growth | Growth |

Portfolio characteristics

| | | | | | |
|-----------------------|-----|------|-----|-----|-----|
| Portfolio Yield (%) | 3.6 | 3.4 | 3.1 | 3.0 | 2.4 |
| Dividend Yield (%) | 2.2 | 2.1 | 2.0 | 2.1 | 2.0 |
| Bond Yield (%) | 4.4 | 4.3 | 4.5 | 4.5 | 4.6 |
| Yield To Maturity (%) | 4.8 | 4.7 | 5.0 | 5.0 | 5.2 |
| Average Duration | 6.2 | 7.7 | 6.0 | 6.7 | 6.9 |
| Avg | BBB | BBB+ | BBB | BBB | BBB |

Asset mix

| | | | | | |
|--------------|------|------|------|------|------|
| Equity | 33.0 | 40.4 | 56.3 | 61.1 | 84.2 |
| Fixed Income | 61.4 | 54.3 | 39.8 | 35.4 | 13.6 |
| Cash | 5.7 | 5.2 | 3.9 | 3.5 | 2.2 |

Total portfolio geographic allocation

| | | | | | |
|------------------|------|------|------|------|------|
| Canada | 44.3 | 41.8 | 36.4 | 35.2 | 27.2 |
| United States | 31.5 | 35.0 | 40.5 | 41.0 | 49.2 |
| International | 10.9 | 11.6 | 12.8 | 14.2 | 16.3 |
| Emerging Markets | 7.6 | 6.3 | 6.4 | 6.1 | 5.2 |

Top 10 holdings

| | | | | | |
|--|-------|-------|-------|-------|-------|
| Mackenzie US Large Cap Equity Index ETF (QUU) | 12.9% | 15.2% | 25.1% | 25.9% | 37.7% |
| Mackenzie Core Plus Canadian Fixed Income ETF (MKB) | 34.6% | 28.0% | 18.4% | 16.1% | 4.1% |
| Mackenzie Canadian Equity Index ETF (QCN) | 10.7% | 12.2% | 15.9% | 17.5% | 22.7% |
| Mackenzie International Equity Index ETF (QDX) | 6.4% | 7.4% | 8.6% | 10.3% | 13.1% |
| Mackenzie Global High Yield Fixed Income ETF (MHYB) | 9.7% | 9.2% | 8.8% | 8.5% | 4.7% |
| Mackenzie US Investment Grade Corporate Bond Index ETF (CAD-Hedged) (QUIG) | 10.7% | 7.7% | 7.3% | 6.3% | 2.5% |
| Mackenzie EM Bond Index (CAD-Hedged) ETF (QEBH) | 6.5% | 4.0% | 4.7% | 3.7% | 1.8% |
| Mackenzie Global Dividend ETF (MGDV) | 0.6% | 2.0% | 2.7% | 3.0% | 4.1% |
| Mackenzie Emerging Markets Equity Index ETF (QEE) | 1.6% | 2.4% | 2.2% | 2.5% | 3.2% |
| Mackenzie US Government Long Bond Index ETF (QTLT) | 1.2% | 5.0% | 0.9% | 2.0% | 1.4% |

* The top holdings are based on the average contribution across all ETF Portfolios, excluding the all-equity portfolio.

| Mackenzie ETF Portfolios | | | | |
|--------------------------|--------------|----------|-----------------|--------|
| Conservative Income | Conservative | Balanced | Moderate Growth | Growth |

Fixed income exposure summary

Geographic allocation

| | | | | | |
|------------------|------|------|------|------|------|
| Canada | 54.7 | 54.7 | 52.1 | 50.7 | 39.0 |
| United States | 28.4 | 31.9 | 29.8 | 31.8 | 38.5 |
| International | 7.1 | 6.2 | 7.8 | 7.5 | 9.2 |
| Emerging Markets | 9.8 | 7.2 | 10.3 | 10.0 | 13.4 |

Sector allocation

| | | | | | |
|----------------------------|------|------|------|------|------|
| Canadian Government | 19.9 | 23.5 | 16.9 | 18.6 | 14.4 |
| Foreign Government | 10.8 | 14.8 | 10.5 | 13.3 | 15.8 |
| Investment Grade Corporate | 48.0 | 41.5 | 48.5 | 44.0 | 39.6 |
| High Yield | 12.6 | 12.2 | 14.8 | 15.5 | 22.7 |
| Other | 8.8 | 8.0 | 9.4 | 8.7 | 7.4 |

Equity exposure summary

Total portfolio geographic allocation

| | | | | | |
|------------------|------|------|------|------|------|
| Canada | 32.5 | 29.9 | 27.9 | 28.3 | 26.0 |
| United States | 42.7 | 43.7 | 50.8 | 48.6 | 52.2 |
| International | 20.0 | 20.4 | 17.2 | 18.9 | 17.9 |
| Emerging Markets | 4.8 | 6.1 | 4.0 | 4.2 | 4.0 |

Sector allocation

| | | | | | |
|------------------------|------|------|------|------|------|
| Communication Services | 5.9 | 5.9 | 6.2 | 6.1 | 6.2 |
| Consumer Discretionary | 7.9 | 8.1 | 8.1 | 8.1 | 8.3 |
| Consumer Staples | 5.8 | 5.9 | 5.9 | 5.9 | 5.9 |
| Energy | 8.5 | 8.2 | 7.9 | 7.9 | 7.6 |
| Financials | 21.0 | 20.7 | 20.0 | 20.2 | 19.7 |
| Health Care | 8.2 | 8.5 | 8.8 | 8.8 | 9.1 |
| Industrials | 12.2 | 12.1 | 11.8 | 12.0 | 11.8 |
| Information Technology | 18.3 | 18.8 | 20.1 | 19.6 | 20.3 |
| Materials | 6.7 | 6.6 | 6.2 | 6.3 | 6.0 |
| Real Estate | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 |
| Utilities | 3.1 | 3.0 | 2.9 | 2.9 | 2.8 |

Performance Commentary

While investors were taken for a ride during the quarter on bouts of heightened volatility, global equities and fixed income markets finished in the green. The Federal Reserve's 50 basis point cut in September and market expectations of further easing was a key contributor to gains in both asset classes. There was also a notable rotation in equity market leadership, with value-oriented sectors such as utilities pushing markets ahead while growth-oriented sectors such as information technology lagged behind. Canadian equities benefited from continued Bank of Canada rate cuts and strong global markets. In other areas of the world, new economic stimulus out of China and a less hawkish tone from Japanese policymakers provided further support to investor sentiment.

All equity funds held in the portfolio produced positive returns this quarter and contributed to performance. The Mackenzie Canadian Equity Index ETF (+10.3%) was the top equity contributor to portfolio returns, as Canadian equities broadly benefited from Bank of Canada interest rate cuts and from strong performance in the real estate, financials, and utilities sectors. The next largest contributor was the Mackenzie US Large Cap Equity Index ETF (+4.5%), which was another beneficiary of central bank rate cuts. It was led by strong performance in the utilities, real estate, and industrials sectors, breaking the cycle of performance being led by a narrow batch of information technology names, as was the case for much of this year. The Mackenzie International Equity Index ETF gained 5.8% and ranked as the third-largest contributor to portfolio returns. Performance was led by European equities where softer inflation readings raised expectations of imminent rate cuts from the European Central Bank, which benefitted performance leading interest-rate sensitive sectors such as utilities and real estate.

All fixed income funds held in the portfolio produced positive returns this quarter and contributed to performance. The Mackenzie Core Plus Canadian Fixed Income ETF (+4.6%), which provides actively managed exposure to corporate credit, was the largest fixed income allocation in the portfolios, and the top fixed income contributor to portfolio returns. The fund's performance matched its benchmark, with overweights to U.S. duration and investment grade corporate bonds adding to performance, while underweight positioning to Canadian duration and currency exposure to the Mexican peso detracted. The Mackenzie Global High Yield Fixed Income ETF, providing actively managed exposure to high yield bonds, gained 5.1% and was the second-largest contributor. High-yield bonds performed well in a risk-on market environment, driving this fund's returns. The fund slightly underperformed its benchmark, with underweight positioning in lower rated bonds as the leading detractor, while allocations to hybrid bonds and private credit were the top contributors. The Mackenzie US Investment Grade Corporate Bond Index ETF (CAD-Hedged) gained 5.8% and was the third-largest contributor, as corporate credit assets delivered strong returns in this macroeconomic environment.

During the period, currency activities contributed to portfolio returns as the portfolio's active overweights to the Euro and the Japanese yen contributed to returns as they appreciated against the Canadian dollar. The Canadian dollar faced significant headwinds, as Canadian economic fundamentals continued to deteriorate, supporting the case for more aggressive monetary easing, putting pressure on the Canadian dollar.

Portfolio Management Activities and Outlook

The portfolio management team believes that although U.S. economic growth is moderating, with the job market showing early but convincing signs of deterioration, the United States is not in the early stages of a recession. Federal government spending is still high, boosting growth, and the team believes additional cuts to the federal funds rate by the U.S. Federal Reserve would stabilize the downward trend of the labour market and the economy.

In anticipation of further interest rate cuts by developed central banks, the team believes duration exposure (sensitivity to interest rates) has become more beneficial. Given expensively valued global equities, the team favours diversifying into cheaper markets with positive economic catalysts, such as Europe and Asia. The team believes that maintaining a well-diversified investment portfolio is crucial for managing risk and achieving long-term financial stability.

The team remains negative on the Canadian dollar against other major world currencies. Canadian growth has stalled, and the team expects the Bank of Canada to continue cutting rates, which would lead to continued headwinds against the CAD. The team remains overweight the Euro, citing its attractive valuation discount and their view that the European Central Bank is likely to cut rates fewer times than the Bank of Canada, Bank of England, and the Federal Reserve in the coming quarters, benefiting the Euro. Additionally, the team continues to remain overweight the Japanese yen as the discount to its long-term fair value is extremely attractive, and expected normalization of monetary policy over the coming quarters should benefit the yen.

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