

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

# **MACKENZIE INVESTMENTS CORPORATION**

## **BROCHURE**

May 30, 2018

180 Queen Street West  
Toronto, Ontario, Canada M5V 3K1  
(416) 967-2380

[www.mackenzieinvestments.com](http://www.mackenzieinvestments.com)  
[apittman@mackenzieinvestments.com](mailto:apittman@mackenzieinvestments.com)

*This brochure provides information about the qualifications and business practices of Mackenzie Investments Corporation. If you have any questions about the contents of this brochure, please contact us by telephone at (416) 967-2380 or by email at [apittman@mackenzieinvestments.com](mailto:apittman@mackenzieinvestments.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Mackenzie Investments Corporation also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

Mackenzie Investments Corporation is a registered investment adviser. Registration does not imply a certain level of skill or training.

## Item 2 Material Changes

This Item 2 discusses only material changes made since Mackenzie Investments Corporation's most recent annual updating amendment to the brochure, dated March 29, 2018.

Mackenzie Investments Corporation has also begun directly providing investment advisory services to clients, including private funds. In May 2018, the Firm amended this brochure to include additional disclosures related to additional management activities. Mackenzie Financial Corporation will continue to serve as sub-adviser for certain clients of Mackenzie Investments Corporation. In connection with these changes, various items of the brochure have been updated accordingly.

### Item 3 Table of Contents

Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	6
Item 5	Fees and Compensation	7
Item 6	Performance-Based Fees and Side-By-Side Management	9
Item 7	Types of Clients	11
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	12
Item 9	Disciplinary Information	27
Item 10	Other Financial Industry Activities and Affiliations	28
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	30
Item 12	Brokerage Practices	33
Item 13	Review of Accounts	41
Item 14	Client Referrals and Other Compensation	42
Item 15	Custody	43
Item 16	Investment Discretion	44
Item 17	Voting Client Securities	45
Item 18	Financial Information	47

## ***About this Brochure and Mackenzie Investments***

### ***This Brochure is not:***

- an offer or agreement to provide advisory services to any person
- an offer to sell interests (or a solicitation of an offer to purchase interests) in any Private Fund
- a complete discussion of the features, risks or conflicts associated with any Private Fund or any other product or service offered by Mackenzie Investments or its affiliates

*As required by the Advisers Act, Mackenzie Investments provides this Brochure to current and prospective Clients prior to the commencement of Mackenzie Investment's advisory services and will offer this Brochure to such Clients on an annual basis thereafter. The Brochure may also be provided to current or prospective Investors in a Private Fund, in conjunction with the Private Fund's disclosure and investment documents and other relevant offering materials, such as the Private Fund's Private Placement Memorandum, prior to or in connection with such persons' consideration or execution of an investment in a Private Fund, and may subsequently be provided, in the discretion of Mackenzie Investments, annually or upon request. Additionally, this Brochure is available through the SEC's Investment Adviser Public Disclosure website.*

*Although this publicly available Brochure describes investment advisory services and products of Mackenzie Investments and certain of its affiliates, persons who receive this Brochure (whether or not from Mackenzie Investments or its affiliates) should be aware that it is designed solely to provide information about Mackenzie Investments as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in disclosure and investment documents and other relevant offering materials. More complete information about each Private Fund and any other product or service offered by Mackenzie Investments or its affiliates is included in disclosure and investment documents and other relevant offering materials, certain of which may be provided to current and eligible prospective Clients and Investors only by Mackenzie Investments and/or its affiliates. To the extent that there is any conflict between discussions herein and similar or related discussions in any of such materials, the relevant disclosure and investment documents and other relevant offering materials shall govern and control.*

*Moreover, activities provided by the Firm's affiliates with respect to non-U.S. Clients may differ from those described generally herein and the Firm's affiliate may provide additional or different services to non-U.S. Clients. The Firm's affiliates generally do not hold themselves out to non-U.S. Clients as SEC-registered investment advisers nor do they provide this Brochure to non-U.S. Clients.*

### ***Glossary:***

**"1940 Act"** means the U.S. Investment Company Act of 1940, as amended.

**"Account"** means an account held by a Client.

**"Advisers Act"** means the U.S. Investment Advisers Act of 1940, as amended.

**"Brochure"** means the Firm's Form ADV, Part 2A.

**"Client"** includes Sub-Advised Funds, Private Funds and separately managed accounts.

**"Code"** means the Mackenzie Investments Code of Ethics.

**"Covered Person"** means persons covered by the Code.

**"Custody Rule"** refers to the Advisers Act Rule 206(4)-2.

**"Firm"** or **"we"** or **"our"** or **"us"** means Mackenzie Investments Corporation.

**"Investor"** means an interest holder in a Sub-Advised Fund or Private Fund.

**“Mackenzie Investments”** is the “doing business as (DBA)” name used to refer to, collectively, the Firm and Mackenzie Financial Corporation, an affiliate of Mackenzie Investments Corporation.

**“MCIMBL”** means Mackenzie Cundill Investment Management (Bermuda) Ltd., an affiliate of Mackenzie Investments Corporation.

**“MOU”** refers to a memorandum of understanding between Mackenzie Financial Corporation and MCIMBL.

**“Investment Funds”** means Sub-Advised Funds and Private Funds, collectively. Individually, each is referred to as an **“Investment Fund”**.

**“Private Funds”** has the meaning assigned in Item 4.

**“Registration Statement”** means a Sub-Advised Fund’s prospectus and SAI.

**“SAI”** means statement of additional information.

**“SEC”** means the U.S. Securities and Exchange Commission.

**“Sub-Advised Funds”** has the meaning assigned in Item 4.

**General and Ownership**

The Firm was founded in 2012 and provides investment advisory and related services to Clients. The Firm may collaborate with its affiliate, Mackenzie Financial Corporation, in providing such services. The Firm provides marketing and client intake services to Mackenzie Financial Corporation and I.G. International Management Limited (“**IGIM**”) and other affiliates. The Firm may also provide other services in connection with the engagement of Mackenzie Financial Corporation. However, the types of services provided by the Firm may change, and this Brochure will be amended accordingly to reflect these additional services.

The Firm is a member of the IGM Financial Inc. (TSX: IGM) group of companies. IGM Financial is one of Canada’s premier financial services companies. As of December 31, 2017, Power Financial Corporation beneficially owned, directly and indirectly, 65.29% of IGM Financial Inc. Power Corporation of Canada owned, directly or indirectly, 65.54% of Power Financial Corporation. The Desmarais Family Residuary Trust, a trust for the benefit of the members of the family of the late Mr. Paul G. Desmarais, has voting control, directly and indirectly of Power Corporation of Canada.

**Types of Advisory Services Offered by Mackenzie Investments**

As relevant here, Mackenzie Investments offers discretionary investment advisory and management services to the following Clients, among others:

- as sub-adviser to certain Canadian mutual funds and certain U.S. open-end investment companies (“**Sub-Advised Funds**”), each of which is registered with the SEC pursuant to the 1940 Act;
- separately managed accounts (*i.e.*, private client or institutional accounts, including U.S. state and local and other pension plans); and certain privately placed pooled investment vehicles (“**Private Funds**”), which may be organized as domestic (U.S.) limited partnerships, limited liability companies, trusts, or as a foreign entity.

**Tailoring Advisory Services to the Individual Need of Clients**

Mackenzie Investments may tailor the advisory services provided to the following Clients, based on the individual needs of such Clients:

- (1) Separately managed accounts are managed in accordance with the relevant Client’s investment objectives, strategies, restrictions and guidelines, as communicated to Mackenzie Investments by the Client. Clients may impose restrictions on investing in certain securities or types of securities; and
- (2) Sub-Advised Funds and Private Funds are managed in accordance with the relevant fund’s investment objectives, strategies and restrictions. A fund may impose restrictions on investing in certain securities or types of securities. These funds are not managed in accordance with the individualized needs of any particular interest holder in the fund (each, an “**Investor**”). Therefore, a fund’s Investors should consider whether the fund meets their investment objectives and risk tolerance prior to investing.

Information about the funds can be found in their relevant registration, governing and/or offering documents. For Sub-Advised Funds offered publicly in the U.S., a Registration Statement can be found on the SEC’s EDGAR website. For Private Funds, relevant information is available in the Private Placement Memorandum or other offering documents as well as the Private Fund’s governing documents, which will be available to current and prospective Investors only through Mackenzie Investments or another authorized party.

**Client Assets Managed by The Firm**

As of December 31, 2017, the Firm did not manage any assets.

**How Mackenzie Investments and its Affiliates are Compensated for Advisory Services**

Mackenzie Investments or an affiliate may be paid the following fees for investment advisory services:

- (1) management fees, expressed as a percentage of the Account's assets under management;
- (2) incentive allocations or performance fees, generally calculated as a percentage of the Account's net capital appreciation during the applicable period; or
- (3) a combination of the foregoing.

In addition, with respect to the marketing and client intake services described above, the Firm is entitled to marketing fees from Mackenzie Financial Corporation and IGIM.

**Mackenzie Investments Fee Schedule**

The chart below provides a general description of the fees charged to Sub-Advised Funds and Private Funds. For all other Accounts, the advisory fees vary by the size of the Account and its investment mandate. The fees are described in more detail in each Client's advisory agreement or other applicable account documents. For Sub-Advised Funds and Private Funds, advisory and other fees paid by Investors are described in the applicable Registration Statement, Private Placement Memorandum, Subscription Agreement, or other applicable disclosure, agreement and/or governing documents.

Fees charged by Mackenzie Investments or its affiliates, where relevant, may change over time and, as discussed below, different fee schedules may apply to different types of Clients or advisory arrangements. However, in our sole discretion, we or an affiliate may negotiate alternative fee arrangements, which may or may not be based on the general fee schedules, when circumstances warrant. To the extent that special fee arrangements are negotiated, the maximum annual fee to be charged in respect of investment advisory services, exclusive of any incentive component, will be 2.4% of assets under management.

In appropriate circumstances, all or a portion of the fees charged to a particular Client or Investor may be waived or reduced in our sole and absolute discretion, or, as applicable, in our affiliate's discretion. Specifically, fees may be waived or reduced for Accounts held by or on behalf of employees, principals, shareholders or affiliates. There may also be differences in fees paid by certain Clients or Investors based on the inception dates of their advisory relationship with Mackenzie Investments or its affiliates. Thus, some Clients and Investors may pay more or less than others for the same or similar services depending, for example, on account inception dates, fee negotiations or waivers, number of accounts or value of related accounts, the nature of the mandate, total assets under management by Mackenzie Investments and/or its affiliates or the manner in which Mackenzie Investments' and/or its affiliates' services are provided.

Account Type	Fee
Sub-Advised Funds	Currently, fees paid by the fund's primary investment adviser may be up to 0.50% of the Sub-Advised Fund's assets under management, <i>per annum</i> , exclusive of any breakpoints which may be offered.
Private Funds	Private Fund fees may vary based on the nature of the services provided and the investment strategies utilized and may consist of a management fee calculated as a percentage of the Private Fund's assets (up to 1.5%) and an incentive compensation component, equal to a percentage of the Private Fund's capital appreciation during the applicable period (up to 20%). Incentive compensation with respect to Private Funds may be subject to high-water mark and/or hurdle provisions. Certain Private Funds may maintain multiple class structures with differing fees paid by each class.
Separately Managed Accounts	Fees for Separately Managed Account clients are negotiable.

### **Fees for Certain Accounts may be Negotiable**

Each Client's fees may be negotiated on an individual basis, taking into consideration, among other things, the investment mandate, total market value, regulatory requirements, reporting requirements, customization of the investment or reporting process or other special considerations relevant to a particular Account.

### **How Fees are Charged and Collected**

Generally, Clients are invoiced for fees incurred as follows:

- advisory fees for Clients are accrued monthly and billed either monthly or quarterly in arrears.
- fees for Sub-Advised Funds are accrued daily and paid monthly, in arrears.
- advisory fees for Separately Managed Accounts will be negotiated and billed in accordance with such Account's investment management agreement.

Invoices for advisory fees are payable upon receipt. In certain circumstances, with the Client's consent, a Client's fees may be deducted from the assets held in their Account. Mackenzie Investments and its affiliates may group multiple Accounts of a Client (or group of related Clients) together for fee billing purposes. Fees are ordinarily based on the level of total assets under management within the relevant Account(s), including allocations to cash, on the appropriate valuation day.

### **Additional Fees and Expenses**

Except as otherwise agreed, each Account bears (and the fees described above do not include) the following costs and expenses:

- custodial charges,
- brokerage fees or commissions and related costs and expenses (please see Item 12: Brokerage Practices for more details),
- taxes,
- duties and other governmental charges,
- transfer fees,
- registration fees and other expenses associated with the purchase, holding or sale of assets,
- costs and charges associated with making deposits in connection with foreign exchange transactions,
- withholding taxes payable and required to be withheld by issuers, their agents and others,
- audit, administrative and other expenses associated with regulatory or tax compliance or investment operations,
- legal fees, and
- such other expenses as may be set forth in the Account's relevant governing documents.

Such fees will reduce the assets held in (and the gross returns experienced by) an Account.

Our affiliates, and not their Clients, compensate us for certain marketing and client intake services we provide. The fees paid by a Client are not impacted by the accounts that have been brought to the affiliate by the Firm.

The Firm also provides Client introductions to other investment advisers.

Mackenzie Investments or its affiliates may pay sub-advisory fees (out of the management fee it receives) to sub-advisors, including affiliated sub-advisors. Such fees are borne by Mackenzie Investments or its affiliates, and not by a Client. In such circumstances, Mackenzie Investments or its affiliates may have an incentive to select sub-advisors that charge lower fees or which are affiliates.



## Item 6 Performance-Based Fees and Side-By-Side Management

As mentioned in Item 5, the Firm and its affiliates manage various Accounts having different fee arrangements, including circumstances where some Accounts pay only management fees while other Accounts are subject to both management fees and incentive or performance-based fees.

For U.S. Clients, any incentive or performance-based compensation will be charged in compliance with Rule 205-3 under the Advisers Act unless that rule is inapplicable by reason of Section 205(b) of the Advisers Act or related rules or interpretations of the SEC and its staff. Each incentive compensation arrangement is individually negotiated with the relevant Client or, with respect to Private Funds, is set forth in the Private Fund's governing documents. In certain instances, incentive compensation is charged only when gains in an Account exceed a particular rate or agreed upon benchmark (*i.e.*, a hurdle provision) and losses may be carried forward so that no incentive compensation is charged unless the losses have been recouped, subject to certain adjustments (*i.e.*, a high-water mark provision).

MEMLS Fund Management (Cayman) LP, a Cayman Islands exempted limited partnership that is affiliated with the Firm, acts as the general partner to a Private Fund. Mackenzie EM Funds Management (Cayman) Ltd., a Cayman Islands exempted company that is affiliated with the Firm, acts as the general partner to other Private Funds. Incentive compensation for Private Funds is generally paid through an annual allocation of profits from each Investor into the capital account of the investment manager, the related general partner, or another Mackenzie Investments affiliate at each calendar year's end. The ability to earn incentive compensation may create the potential for conflicts of interest including that Mackenzie Investments may have an incentive to make riskier or more speculative investments for Accounts paying such fees.

Because the Firm and each relevant affiliate manages various Accounts that charge performance-based fees and other types of fees, there is a potential conflict of interest where both types of fees are charged and:

- the Accounts may have the same or similar investment styles or otherwise compete for investment opportunities,
- the Accounts may have differing abilities to engage in short sales or similar investment strategies, and/or
- Mackenzie Investments or its personnel or our affiliates or their personnel have differing personal or proprietary interests.

This creates an incentive to favor certain Accounts over others. In particular, there is an incentive to favor Accounts that charge performance-based fees, such as Private Funds, over Accounts that charge other types of fees or favor those Accounts that charge a higher performance-based fee over those with a lower performance-based fee. With Private Funds there is also a conflict of interest between the Firm/affiliate's interest in earning a profit in the short term with the long-term interests of the Private Fund. The Firm/affiliate may have an incentive to invest Private Fund assets in investments that are riskier or more speculative than would be the case if the Firm/affiliate was only compensated based on a flat percentage of capital, because these investments may allow the general partner to collect larger performance-based compensation.

To mitigate this conflict, we and our affiliates, maintain policies and procedures, including our Code of Ethics (described in Item 11, below) and Trade Allocation Policy, reasonably designed to assure that all Accounts are serviced: (1) in a manner consistent with the fiduciary duties an adviser owes its clients and applicable law and without considering such persons' ownership, compensatory or other pecuniary or financial interests and (2) fairly and equitably over time to mitigate these and other conflicts associated with "side-by-side" management. Please see the discussion under "Side-by-Side Management and Differential Interests" in Item 11 for a further description of the applicable conflicts of interest.

**Other Conflicts of Interest**

Mackenzie Investments is compensated, and the general partner or managing member may receive incentive allocations, based on the market value and/or performance of Accounts. As a result, to the extent that Mackenzie Investments and/or a general partner or managing member values a security higher than its current market value (or where such market values are unreliable), Mackenzie Investments and/or the general partner or managing member may benefit by receiving a management fee or incentive allocation that is increased by the impact, if any, of such valuation discrepancy.

Additionally, where an Investor purchases or redeems interests in an Investment Fund at a net asset value that is impacted by a discrepancy in valuation, the Investor may receive a greater or lesser interest in (or increased or decreased redemption proceeds from) such Investment Fund than would have been the case absent the discrepancy.

Similarly, existing and continuing Investors may be subject to dilution or accretion. As a result, Mackenzie Investments has valuation policies and procedures to mitigate the conflicts and potential for material pricing discrepancies in respect of Account assets and to assure that assets are valued in good faith and as accurately as is reasonably practicable.

### **Types of Clients**

Mackenzie Investments generally provides investment advice to:

- Investment companies;
- Pooled investment vehicles;
- Pension and profit sharing plans;
- Charitable organizations;
- Insurance companies;
- Corporations or business entities other than those listed above;
- Religious organizations, unions, trusts, medical associations, and family investment vehicles; and
- Sovereign wealth funds.

### **Minimum Initial Investments**

**Separately managed accounts** may require a minimum initial market value of \$10 million USD, depending upon the investment mandate.

**Private Funds** may establish minimum investment levels, which are described in each Private Fund's Private Placement Memorandum and may be changed at the sole and absolute discretion of the general partner, the managing member or board of directors. Currently, the minimum investment levels for Private Funds range from \$500,000 USD to \$2 million USD.

**Sub-Advised Funds** may have eligibility requirements including minimum investment requirements, which may be different for each series of the funds offered. Details of the requirements are described in the prospectus of the funds.

Mackenzie Investments or its affiliates reserve the right to waive or reduce the investment minimums in Accounts or with respect to a specific Investor in a Private Fund in its sole discretion.

### **Other Eligibility Requirements**

Investors in Private Funds may be subject to certain minimum income, net worth or other standards or additional qualification requirements imposed by the Private Fund or applicable law, as set forth in the relevant governing documents. Consistent with these requirements, Private Fund Investors may include:

- high net worth individuals and a variety of institutional investors (*e.g.*, trusts, employee benefit plans, endowments, foundations, corporations and other types of entities, including private funds of funds) that wish to invest in accordance with the Private Fund's investment objective; and
- Mackenzie Investments and its affiliates, as well as personnel of Mackenzie Investments and its affiliates (including but not limited to portfolio management personnel responsible for the management of Accounts) who are "knowledgeable employees" (as defined by 1940 Act Rule 3c-5) or otherwise meet the Private Fund's eligibility requirements.

**In no event should this Brochure be considered to be an offer of interests in a Private Fund or relied upon in determining to invest. It is also not an offer of, or agreement to provide, advisory services directly to any recipient.**

<p><b><u>Investment Strategies</u></b></p> <p><i>Securities investments are subject to a variety of risks. These risks may cause you to lose money on your investments. You should be prepared to bear the risk of loss associated with your chosen investment strategy.</i></p> <p>The following is a description of the <i>significant</i> investment strategies Mackenzie Investments and its affiliates may use for U.S. Clients, and the <i>material</i> risks involved in the strategies. The Mackenzie Financial Corporation and its affiliates may offer different strategies.</p>	
The investment strategy	Its principal material risks
<p><b>Mackenzie Emerging Markets Small Cap Master Fund (Cayman) LP and Mackenzie Emerging Markets Small Cap Fund (Cayman) Ltd.</b></p> <p>The strategy seeks to achieve long-term capital growth by investing primarily in the securities of small cap emerging markets issuers. The Funds seek to achieve their investment objective by employing the Firm's proprietary quantitative security selection model to generate transactions.</p>	<p><i>Cash and related investment risk</i>  <i>Competition and potential strategy saturation risk</i>  <i>Concentration risk</i>  <i>Convertible securities risk</i>  <i>Counterparty risk</i>  <i>Currency exchange exposure and currency hedging risk</i>  <i>Cyber Security risk</i>  <i>Derivatives risk</i>  <i>Emerging markets risk</i>  <i>Equity securities risk</i>  <i>Exchange traded fund risk</i>  <i>Fixed-income risk</i>  <i>Forward contracts risk</i>  <i>Futures risk</i>  <i>Hedging risk</i>  <i>Illiquidity risk</i>  <i>Interest-rate change risk</i>  <i>Leveraged investments risk</i>  <i>Market risk</i>  <i>Model risk</i>  <i>Preferred stock risk</i>  <i>Regulatory and tax risk</i>  <i>Sovereign debt risk</i></p> <p><i>Structural risk</i>  <i>Structured products risk</i>  <i>Turnover risk</i></p>
<p><b>Mackenzie Emerging Markets Long/Short Master Fund (Cayman) LP</b></p> <p>This strategy seeks to achieve consistent absolute returns with low correlation to the returns of equity market primarily through leveraged long and short exposure to the equity securities of emerging markets issuers. The Fund seeks to achieve its investment objective by employing the Firm's proprietary security selection model in formulating portfolio transactions.</p>	<p><i>Cash and related investment risk</i>  <i>Competition and potential strategy saturation risk</i>  <i>Convertible securities risk</i>  <i>Counterparty risk</i>  <i>Credit risk</i>  <i>Derivatives risk</i>  <i>Emerging markets risk</i>  <i>Equity securities risk</i>  <i>Exchange-traded fund risk</i>  <i>Exchange-rate change risk</i>  <i>Foreign currency risk</i>  <i>Forward contracts risk</i>  <i>Futures risk</i>  <i>Government and corporate reporting risk</i></p>

The investment strategy	Its principal material risks
	<i>Hedging risk</i> <i>Illiquidity risk</i> <i>Interest-rate change risk</i> <i>Leveraged investments risk</i> <i>Market risk</i> <i>Model risk</i> <i>Preferred stock risk</i> <i>Regulatory and tax risk</i> <i>Sovereign debt risk</i> <i>Structured products risk</i> <i>Structural risk</i> <i>Turnover risk</i>
<b>Mackenzie Emerging Markets Funds (Canada)</b>  Each strategy seeks to achieve long-term capital growth by investing primarily in equity securities of emerging markets companies. Each Fund seeks to achieve its investment objective by looking for undervalued companies with growth prospects and using a quantitative approach to stock selection, portfolio construction, and transaction cost measurement.	<i>Capital depletion risk</i> <i>Commodity risk</i> <i>Company risk</i> <i>Concentration risk</i> <i>Convertible securities risk</i> <i>Credit risk</i> <i>Derivatives risk</i> <i>Emerging markets risk</i> <i>Exchange traded fund risk</i> <i>Foreign currency risk</i> <i>Foreign markets risk</i> <i>High-yield securities risk</i> <i>Illiquidity risk</i> <i>Interest rate risk</i> <i>Large transaction risk</i> <i>Market risk</i> <i>Portfolio manager risk</i> <i>Prepayment risk</i> <i>Regulatory and tax risk</i> <i>Securities lending, Repurchase and Reverse Repurchase</i> <i>Senior loan risk</i> <i>Series risk</i> <i>Short selling risk</i> <i>Small company risk</i> <i>Tracking risk</i>  <i>Transaction risk</i>
<b>Canadian Bond</b>  This strategy seeks to provide a steady flow of income by investing primarily in Canadian government and corporate fixed income securities and adding value through security selection, and longer-term positioning of the term-to-maturity and yield curve.	<i>Company risk</i> <i>Credit risk</i> <i>Derivatives risk</i> <i>Foreign currency risk</i> <i>Foreign markets risk</i> <i>Interest rate risk</i> <i>Market risk</i> <i>Prepayment risk</i>
<b>Canadian Resources</b>  This strategy seeks above average capital growth by investing primarily in equity securities of Canadian energy and natural resource companies. Generally,	<i>Commodity risk</i> <i>Company risk</i> <i>Concentration risk</i> <i>Foreign currency risk</i> <i>Foreign markets risk</i>

<b>The investment strategy</b>	<b>Its principal material risks</b>
investments will be made in both small- and large-capitalization companies.	<i>Market risk</i> <i>Precious metals risk</i>
<b>Canadian Small Cap Value</b> This strategy seeks to provide superior long-term capital appreciation by investing in a portfolio of undervalued small-capitalization Canadian equities.	<i>Company risk</i> <i>Derivatives risk</i> <i>Foreign currency risk</i> <i>Foreign markets risk</i> <i>Small company risk</i>
<b>Canadian All Cap Value</b> This strategy seeks to provide superior long-term capital appreciation by investing in a portfolio of undervalued Canadian equities across all market capitalizations.	<i>Commodity risk</i> <i>Company risk</i> <i>Derivatives risk</i> <i>Foreign currency risk</i> <i>Foreign markets risk</i> <i>Small company risk</i>
<b>Global Large Cap Quality Growth</b> This strategy seeks long-term capital growth, while trying to protect capital, by investing in equity securities of companies located anywhere in the world. Investments generally do not include investments in emerging markets and securities of U.S. companies will usually form the largest percentage of assets from any geographic area.	<i>Company risk</i> <i>Concentration risk</i> <i>Foreign currency risk</i> <i>Foreign markets risk</i> <i>Market risk</i>
<b>International Large Cap Quality Growth</b> This strategy seeks long-term capital growth consistent with the protection of capital by investing primarily in equity securities of companies located in the following three principal market regions: (1) the United Kingdom and Europe; (2) Asia and the Far East; and (3) Australia and New Zealand. To a lesser extent, investments may also include securities of issuers located in other global markets.	<i>Company risk</i> <i>Concentration risk</i> <i>Foreign currency risk</i> <i>Foreign markets risk</i> <i>Market risk</i>
<b>International All Cap Deep Value</b> This strategy seeks long-term capital growth by investing primarily in equity securities of companies anywhere in the world, outside of Canada and the U.S. The investment approach is based on a fundamental value philosophy, and seeks to invest in securities trading below their estimated intrinsic value.	<i>Company risk</i> <i>Concentration risk</i> <i>Foreign currency risk</i> <i>Foreign markets risk</i> <i>Illiquidity risk</i> <i>Market risk</i>
<b>European Large Cap Quality Growth</b> This strategy seeks long-term capital growth, while trying to protect capital, by investing primarily in equity securities of European countries and follows a blended growth and value investment style by	<i>Company risk</i> <i>Foreign currency risk</i> <i>Foreign markets risk</i> <i>Market risk</i>

The investment strategy	Its principal material risks
seeking companies having the greatest prospects for long-term growth.	
<b>Global Small Cap Growth</b> This strategy seeks long-term capital growth by investing primarily in equity securities of small and mid-capitalization companies anywhere in the world.	<i>Company risk</i> <i>Foreign currency risk</i> <i>Foreign markets risk</i> <i>Market risk</i> <i>Small company risk</i>
<b>Global Multi Sector Fixed Income</b> This strategy seeks a positive total return, regardless of market conditions over a market cycle, by investing primarily in global fixed-income and derivative instruments.	<i>Company risk</i> <i>Credit risk</i> <i>Derivatives risk</i> <i>ETFs risk</i> <i>Foreign markets risk</i> <i>Illiquidity risk</i> <i>Interest rate risk</i> <i>Market risk</i> <i>Prepayment risk</i>
<b>US Mid Cap Growth</b> This strategy seeks long-term growth of capital and a reasonable rate of return by investing primarily in equity securities of small to mid- capitalization U.S. companies and, from time to time, in equity securities of companies based outside of North America and in fixed-income securities of U.S. and Canadian corporations and government bodies.	<i>Company risk</i> <i>Foreign markets risk</i> <i>Illiquidity risk</i> <i>Market risk</i>
<b>Floating Rate Income</b> This strategy seeks to generate current income by investing in floating rate debt obligations and other floating rate debt instruments of issuers located anywhere in the world.	<i>Company risk</i> <i>Credit risk</i> <i>Foreign currency risk</i> <i>Foreign markets risk</i> <i>Illiquidity risk</i> <i>Market risk</i> <i>Prepayment risk</i>
<b>Global Core Equity</b> This strategy seeks to provide long-term capital growth and current income by investing primarily in equity securities of companies anywhere in the world that pay, or may be expected to pay, dividends, or in other types of securities that distribute, or may be expected to distribute, income.	<i>Company risk</i> <i>Foreign currency risk</i> <i>Foreign markets risk</i> <i>Market risk</i>
<b>Global Resource</b> This strategy seeks to provide long-term capital growth by investing in energy and natural resource companies operating anywhere in the world and across a broad spectrum of industries. It will	<i>Commodity risk</i> <i>Company risk</i> <i>Concentration risk</i> <i>Foreign currency risk</i> <i>Foreign markets risk</i> <i>Market risk</i> <i>Precious metals risk</i>

The investment strategy	Its principal material risks
generally invest in both small- and large-capitalization companies.	
<b>Global All Cap Deep Value</b> This strategy seeks to provide long-term capital growth by investing in companies from anywhere in the world whose market value is trading at deep discounts to their perceived intrinsic, liquidation or break-up value. (Hedged to Canadian dollar or Unhedged).	<i>Company risk</i> <i>Concentration risk</i> <i>Foreign currency risk</i> <i>Foreign markets risk</i> <i>Illiquidity risk</i> <i>Market risk</i>
<b>Global Large Cap Quality Growth Constrained</b> This strategy seek to provide long-term capital growth by investing in high quality, larger capitalization companies from anywhere in the world with a focus on maximizing risk-adjusted returns.	<i>Company risk</i> <i>Derivatives risk</i> <i>Foreign currency risk</i> <i>Foreign markets risk</i> <i>Market risk</i>

In addition to the investment strategies set forth in the table above, certain affiliates of Mackenzie Investments may also pursue similar or other strategies.

The principal material risks (as set forth in the table above) as well as other material risks are described in more detail below.

**Capital Depletion risk:** Certain Accounts may invest in mutual funds that aim to make monthly distributions (which generally are comprised of a return of capital) at a target rate. Return of capital reduces the amount of the original investment and may result in a return of the entire amount of the original investment. Return of capital that is not reinvested will reduce the net asset value of the mutual fund, which could reduce the mutual fund's ability to generate future income.

**Cash and Related Investments risk:** Certain Accounts may invest in cash or cash items pending other investments. These cash items will typically be deemed to be high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by, or short-term deposits with, U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, bank certificates of deposit, and short- to medium-term debt securities of U.S. or non-U.S. issuers, or such other instruments as the Firm in its sole discretion deems to be appropriate. The Account may also hold interests in investment vehicles that hold cash or cash items. While investments in cash items generally involve relatively low risk levels, they may produce lower than expected returns, and could result in losses. Investments in cash items and money market funds may also provide less liquidity than anticipated by the Account at the time of investment.

**Commodity risk:** Certain Accounts may invest in commodities or in companies engaged in commodity-focused industries and may obtain exposure to commodities using derivatives or by investing in exchange traded funds ("ETFs"), the underlying interests of which are commodities. Commodity prices can fluctuate significantly in short time periods, which will have a direct or indirect impact on the value of such an Account.

**Company risk:** Equity investments such as stocks and investments in trusts, and fixed income investments, such as bonds, carry several risks that are specific to the company that issues the investments. A number of factors may cause the price of these investments to fall. These factors include specific developments relating to the company, conditions in the market where these investments are traded, and general economic, financial and political conditions in the countries where the company operates. While these factors impact all securities issued by a company, the values of equity securities generally tend to change more frequently and vary more widely than fixed



income securities. An Account's value is based on the value of its portfolio securities, an overall decline in the value of portfolio securities that it holds will reduce the value of the Account.

**Competition and Potential Strategy Saturation risk:** Certain Accounts may compete with numerous other private investment funds, financial institutions and other investors pursuing similar strategies, many of which may have substantially greater resources than the Account and the Firm. The profit potential of the Account may be materially reduced as a result of the "saturation" of the alternative investment field and competition for the same or similar types of trades and transactions. Emerging market investing may be more susceptible to becoming "saturated" than other strategies because of the less liquid, transparent and "deep" nature of many emerging markets, as compared to more developed markets.

**Concentration risk:** Certain Accounts may invest a large portion of its net assets in a small number of issuers, in a particular industry or geographic region, or may use a specific investment style, such as growth or value. A relatively high concentration of assets in or exposure to a single issuer, or a small number of issuers, may reduce the diversification of an Account and may result in increased volatility in the Account's value. Issuer concentration may also increase the illiquidity of the Account's portfolio if there is a shortage of buyers willing to purchase those securities.

An Account concentrates on a style or sectors either to provide investors with more certainty about how the Account will be invested or the style of the Account or because a portfolio manager believes that specialization increases the potential for good returns. If the industry or region faces difficult economic times or if the investment approach used by the Account is out of favour, the Account will likely lose more than it would if it diversified its investments or style. If an Account's investment objectives or strategies require concentration, it may continue to suffer poor returns over a prolonged period of time.

**Convertible Securities risk:** The market for convertible securities is typically materially less liquid than that for the underlying common stock and the value of convertible securities more directly at risk to increases in interest rates.

**Counterparty risk:** Certain Accounts may be subject to the risk of the insolvency of its counterparties (such as broker-dealers, futures commission merchants, banks or other financial institutions, exchanges or clearinghouses). The Account's assets could be lost or impounded during a counterparty's bankruptcy or insolvency proceedings and a substantial portion or all of the Account's assets may become unavailable to it either permanently or for a matter of years. There are increased risks in dealing with non-U.S. brokers and unregulated trading counterparties, including the risk that assets may not benefit from the protection afforded to "customer funds" deposited with regulated brokers and dealers. While applicable SEC rules require that the Fund's assets be deposited only with "qualified custodians," outside of the United States and the EU it is often difficult to protect customer assets — even those on deposit with "qualified custodians." In the case of a counterparty's bankruptcy or inability to satisfy substantial deficiencies in other customer accounts, the Account may recover, even in respect of property specifically traceable to it, only a pro rata share of all property available for distribution to all of such counterparty's customers.

**Credit risk:** An issuer of a bond or other fixed income investment, including asset backed securities, may not be able to pay interest or to repay the principal at maturity. The risk of such a failure to pay is known as credit risk. Some issuers have more credit risk than others. Issuers with higher credit risk typically pay higher interest rates than interest rates paid by issuers with lower credit risk because higher credit risk companies expose investors to a greater risk of loss. Credit risk can increase or decline during the term of the fixed income investment.

Companies, governments and other entities, including special purpose vehicles that borrow money, and the debt securities they issue, are assigned credit ratings by specialized rating agencies such as Dominion Bond Rating Service ("DBRS") The ratings are a measure of credit risk and take into account many factors, including the value of any collateral underlying a fixed income investment. Issuers with low or no ratings typically pay higher yields, but can subject investors to substantial losses. Credit ratings are one factor used by the portfolio managers of Accounts in making investment decisions. A credit rating may prove to be wrong, which can lead to unanticipated losses on fixed income investments. If the market perceives that a credit risk rating is too high, then the value of

the investments may decrease substantially. A downgrade in an issuer's credit rating or other adverse news regarding an issuer can reduce a security's market value.

The difference in interest rates between an issuer's bond and a government-issued bond that is identical in all respects except for the credit rating is known as the credit spread. Credit spreads widen if the market determines that a higher return is necessary to compensate for the increased risk of owning a particular fixed income investment. An increase in credit spread after the purchase of a fixed income investment decreases the value of that investment.

**Currency Exchange Exposure and Currency Hedging risk:** The performance of certain Accounts that invest in securities that are denominated or quoted in non-U.S. currencies may be significantly affected, either positively or negatively, by fluctuations in the relative currency exchange rates and by exchange control regulations. The Account may, in part, seek to offset the risks associated with such exposure through foreign exchange transactions. To the extent the Account seeks to hedge its currency exposure, it may not always be practicable to do so. Moreover, hedging may not alleviate all currency risks. Furthermore, the Account may incur costs in connection with conversions between various currencies. There can be no guarantee that instruments suitable for hedging currency exchange-rate risks will be available at the time the Firm wishes to use them or will be able to be liquidated when the Firm wishes to do so. In addition, the Firm may choose not to enter into hedging transactions with respect to some or all of its positions that are exposed to currency exchange risk.

**Cyber Security risk:** With the increased use of technologies such as the Internet to conduct business, a portfolio is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and are not limited to, gaining unauthorized access to digital systems, and misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including the denial-of-service attacks on websites. Cyber security failures or breaches by a third party service provider and the issuers of securities in which the portfolio invests, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, including the cost to prevent cyber incidents.

**Derivatives risk:** Certain Accounts may use derivatives to pursue their investment objectives. Generally, a derivative is a contract between two parties, whose value is determined with reference to the market price of an asset, such as a currency, commodity or stock, or the value of an index or an economic indicator, such as a stock market index or a specified interest rate (the "**underlying interest**").

Most derivatives are options, forwards, futures or swaps. An option gives the holder the right, but not the obligation, to buy or sell the underlying interest at an agreed price within a certain time period. A call option gives the holder the right to buy; a put option gives the holder the right to sell. A *forward* is a commitment to buy or sell the underlying interest for an agreed price on a future date. A *future* is similar to a forward except that futures are traded on exchanges. A *swap* is a commitment to exchange one set of payments for another set of payments.

Some derivatives are settled by one party's delivery of the underlying interest to the other party; others are settled by a cash payment representing the value of the contract.

The use of derivatives carries several risks:

- There is no guarantee that a market will exist for some derivatives, which could prevent the Account from selling or exiting the derivative prior to the maturity of the contract. This risk may restrict the Account's ability to realize its profits or limit its losses.
- It is possible that the other party to the derivative contract ("**counterparty**") will fail to perform its obligations under the contract resulting in a loss to an Account.
- When entering into a derivative contract, the Account may be required to provide margin or collateral to the counterparty. If the counterparty becomes insolvent, the Account could lose its margin or its collateral or incur expenses to recover it.

- Securities and commodities exchanges could set daily trading limits on options and futures. Such rule changes could prevent the Account from completing a futures or options transaction, causing the Account to realize a loss because it cannot hedge properly or limit a loss.
- Where an Account holds a long or short position in a future whose underlying interest is a commodity, the Account will always seek to close out its position by entering into an offsetting future prior to the first date on which the Account might be required to make or take delivery of the commodity under the future. There is no guarantee the Account will be able to do so. This could result in the Account having to make or take delivery of the commodity.
- Some Accounts may use derivatives to reduce certain risks associated with investments in foreign markets, currencies or specific securities. Using derivatives for these purposes is called hedging. Hedging may not be effective in preventing losses. Hedging may also reduce the opportunity for gain if the value of the hedged investment rises, because the derivative could incur an offsetting loss. Hedging may also be costly or difficult to implement.

**Dilution risk:** When a strategy is new or is relatively small in size, or has significant cash flows relative to its size, it may be difficult for the portfolio manager to fully invest its assets pursuant to the strategy's investment strategy. This could result in the strategy holding a larger than expected proportion of its assets in cash. This could decrease relative performance of any strategy in a rising market.

**Effect of General Economic Conditions:** General economic conditions may affect investments. Changing economic, political, regulatory or market conditions, interest rates, general levels of economic activity, the price of securities and debt instruments and participation by other investors in the financial markets may affect the value and number of investments made by the firm or considered for prospective investment. The value of investments may fluctuate in accordance with changes in the financial condition of portfolio companies and other factors that affect the markets in which the firm invests. Economic, political, regulatory or market developments can affect a single obligor, obligors within an industry, economic sector or geographic region, or the market as a whole. Different parts of the market and different types of investments can react differently to these developments. Every investment has some level of market volatility risk. Economic slowdowns or downturns could lead to financial losses in the firm's investments. In addition, many portfolio companies may be similarly subject to the same economic conditions, which could adversely impact investment returns.

**Emerging Markets risk:** Emerging markets have the risks described under foreign currency risk and foreign markets risk. In addition, they are more likely to experience political, economic and social instability and may be subject to corruption or have lower business standards. Instability may result in the expropriation of assets or restrictions on payment of dividends, income or proceeds from the sale of an Account's securities. In addition, accounting and auditing standards and practices may be less stringent than those of developed countries resulting in limited availability of information relating to an Account's investments. Further, emerging market securities are often less liquid and custody and settlement mechanisms in emerging market countries may be less developed resulting in delays and the incurring of additional costs to execute trades of securities. The costs of executing transactions in emerging markets may be substantially higher than in more developed markets, and the settlement process more protracted and uncertain. Trade execution risk tends to be materially increased in emerging markets.

**Equity-Linked Instruments and Related Options risk:** Certain Accounts may invest in certain financial instruments that may be referenced to underlying equities but also incorporate other components — duration, strike price, premiums, etc. — which can result in the Account's positions being unprofitable even though the Firm may have correctly assessed the market value of the underlying equity instrument. The Firm may trade in put and call options, which involve qualitatively different risks than owning the underlying common stock. Options trading involves risks substantially similar to those involved in trading futures and forward contracts in that options are speculative and highly leveraged.

**Equity Securities risk:** Certain Accounts may invest in equity securities and equity derivatives. The value of these instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Account may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Firm's expectations or if equity markets generally move in a single direction and the Account has not hedged against such a general move. The Account also may be exposed to risks that issuers will not fulfill contractual

obligations, such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

**ETF risk:** Certain Accounts may invest in ETFs in accordance with their mandates. ETFs represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks or bonds, which are designed to generally correspond to the price and yield performance of their underlying indices, either broad stock market, stock industry sector, international stock, or bond. ETF shareholders are subject to risks similar to those of holders of other diversified portfolios. A primary consideration is that the general level of stock or bond prices may decline, thus affecting the value of an equity or fixed income ETF, respectively. Moreover, the overall depth and liquidity of the secondary market may fluctuate. An exchange traded sector fund may also be adversely affected by the performance of that specific sector or group of industries on which it is based. Although ETFs are designed to provide investment results that generally correspond to the price and yield performance of their respective underlying indices, ETFs may not be able to exactly replicate the performance of the indices because of their expenses and other factors.

**Foreign Currency risk:** Most foreign investments are purchased in currencies other than the Canadian (or U.S.) dollar. As a result, the value of those investments will be affected by the value of the Canadian (or U.S.) dollar relative to the value of the foreign currency. If the Canadian (or U.S.) dollar rises in value relative to the other currency but the value of the investment otherwise remains constant, the value of the investment in Canadian dollars (or U.S.) will have fallen. Similarly, if the value of the Canadian (or U.S.) dollar has fallen relative to the foreign currency, the value of the Account's investment will have increased. Some Accounts may use derivatives such as options, futures, forward contracts, swaps and customized types of derivatives to hedge against losses caused by changes in exchange rates.

**Fixed-Income risk:** The Firm may frequently determine that investing in fixed-income securities (e.g., secured debt) issued by a company has a superior risk/reward ratio than investing in such company's common stock. However, the pricing of fixed-income instruments is directly affected by interest-rate changes. When interest rates decline, the value of outstanding fixed-income instruments typically rises. Conversely, when interest rates rise, the value of outstanding fixed-income instruments typically declines.

**Foreign Markets risk:** The value of an investment in a foreign issuer depends on general global economic factors and specific economic and political factors relating to the country or countries in which the foreign issuer operates. The regulatory environment in some foreign countries may be less stringent than in Canada (or U.S.), including legal and financial reporting requirements. There may be more or less information available with respect to foreign companies. The legal systems of some foreign countries may not adequately protect investor rights. Stock markets in foreign countries may have lower trading volumes and sharper price corrections. Some or all of these factors could make a foreign investment more or less volatile than a Canadian (or U.S.) investment.

**Forward Contracts risk:** Certain Accounts may trade forward contracts primarily for purposes of exchange-rate hedging. The imposition of credit controls by governmental authorities may limit such forward trading to less than that which the Investment Adviser would otherwise recommend, to the possible detriment of the Fund. The Fund is subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the Fund trades.

**Frontier Emerging Markets risk:** Certain Accounts will have exposure to the securities of frontier emerging markets issuers. All of the risks associated with investing in emerging markets are even more extreme in frontier emerging markets which are characterized by, among other things, smaller and less diverse economies, less developed capital markets, greater market volatility, lower trading volume, less liquidity, trade barriers, political and economic instability, greater risk of a market shutdown and more governmental limitations on foreign investments, and new or unsettled securities laws even as compared to emerging markets (let alone the more developed markets).

**Futures risk:** Certain Accounts may trade futures for hedging and speculative purposes. Futures are often inherently highly leveraged and can become illiquid due to exchange-imposed price fluctuation limits. Accordingly, a relatively small price movement may result in immediate and substantial losses to the Account to the extent it

utilizes futures in its trading strategy. Like other leveraged investments, any trade may result in losses in excess of the amount invested.

**Government and Corporate Reporting risk:** The Firm relies on the information made available by the individual issuers of the financial instruments in which it invests. The Firm has no ability independently to verify the information disseminated by the issuers in which it invests, and is dependent upon the integrity of both the management of the issuers and the financial reporting process in general. Past and recurring events have demonstrated the material losses which investors such as the Account can incur as a result of inaccurate — and sometimes purposefully misleading or fraudulent — information provided by portfolio companies (as well as government agencies).

**Hedging risk:** The Firm may attempt, but is not required, to hedge certain market or other risks inherent in an Account's positions, and, in cases where it does hedge, may choose to do so only partially. Specifically, the Firm may choose not, or may determine that it is economically unattractive, to hedge certain risks — either in respect of particular positions or in respect of an Account's overall portfolio. An Account's portfolio composition commonly results in various components of directional market risks remaining unhedged. Even if the Firm is successful in establishing hedging positions, the hedging may reduce an Account's returns or possibly increase and/or cause material losses. Furthermore, it is possible that the Firm's hedging strategies will not be effective in controlling risk, due to unexpected changes in correlation between the hedging instrument and the position being hedged, increasing rather than reducing both risk and losses.

**Illiquidity risk:** A security is illiquid if it cannot be sold at an amount that at least approximates the amount at which the security is valued. Illiquidity can occur for a number of reasons, including the following: (a) if the securities have sale restrictions; (b) if the securities do not trade through normal market facilities; (c) if there is a shortage of buyers; or (d) for other reasons. In highly volatile markets, such as in periods of sudden interest rate changes or severe market disruptions, securities that were previously liquid may suddenly and unexpectedly become illiquid. Illiquid securities are more difficult to sell and an Account may be forced to accept a discounted price.

Some high yield debt securities, which may include but are not limited to security types commonly known as high yield bonds, floating rate debt instruments and floating rate loans, as well as some fixed income securities issued by corporations and governments in emerging market economies, may be more illiquid in times of market stress or sharp declines. In addition, the liquidity of individual securities may vary widely over time. Illiquidity in these instruments may take the form of wider bid/ask spreads (i.e., significant differences in the prices at which sellers are willing to sell and buyers are willing to buy that same security). Illiquidity may take the form of extended periods for trade settlement and delivery of securities. In some circumstances of illiquidity, it may be more difficult to establish a fair market value for particular securities, which could result in losses to an Account that has invested in these securities.

**Interest Rate risk:** Interest rates impact the cost of borrowing for governments, companies and individuals, which in turn impacts overall economic activity. Interest rates may rise during the term of a fixed income investment. If interest rates rise, then the value of that fixed income investment generally will fall. Conversely, if interest rates fall, the value of the investment generally will increase.

Longer-term bonds and strip bonds are generally more sensitive to changes in interest rates than other kinds of securities. The cash flow from debt instruments with variable rates may change as interest rates fluctuate.

Changing interest rates can also indirectly impact the share prices of equity securities. When interest rates are high, it may cost a company more to fund its operations or pay down existing debt. This can impair a company's profitability and earnings growth potential, which can negatively impact its share price. Conversely, lower interest rates can make financing for a company cheaper, which can potentially increase its earnings growth potential. Interest rates can also impact the demand for goods and services that a company provides by impacting overall economic activity as described above.

**Large Transaction risk:** A large purchase of a Certain Account's securities will create a relatively large cash position in that Account's portfolio. The presence of this cash position may adversely impact the performance of

the Account, and the investment of this cash position may result in significant incremental trading costs, which are borne by all of the investors in the Account.

Conversely, a large redemption of an Account's securities may require the Account to sell portfolio investments so that it can pay the redemption proceeds. This sale may impact the market value of those portfolio investments and result in significant incremental trading costs, which are borne by all of the investors in the Account and it may accelerate or increase the payment of capital gains distributions or capital gains dividends to these investors.

**Legislation risk:** Securities, tax, or other regulators make changes to legislation, rules and administrative practice. Those changes may have an adverse impact on the value of an Account.

**Leveraged Investments risk:** Losses incurred on an Account's leveraged investments increase in direct proportion to the degree of leverage employed. An Account also incurs interest expense on the borrowings used to leverage its positions. To the extent that the assets of an Account have been leveraged through the borrowing of money, the purchase of securities on margin, or otherwise, the interest expense and other costs and premiums incurred in relation thereto may not be recovered. If gains earned by an Account's portfolio fail to cover such costs, the Net Asset Value of the Account may decrease faster than if the Fund had not engaged in such borrowing transactions.

**Market risk:** Markets can be volatile, and an Account's holdings can decline in response to adverse issuer, political, regulatory, market or economic developments or conditions that may cause a broad market decline. Different parts of the market, including different sectors and different types of securities, can react differently to these developments. Since the financial crisis that started in 2008, the U.S. and many foreign economies continue to experience its after-effects, which have resulted, and may continue to result, in volatility in the financial markets, both U.S. and foreign. Global economies and financial markets are becoming increasingly interconnected, which increases the possibilities that conditions in one country or region may adversely affect issuers in another country or region, which in turn may adversely affect securities held by the Account. These circumstances also have decreased liquidity in some markets and may continue to do so. In addition, certain events, such as natural disasters, terrorist attacks, war, and other geopolitical events, have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Finally, there are risks associated with being invested in the equity and fixed income markets generally. The market value of an Account will rise and fall based on specific company developments and broader equity or fixed income market conditions. Market value will also vary with changes in the general economic and financial conditions in the countries where the investments are based.

**Model risk:** Trading models are based on quantitatively-based pricing theories as well as valuation models developed from research and inferences drawn from studies of historical patterns and data. Models employ assumptions that abstract a number of variables from complex financial markets or instruments they attempt to replicate. Any one or all of these assumptions, whether or not supported by past experience, could prove over time to be incorrect. Even if such assumptions are not incorrect, there can be no assurance that the algorithms and software code used by an investment adviser will successfully or optimally translate an investment adviser's pricing theories and valuation models into successful trading results. Because trading models must be updated regularly as market dynamics shift, a previously highly successful model may become outdated or inaccurate. There can be no assurance that an investment adviser will be successful in developing and maintaining effective quantitative models. The use of any computer program contains an inherent risk that the software and hardware used or relied upon may malfunction, or contain or develop defects. Such defects could include, but are not limited to, design errors, inaccurate data, computer viruses and vulnerability to hacking and unauthorized access.

**Political Uncertainty risk:** Markets in which Clients are invested or to which Clients are exposed may experience political uncertainty (e.g., Brexit), which subjects investments to heightened risks, even when made in established markets. These risks include: greater fluctuations in currency exchange rates; increased risk of defaults (by both government and private issuers); greater social, economic, and political instability (including the risk of war or natural disaster); increased risk of nationalization, greater governmental involvement in the economy; less governmental supervision and regulation of the securities markets and participants in those markets; controls on foreign investment, capital controls and limitations on repatriation of invested capital and on the clients' ability to exchange currencies; inability to purchase and sell investments or otherwise settle security or derivative transactions (i.e., a market freeze); unavailability of currency hedging techniques; slower clearance; and difficulties in obtaining and/or enforcing legal judgments. During times of political uncertainty, the securities, derivatives and currency

markets may become volatile. There also may be a lower level of monitoring and regulation of markets while a country is experiencing political uncertainty, and the activities of investors in such markets and enforcement of existing regulations may be extremely limited. Markets experiencing political uncertainty may have substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates may have negative effects on such countries' economies and securities markets. There can be no assurance that adverse political changes will not cause a client to suffer a loss of any or all of its investments or, in the case of fixed income securities, interest thereon.

**Portfolio Manager risk:** Certain Accounts are dependent on their portfolio manager or sub-adviser to select its investments. Accounts are subject to the risk that poor security selection decisions will cause an Account to underperform relative to its benchmark or other Accounts with similar mandates.

**Precious Metal risk:** Precious metal prices are affected by supply and demand and global economic conditions. If a company had exposure to the precious metal market, the value of the company's securities could decline regardless of the company's own financial results.

**Preferred Stock risk:** Preferred stock generally pays dividends in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

**Prepayment risk:** Certain fixed income securities, including mortgage-backed or other asset-backed securities, can be prepaid before maturity. If a prepayment is unexpected or if it occurs faster than predicted, the fixed income security may pay less income and its value may decrease.

**Quantitative risk:** Quantitative trading systems rely on historical pricing and market data. The profitability of any trading system involving quantitative analysis depends upon major price moves or trends in at least some of the markets traded. There can be no assurance that the valuation models developed by an investment adviser will accurately identify price dislocations or capture the existence of major price moves. Periods without discernible trends have occurred in the past and, most likely, these periods will continue to occur in the future. A quantitative trading system may underperform other trading methods when fundamental factors dominate price moves within a given market. Because quantitative analysis generally does not take into account fundamental factors such as supply, demand and political and economic events (except to the extent they influence the data used as input information for the trading program), a quantitative trading method may be unable to respond to fundamental causation events until after their impact has ceased to influence the market. Positions dictated by the resulting price movements may be incorrect due to the fundamental factors then affecting the market. When fundamental factors dominate the markets, strict application of the trading signals generated by the an investment adviser's trading models may result in substantial losses due to their inability to respond to fundamental factors until they have a sufficient effect on the market to create a trend of enough magnitude to generate a reversal of trading signals. By then, a precipitous price change may already be in progress, preventing liquidation at anything but substantial losses. The success of the Fund may be substantially dependent on general market conditions over which the Investment Adviser has no control. Furthermore, the profit potential of trend-following systems may be diminished by the changing character of the markets, which may make the data on which the Investment Adviser's trading models are based only marginally relevant to future market patterns.

**Regulatory and Tax risk:** From time to time, certain of the Firm's and/or an Account's activities may be subject to regulatory inquiries, investigations and/or enforcement proceedings from U.S. and non-U.S. governmental agencies, regulatory bodies and securities commissions, which can be costly and occupy significant staff time and resources of the Firm. Tax reform and other financial markets regulatory reform both in the U.S. and abroad may impact the Account and securities in which the Account invests.

**Securities Lending, Repurchase and Reverse Repurchase Transaction risk:** Certain Accounts are eligible to enter into securities lending, repurchase and reverse repurchase transactions. In a securities lending transaction, the Account lends its securities through an authorized agent to another party (often called a "counterparty") in exchange for a fee and a form of acceptable collateral. In a repurchase transaction, the Account sells its securities for cash

through an authorized agent while at the same time it assumes an obligation to repurchase the same securities for cash (usually at a lower price) at a later date. In a reverse repurchase transaction, the mutual fund buys securities for cash while at the same time it agrees to resell the same securities for cash (usually at a higher price) at a later date. We have set out below some of the general risks associated with securities lending, repurchase and reverse repurchase transactions:

- When entering into securities lending, repurchase and reverse repurchase transactions, the Account is subject to the credit risk that the counterparty may go bankrupt or may default under the agreement and the Account would be forced to make a claim in order to recover its investment.
- When recovering its investment on a default, an Account could incur a loss if the value of the securities loaned (in a securities lending transaction) or sold (in a repurchase transaction) has increased in value relative to the value of the collateral held by the Account.
- Similarly, an Account could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by such Account to the counterparty, plus interest.

**Series risk:** Certain Accounts are mutual funds that offer more than one series, including series that are sold under different simplified prospectuses. If one series of a mutual fund is unable to pay its expenses or satisfy its liabilities, then the assets of the other series of that mutual fund will be used to pay the expenses or satisfy the liability. This could lower the investment returns of the other series.

**Short-Selling risk:** Certain Accounts are permitted to engage in a limited amount of short-selling. A short-sale is a transaction in which an Account sells, on the open markets, securities that it has borrowed from a lender for this purpose. At a later date, the Account purchases identical securities on the open market and returns them to the lender. In the interim, the Account must pay compensation to the lender for the loan of the securities and provide collateral to the lender for the loan.

Short-selling involves certain risks:

- There is no assurance that the borrowed securities will decline in value during the period of the short-sale by more than the compensation paid to the lender, and securities sold-short may instead increase in value.
- An Account may experience difficulties in purchasing and returning borrowed securities if a liquid market for the securities does not exist at that time.
- A lender may require an Account to return borrowed securities at any time. This may require an Account to purchase such securities on the open market at an inopportune time.
- The lender from whom an Account has borrowed securities, or the prime broker who is used to facilitate the short-selling, may become insolvent and the Account may lose the collateral it has deposited with the lender and/or the prime broker.

**Small Company risk:** Certain Accounts may make investments in equities and sometimes fixed income securities issued by smaller capitalization companies. These investments are generally riskier than investments in larger companies for several reasons. Smaller companies are often relatively new and may not have an extensive track record. This lack of history makes it difficult for the market to place a proper value on these companies. Some of these companies do not have extensive financial resources and, as a result, they may be unable to react to events in an optimal manner. In addition, securities issued by smaller companies are sometimes less liquid, meaning there is less demand for the securities in the marketplace at a price deemed fair by sellers.

**Sovereign Debt risk:** Certain Accounts may invest in debt securities issued by the U.S. government, or guaranteed by the U.S. government or any agency thereof. Such Accounts may also invest in non-U.S. government debt securities, which include debt obligations issued or guaranteed by national, state or provincial governments, political subdivisions or quasi-governmental or supranational entities. Non-U.S. government debt securities may involve a high degree of risk, and governmental entities may default on or restructure their obligations. Certain sovereign debt may have non-investment grade ratings or be in distress or even default. From time to time, governments directly intervene in the markets by changing the interest rates payable on their sovereign debt.



**Structural risk:** Certain Accounts will rarely, if ever, have any influence on the management of the companies in which they invest. As a passive investor, the Account will be dependent on the quality of the incumbent management. In the case of many of the portfolio companies in which the Account invests, the Firm would not itself have the expertise or the resources to manage the companies. There have been a number of well-publicized instances in which management has materially, if not fraudulently, mismanaged companies which otherwise appeared to have superior business models.

**Structured Products risk:** Certain Accounts may issue, acquire or otherwise participate in a variety of different structured investment products; for example, total return swaps, participating notes and options. In certain cases, structured investment products are the most efficient means of obtaining access to an emerging market's equities. These structured products involve not only the risks of the underlying "reference asset," but also the risks (including acceleration of the financing embedded in the structure and/or restrictions imposed on the management and nature of the permissible reference assets) and costs of creating the structured products. Structured products are **also subject to the credit risk of the counterparties**.

**Tracking risk:** Certain Accounts may invest in mutual funds that may invest substantially all of their assets in one or more funds ("Underlying Funds"). The performance of a mutual fund that invests in Underlying Funds may differ from the performance of the fund(s) in which it invests.

**Turnover risk:** Certain Accounts may engage in strategies that involve a high degree of portfolio turnover, and may result in significant transaction costs. Although the Firm is mindful of overall transaction costs, the Firm's trading decisions are based on the output of the Firm quantitative trade models and portfolio turnover rate will not be considered a limiting factor when implementing the Firm's strategies.

#### **Methods of Analysis**

Mackenzie Investments and its affiliates may advise Accounts using different methods of analysis depending on the Account's mandate, including:

- **Fundamental analysis**, which includes the analysis of financial statements, the general financial health of companies and/or the analysis of management or competitive advantages.
- **Technical analysis**, which includes the analysis of past market data.
- **Cyclical investing**, which includes the analysis of business cycles to find favorable conditions for buying and/or selling a security.
- **Charting**, which includes the use of patterns in performance charts.

Other techniques Mackenzie Investments we may use include:

- **Temporary investment in short-term market instruments:** In certain Accounts, although the composition of the managed portfolios will not be governed by consideration of income, there may be times when, in Mackenzie Investments' or its affiliate's judgment (as applicable), security price levels or adverse business prospects indicate that preservation of capital can best be achieved by temporary investments in short-term market instruments.
- **Short sale transactions:** Certain Accounts may engage in "short sale" transactions and use margin in connection with such transactions.

Short sales, which anticipate the decline in the value of a security, would normally be made when it is believed that intrinsic values of the specific security are significantly exceeded by current market prices or as a hedge against an investment position.

A short sale is effected by selling a security which the Account does not own, or, if it does own the security, is not to be delivered upon consummation of the sale. Short sales may be made "against the box" (*i.e.*, selling short a stock owned by the Account for hedging purposes) or may be "naked," that is, sales of securities which the Account does not own.

Selling securities short, while utilized to hedge investments, runs the risk of having to repurchase the security at a higher price than the sale price and thus losing an amount greater than the initial investment in a relatively short period of time.

**Borrowed money:** Certain Accounts also may borrow in order to enhance investment leverage, and there may be few if any restrictions on borrowing capacity other than limitations imposed by lenders and any applicable credit regulations. Loans generally may be obtained from securities brokers and dealers or from other financial institutions; and such loans would be secured by securities or other assets of the Account pledged to such institutions.

While the use of borrowed funds to purchase securities can substantially improve the return on invested capital if the securities purchased increase in value, their use may also increase the impact to which the investment portfolio may be subject if the securities purchased decrease in value.

**Investing in mutual funds and/or ETFs:** In certain cases, an Account may purchase the securities of mutual funds and/or ETFs as a means of following the techniques and strategies followed and instruments used in its portfolio.

Item 9 Disciplinary Information

Not applicable.

**Other Financial Industry Activities and Affiliations**

The Firm is an indirect, majority-owned subsidiary of Power Corporation of Canada, a diversified international management and holding company with interests in companies that are active in the financial services, communications and other business sectors. As such, we are affiliated with a number of entities that are engaged in financial industry-related activities. In addition, certain personnel of the Firm may be registered representatives of unaffiliated broker-dealers registered with the SEC. The following are those related entities with which we maintain arrangements that are material to the Firm's business.

**Other Investment Advisers**

The Firm currently manages Accounts and also recommends advisers to clients. As a result, Accounts are also managed by Mackenzie Financial Corporation or IGIM, each of which is an affiliated adviser that is registered with the SEC. Certain Accounts are also managed using advice provided by MCIMBL, which is an affiliated adviser that is not registered in the U.S. Pursuant to the MOU, designated personnel of MCIMBL, and/or of its authorized sub-advisors(s) may serve as investment professionals who are involved in (or have access to) investment advice to be used for or on behalf of the Firm's U.S. Clients and Mackenzie Financial Corporation's U.S. Clients, including certain Sub-Advised Funds as well as Private Funds advised by the Firm or Mackenzie Financial Corporation.

Pursuant to the MOU, MCIMBL is a "Participating Affiliate" of Mackenzie Financial Corporation as that term is used in relief granted by the staff of the SEC allowing U.S.-registered advisers to use portfolio management and trading resources of unregistered advisory affiliates subject to the regulatory supervision of the registered adviser. MCIMBL has agreed to submit to the jurisdiction of the SEC and to the jurisdiction of the U.S. courts for actions arising under the U.S. securities laws in connection with the investment advisory services it provides for such Clients.

Mackenzie Investments or an affiliate may employ other affiliated sub-advisers to provide investment sub-advisory services to certain Accounts and other Clients. Currently, GLC Asset Management Group Ltd., a Mackenzie Investments affiliate that is registered with the appropriate Canadian regulatory authority, and Canada Life Asset Management Limited, Setanta Asset Management Limited, Irish Life Investment Management Limited, The Putnam Advisory Company LLC and Putnam Investments Limited, each a Mackenzie Investments affiliate that is exempt from being registered with the Canadian regulatory authority, provide such services. The Firm provides sub-advisory services to non-U.S. mutual funds managed by Mackenzie Financial Corporation, I.G. Investment Management Ltd. and Counsel Portfolio Services Inc., each a Mackenzie Investments affiliate that is registered with the appropriate Canadian regulatory authority. Quadrus Investment Services Ltd., a Mackenzie Investments affiliate that is registered with the Canadian regulatory authority, provides distribution services with respect to certain non-U.S. mutual funds.

Mackenzie Investments provides certain marketing support for IGIM, an affiliated investment adviser registered with the SEC, including data base population, responding to requests for proposals, all client prospecting activities and client servicing. The Firm also provides Client introductions to other investment advisers.

The Firm currently provides certain marketing and client intake services to Mackenzie Financial Corporation and IGIM, an affiliate of the Firm and Mackenzie Financial Corporation. The Firm also provides Client introductions to other investment advisers.

**Insurance Company or Agency**

The Great-West Life Assurance Company ("**Great-West**"), The Great-West Life & Annuity Insurance Company ("**GWLAIC**"), London Life Insurance Company ("**London Life**") and Canada Life Assurance Company ("**Canada Life**") are Canadian insurance companies carrying on business under the Insurance Companies Act (Canada), and are affiliates of Mackenzie Investments. Mackenzie Investments provides management and administrative services to certain Great-West, GWLAIC, London Life and Canada Life insurance contracts and related segregated funds.

**Material Conflicts of Interest Involving Related Parties**

To avoid a conflict of interest with respect to investment in securities issued by a related party named above, Mackenzie Investments and its affiliates have adopted policies and procedures relating to investment in securities of related companies. To avoid a conflict of interest with respect to investment in securities issued by a related company, these policies require that a purchase, sale, or holding of those securities, among other requirements, must: (i) be made free from any influence by a related company; (ii) represent the business judgment of the portfolio manager uninfluenced by considerations other than the best interest of the Account; (iii) achieve a fair and reasonable result for the Account; and (iv) comply with the policy and the procedures supporting the policy.

**Interest in Client Transactions**

Mackenzie Investments and its affiliates advise numerous Accounts. Our affiliates, including Mackenzie Financial Corporation, IGIM, and others who advise Accounts that we have introduced, may give advice and take action with respect to any Accounts they manage, or for their own account or the account of a supervised or access person (as those terms are defined by the Advisers Act and rules thereunder), that may differ from actions taken on behalf of other Accounts.

Mackenzie Investments, an affiliate or a related person may:

- recommend to clients securities in which Mackenzie Investments, an affiliate, or a related person has a material financial interest;
- recommend securities to clients at the same time that Mackenzie Investments, an affiliate, or a related person buys or sells the same securities for their own account; and/or
- invest in the same securities that Mackenzie Investments, an affiliate, or a related person recommends to clients.

Mackenzie Investments and its affiliates or related persons are not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling any security that Mackenzie Investments, its affiliates or their respective supervised and access persons may buy or sell for its or their own account or for any other managed Account. Such persons are also not obligated to refrain from investing in securities held in the managed Accounts, except to the extent that such investments violate policies and procedures applicable to or adopted by Mackenzie Investments (including the Mackenzie Code, described below) or by such affiliates. Additionally, Mackenzie Investments (or its affiliates) personnel may invest in Sub-Advised Funds, Private Funds and certain other pooled investment vehicles managed by Mackenzie Investments which, in turn, may invest in securities held in other discretionary Accounts managed by Mackenzie Investments. From time to time, officers and employees of Mackenzie Investments or its affiliates may have interests in securities held by or recommended to Clients.

As these situations may involve potential conflicts of interest, Mackenzie Investments has and its affiliates have implemented policies and procedures relating to personal securities transactions and insider trading that are designed to identify and prevent or mitigate actual conflicts of interest. These policies and procedures, including the Code, are intended to avoid conflicts of interest with Clients and to resolve such conflicts appropriately, if they do occur. Any Covered Person who fails to observe the Code and other relevant compliance policies risks serious sanctions, including dismissal and personal liability.

**Code of Ethics (“Code”)**

A basic tenet of the Code is that Covered Persons must adhere to the highest principles of conduct in the discharge of their duties with respect to managed Accounts. Mackenzie Investments values its adherence to the highest standards of integrity and ethical business conduct in ensuring the fair treatment of Clients. As such, the Code requires Covered Persons to comply with stated standards of business conduct, including compliance with Mackenzie Investments’ policies and procedures, relevant fiduciary duties owed by an investment adviser to its Clients and applicable legal standards. Employees are expected to avoid situations in which their personal interests may conflict with their professional duties and to disclose any such conflicts to Mackenzie Investments’ legal department. Covered Persons are also expected to report to the compliance department any violations of the Code which come to their attention.

The Code sets forth Covered Persons’ obligations when dealing in covered securities for their own accounts, as well as various requirements designed to ensure that personal trading activity is reported to relevant personnel within Mackenzie Investments.

As personal trading may involve potential conflicts of interest, Mackenzie has adopted policies and procedures relating to personal securities transactions, insider trading (discussed below) and other ethical considerations. These policies and procedures are intended to identify and prevent actual conflicts of interest with Clients and to resolve such conflicts appropriately if they do occur. The Access Persons' Personal Trading Policy, which is included in the Code, contains provisions regarding Covered Persons' personal trading and, reporting requirements that are designed to address potential conflicts of interest.

Mackenzie Investments' policies and the Code also include ethical restraints relating to Clients and their Accounts, including restrictions on gifts and provisions intended to prevent violations of laws prohibiting insider trading.

Clients and prospective clients may obtain a copy of Mackenzie Investments' Code by contacting the Firm, in writing, at 180 Queen St. West, Suite 1600, Toronto, Ontario M5V 3K1.

Each of our relevant affiliates maintain similar Codes of Ethics, which are available to clients and prospects as set forth in the relevant affiliate's Form ADV, Part 2A.

### **Insider Trading Policies**

Mackenzie Investments, its affiliates and its related persons may, from time to time, come into possession of material non-public and other confidential information which, if disclosed, might affect an investor's decision to buy or sell a security ("**Inside Information**"). Inside Information may relate to, among other things, Mackenzie Investments, its affiliates, Accounts which offer publicly traded securities, or other issuers. Under applicable law, Mackenzie Investments, its affiliates and their related persons may be prohibited from improperly disclosing or using Inside Information for their personal benefit or for the benefit of any other person, regardless of whether that person is a Client. Accordingly, should such persons come into possession of Inside Information with respect to any issuer, they may be prohibited from communicating such information to, or using such information for the benefit of, their clients when following policies and procedures designed to comply with applicable law.

Mackenzie Investments (and its affiliates) has also adopted policies and procedures to prevent the misuse of Inside Information by officers, directors and employees which are designed to comply with applicable law including, but not limited to, Section 204A of the Advisers Act. These policies and procedures include, among other things, blackout periods and restricted lists that prohibit the trading of a company until the company is removed from the restricted list. As a result of a company being placed on the restricted list, an Account (or the personal accounts of a Covered Person) may be precluded or restricted with respect to purchases or sales of that security.

### **Other Conflicts of Interest**

#### ***Inconsistent Investment Positions and Timing of Competing Transactions***

From time to time, Mackenzie Investments (or, where applicable, an affiliate) may take an investment position or action for one or more Accounts that may be different from, or inconsistent with, an action or position taken for one or more other Accounts having similar or differing investment objectives and such actions may be taken at differing, and potentially inopportune, times.

When a position is established or disposed of for one Account ahead of, or contemporaneously with, similar portfolio decisions or strategies for another Account, market impact, liquidity constraints, or other factors could result in one or more Accounts receiving less favorable trading results, the costs of implementing such portfolio decisions or strategies could be increased, such Accounts could be diluted, the values, prices or investment strategies of another Account could be impaired or such Accounts could otherwise be disadvantaged. Conflicts may also arise in cases where Accounts invest in different parts of an issuer's capital structure, including circumstances in which one or more Accounts may own private securities or obligations of an issuer and other Accounts may own public securities of the same issuer.

Mackenzie Investments or an affiliate may pursue or enforce rights of certain Accounts with respect to an issuer in which other Accounts have invested, and those activities may have an adverse effect on those other Accounts. As a result, prices, availability, liquidity, and terms of the second Account's investment may be negatively impacted by the activities of first Account, and vice versa, and transactions for such Accounts may be effected at less

favorable prices or terms or otherwise impaired. To avoid such conflicts, Mackenzie Investments or its affiliate may refrain from participating or may exercise the rights of all such Accounts to the fullest extent, even though doing so may disadvantage some Accounts.

***Side-by-Side Management and Differential Interests***

As discussed above, the nature and amount of compensation paid to Mackenzie Investments or its affiliates by certain Accounts (including, particularly, Private Funds), which may be managed to investment strategies which may involve investing in similar, competing or conflicting investments, than other Accounts, may differ from that paid by such Accounts (including, particularly, Sub-Advised Funds). Additionally, Mackenzie Investments, its affiliates, and its personnel may have differing investment or pecuniary interests in different Accounts and personnel may have differing compensatory interests with respect to different Accounts.

A potential conflict of interest exists when: (1) the actions taken on behalf of one Account may impact other similar or different Accounts (*e.g.*, because such Accounts have the same or similar investment strategies or otherwise compete for investment opportunities, have potentially conflicting investment strategies or investments, or have differing ability to engage in short sales and economically similar transactions) and (2) Mackenzie Investments, its affiliates and its personnel have differential interests in such Accounts (*i.e.*, expose Mackenzie Investments or its related persons to differing potential for gain or loss through differential ownership interests or compensation structures), because Mackenzie Investments or its affiliates may have an incentive to favor certain Accounts over others that may be less lucrative.

Such conflicts may present particular concern when, for example, Mackenzie Investments or an affiliate places, or allocates the results of, securities transactions that Mackenzie Investments or such affiliate believes could more likely result in favorable performance, engages in cross trades or executes potentially conflicting or competing investments.

To mitigate these conflicts, our policies and procedures seek to provide that investment decisions are made in accordance with the fiduciary duties owed to such Accounts and without consideration of pecuniary, investment or other financial interests.



**Selecting Broker-Dealers for Client Transactions**

Investment and brokerage decisions for Accounts, to the extent such discretion has been granted to Mackenzie Investments or an affiliate, are made by portfolio managers and traders. In placing brokerage transactions for Accounts with respect to which Mackenzie Investments or an affiliate has been granted trading discretion, the portfolio managers and traders seek to:

- (1) determine each Client's trading requirements,
- (2) select appropriate trading methods, venues and agents to execute the trades under the circumstances,
- (3) evaluate market liquidity of each security and take appropriate steps to mitigate excessive market impact,
- (4) maintain confidentiality of client and proprietary information related to trading decisions, and
- (5) review the results of executions on a periodic basis.

On a periodic basis, Mackenzie Investments or an affiliate reviews its trading practices and results including the quality of executions received, and commissions paid, by discretionary accounts. Among the items considered in this review are: a broker-dealer's trading history, administrative quality and responsiveness; examinations of failed trades and a broker-dealer's response thereto; conflicts of interest; commission rates and execution costs. The goal, when evaluating its efforts to seek best execution is to exercise reasonable, good faith judgment to select broker-dealers that will consistently provide quality execution.

The following summarizes the policies with respect to its exercise of investment and brokerage discretion on behalf of its Accounts.

**Selection Criteria for Trade Execution**

Mackenzie Investments or an affiliate places all orders for the purchase or sale of securities with the primary objective of maximizing the overall value to the Account at the time and under the circumstances. In doing so, the portfolio managers and traders seek to obtain best price and execution from responsible broker-dealers at competitive commission rates (or equivalents). Mackenzie Investments or its affiliate insists on a high standard of quality regarding execution services and deals only with broker-dealers that we believe meet this standard. Commissions paid by Mackenzie Investments or its affiliate are reviewed on a regular basis. Mackenzie Investments and its affiliate also place value on broker-dealers who are able to provide useful research and brokerage assistance and may consider whether each maintains a soft dollar arrangement with the broker-dealer.

The objective in effecting portfolio transactions is to seek to obtain the best combination of price and execution. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in execution decisions, but a number of other, judgmental factors may be considered as they are deemed relevant. In applying these factors, Mackenzie Investments and its affiliate recognizes that different broker-dealers may have differing execution capabilities with respect to different types of securities and transactions. The factors that may be considered include, but are not limited to:

- knowledge of negotiated commission rates and spreads currently available and the competitiveness and reasonableness of rates offered;
- the nature of the security being traded;
- the size and type of transaction;
- the nature and character of the markets for the security to be purchased or sold;
- the desired timing of the trade and the broker-dealer's ability to meet the required or requested speed of execution;
- the activity existing and expected in the market for the particular security;

- the broker-dealer's access to primary markets and quotation sources;
- the broker-dealer's ability to execute orders with minimal market impact;
- the ability of the broker-dealer to locate sources of liquidity and to effect transactions when a large block of securities is involved or where liquidity is limited;
- confidentiality;
- the execution, clearance and settlement capabilities and history as well as the reputation and perceived soundness of considered broker-dealers;
- knowledge of actual or apparent operational problems of any broker-dealer;
- the broker-dealer's execution services rendered on a continuing basis and in other transactions;
- the broker-dealer's reliability in executing trades, keeping records and accounting for and correcting trade errors and failed trades or settlements to Mackenzie Investments' or an affiliate's satisfaction;
- the broker-dealer's ability to accommodate the Firm's or its affiliate's needs with respect to one or more trades – including its ability and willingness to maintain quality execution in unusual or volatile market conditions;
- the broker-dealer's block trading and arbitrage capabilities; and
- the broker-dealer's access to other markets.

When buying or selling securities in dealer markets, Mackenzie Investments or an affiliate may, subject to its duty to seek best execution, deal directly with market makers either on a commission basis or on a "net" basis, without paying the market maker any commission, commission equivalent or mark-up/mark-down, other than the spread. Net trades mean that the market maker profits from the spread (*i.e.*, the difference between the price paid or received by Mackenzie Investments or an affiliate and the price received or paid by the market maker in trades with other broker-dealers or customers). Most NASDAQ securities are now traded on a commission basis as more and more market makers shift from principal to agency trading.

Mackenzie Investments or an affiliate may execute over-the-counter trades on an agency basis rather than directly through a market maker. In these situations, the broker used then acquires or disposes of a security through a market maker. The transaction may thus be subject to a mark-up or mark-down in addition to any commission or commission-equivalent paid to the broker. In these instances, a broker is used only when consistent with its duty to seek best execution for Client transactions. The use of a broker in this manner may benefit Clients by providing anonymity in connection with a transaction or because the broker may, in certain cases, have greater expertise or capability in connection with both accessing the market and executing a transaction.

In appropriate circumstances, Mackenzie Investments or an affiliate may also use an electronic communication network ("ECN") or alternative trading system ("ATS") to effect over-the-counter trades when, in its judgment, the use of an ECN or ATS may result in equally or more favorable overall execution quality for the transaction. Mackenzie Investments or an affiliate may trade in this manner when it believes that any commissions paid to the ECN or ATS, when added to the price and considering all relevant circumstances, still results in equal or better qualitative execution than might have otherwise been obtained trading "net" with a market maker.

In certain circumstances one or more Accounts may seek to dispose of securities which would be appropriate or desirable for one or more other Accounts. In these circumstances, Mackenzie Investments or an affiliate may utilize "cross-trading," consistent with applicable law. When cross-trading, Mackenzie Investments or such affiliate may be required to execute through a brokerage firm and/or exchange or registered dealer, consistent with applicable law. When executing a cross-trade, the traded securities will be valued at a market price that is fair to each participating Account. This generally involves obtaining market information from at least one market source prior to execution. Cross-trades involving certain Accounts, including Accounts subject to the Employee Retirement Income Security Act of 1974 and Sub-Advised Funds may be subject to additional restrictions.

In some cases, Mackenzie Investments or an affiliate may engage in a transaction not involving a public market or for which only a single avenue for execution is available (e.g., where securities may be purchased or redeemed only through the issuer or the issuer's specified agent). Similarly, certain of the markets in which Mackenzie Investments or its affiliate trades on behalf of Accounts are "emerging markets" where there is limited or no choice of brokers, where commission rates (or commission equivalents) may be fixed or heavily regulated or where there may not be the same level of transparency as to execution costs and quality as is the case in more developed markets such as the U.S., Canada or European Union countries. In those cases, Mackenzie Investments or its affiliate may be limited in its ability to negotiate costs or terms but will seek, as practicable and consistent with relevant market regulations and conventions, to obtain the most favorable terms reasonably available under the circumstances and to minimize costs, consistent with achieving the desired investment objective and seeking an acceptable quality of execution. Where there is a lack of choice or transparency as to execution related costs and expenses, Mackenzie Investments or an affiliate may focus primarily on securities prices and certainty of execution in determining how to execute a trade and in examining its efforts to seek best execution in the relevant market.

#### ***Commission Rates or Equivalents Policy***

Mackenzie Investments or an affiliate endeavors to remain aware of current charges of eligible broker-dealers and to minimize the expense incurred for effecting portfolio transactions to the extent consistent with the interests and policies of its Clients. As noted above, Mackenzie Investments or its affiliate periodically reviews the quality of executions received from its brokers and may consider the services of other brokers (or other execution venues) that may be available to execute Client transactions, when evaluating its efforts to seek best execution. Any broker (or execution venue) that has provided (or may be expected to provide) acceptable performance and whose financial condition and commission rates are acceptable may be selected to execute Account transactions. Where Mackenzie Investments or an affiliate believes that, over time, a particular broker-dealer has consistently and materially engaged in activity that is not in the best interest of Clients, the chief investment officer may determine to restrict or prohibit future execution of transactions through that broker-dealer.

Mackenzie Investments or an affiliate may set ranges for commission rates and negotiate with broker-dealers, when appropriate. However, broker-dealers will not be selected solely on the basis of "posted" commission schedules nor always seek in advance competitive bidding for the most favorable rate applicable to a particular transaction. Although Mackenzie Investments and an affiliate generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. Mackenzie Investments and its affiliate believe that paying fair and reasonable commissions to broker-dealers in return for quality execution services and useful research benefits Clients. Moreover, transactions that involve specialized services on the part of the broker-dealer will usually result in higher commissions or other compensation to the broker-dealer than would be the case absent such services for more routine transactions.

Mackenzie Investments or an affiliate utilizes several different broker dealers and favors those whose research services, execution abilities or other legitimate and appropriate services are particularly helpful in seeking favorable investment results for Clients. As part of this determination, Mackenzie Investments and its affiliate recognize that some brokerage firms are better at executing some types of orders than others. Thus, it may be in the best interest of Clients to utilize a broker whose commission rates are not the lowest but whose abilities may result in lower overall transaction costs or more favorable results. The overriding consideration in routing orders for execution is to seek to maximize Client profits (or minimize losses) through a combination of controlling transaction and securities costs and seeking the most effective uses of brokers' research and execution capabilities.

Thus, in our view, the reasonableness of commissions is based on market conditions and the opinion of the broker's ability to provide professional services, competitive commission rates, useful research and other permissible services which will help in providing investment advisory services to its Clients. Recognizing the value of these factors, Mackenzie Investments or an affiliate may pay to a broker who provides such services a commission in excess of that which another broker, which offers no research services and minimal transaction assistance (*i.e.*, "execution-only" service), might have charged for effecting the same transaction. Mackenzie Investments or an affiliate regularly evaluates the placement of brokerage and the reasonableness of commissions paid. In this connection, Mackenzie Investments or an affiliate makes a good faith determination that the amount of commission paid is reasonable in relation to the value of the research and brokerage services rendered, and relative to market norms when viewed in terms of either a specific transaction or the overall responsibilities to its Clients. However, the extent to which commission rates or net prices charged by brokers reflects the value of these services often cannot be readily determined.

### ***"Soft Dollar" Benefits***

In allocating brokerage, and consistent with Mackenzie Investments' or an affiliate's policies and procedures, Mackenzie Investments, or such affiliate takes into account the value of eligible brokerage and research products and services (each a "soft dollar item") provided by broker-dealers, as long as such consideration does not jeopardize the objective of seeking best execution.

Broker-dealers typically provide a bundle of services, including research and execution of transactions. When appropriate under its discretionary authority and consistent with its duty to seek best execution, Mackenzie Investments or an affiliate may direct brokerage transactions for Client Accounts to broker-dealers who provide Mackenzie Investments or such affiliate with useful soft dollar items. The brokerage commissions used to acquire soft dollar items in these arrangements are commonly referred to as "soft dollars".

Soft dollar benefit items may be proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or created by a third-party (created by a third party but provided by the broker-dealer) and include:

- advice relating to the value of a security or the advisability of effecting a transaction in a security;
- an analysis, or report, concerning a security, portfolio strategy, issuer, industry or an economic or political factor or trend;
- a database, or software, to the extent that it supports research goods or services; and
- order execution goods and services, to the extent that they are directly related to order execution.

Mackenzie Investments or an affiliate may use soft dollars to acquire either type of research, however, Mackenzie Investments or such affiliate will not enter into any agreement or understanding with a broker-dealer that would obligate it to direct a specific amount of brokerage business to that broker-dealer in return for a soft dollar item. Nonetheless, certain broker-dealers may state in advance the amount of brokerage commissions they require for certain soft dollar items and the applicable cash equivalent. Mackenzie Investments or an affiliate may use soft dollars to acquire soft dollar items that are also available for cash, where appropriate and permissible by law.

When Mackenzie Investments or an affiliate uses client brokerage commissions (or markups or markdowns) to obtain soft dollar benefits, Mackenzie Investments or such affiliate receives a benefit because, except as noted otherwise, Mackenzie Investments or an affiliate generally does not have to produce or pay for the benefits. This creates a potential conflict of interest because Mackenzie Investments or an affiliate may have an incentive to select or recommend a broker-dealer based on the interest in receiving the soft dollar benefits, rather than on the Client's interest in receiving the most favorable execution.

Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended, provides a “safe harbor” which allows an investment adviser to pay for eligible soft dollar items with commission dollars generated by client securities transactions. When an adviser pays more than the lowest available commission in recognition of the receipt of soft dollar items, the adviser is said to be “paying up.” Under SEC interpretations, soft dollars may be used for, among other things, eligible soft dollar items which assist Mackenzie Investments or an affiliate in meeting its Clients’ investment objectives and Mackenzie Investments’ or such affiliate’s relevant responsibilities to its Client Accounts. The receipt of soft dollar items in exchange for soft dollars benefits Mackenzie Investments or its affiliate by, among other things, allowing each, at no cost to it, to supplement its own research, analysis and execution facilities, to receive the views and information of individuals and research staffs at other securities firms and those of issuer personnel and to gain access to persons having special expertise on certain companies, industries, economic areas and market factors. This may relieve Mackenzie Investments or its affiliate of expenses that it might otherwise bear in obtaining the same or comparable items on its own.

***Procedures Mackenzie Investments or an Affiliate uses to Direct Client Transactions to a Broker-Dealer in Return for Soft Dollars***

Consistent with U.S. regulatory requirements and interpretations, Mackenzie Investments or an affiliate generally uses soft dollars generated with respect to trades consistently with the safe harbor. As such, in determining whether to pay up for a relevant execution, Mackenzie Investments or its affiliate evaluates whether the soft dollar item(s) provided by the broker-dealer:

- (i) consist of advice, analyses or reports containing substantive content with respect to appropriate subject matters, as set forth in section 28(e) and related SEC interpretations thereof, or
- (ii) are sufficiently related to the effectuation, clearance or settlement of a transaction and are provided and/or used during the time period commencing when Mackenzie Investments or its affiliate communicates with the relevant broker-dealer for the purpose of transmitting an order for execution and concluding when the funds or securities are delivered or credited to the Account or the accountholder’s agent;
- provide lawful and appropriate assistance in carrying out its relevant responsibilities to Client Accounts; and
- are acquired for an amount of soft dollars that is reasonable in relation to the value of the soft dollar item(s) provided.

These determinations are based primarily on the professional opinions of the persons responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the experience of these individuals in the securities industry and information available to them concerning the level of commissions paid by other investors of comparable size and type. Mackenzie Investments or an affiliate may select broker-dealers based on its assessment of their ability to provide quality execution and its belief that the research, information and other soft dollar items provided by such broker-dealers may benefit Clients. It is often not possible to place, with precision, a dollar value on the quality executions or on the soft dollar items received from broker-dealers effecting transactions in portfolio securities.

Mackenzie Investments or an affiliate may also use soft dollars to pay for a portion of certain “mixed use” items (*i.e.*, items which provide both eligible and non-eligible benefits or encompass multiple functionalities some of which are not eligible for the safe harbor). Although the allocation between soft dollars and cash is not always capable of precise calculation, a good faith effort is made to allocate payment for such items appropriately by paying cash for that portion of the cost of the soft dollar item which is attributable to a use or functionality which is not, itself, eligible under the safe harbor. Records of such allocations and payments are maintained.

With respect to non-U.S. Clients, the Firm’s affiliates may, under certain circumstances, use “soft dollars” in conformity with standards established under relevant local law, which may differ from the U.S. standards described above.

***Clients May Pay Commissions (or Markups or Markdowns) Higher than Those Charged by Other Broker-Dealers in Return For Soft Dollar Benefits***

Accordingly, as discussed above, broker-dealers selected by Mackenzie Investments or an affiliate may be paid commissions for effecting portfolio transactions for Accounts in excess of amounts other broker-dealers may have charged for effecting similar transactions when a determination is made, in good faith, that such amounts are reasonable in relation to the value of the soft dollar items, or superior qualitative executions, provided by those broker-dealers, viewed either in terms of a particular transaction or Mackenzie Investments' overall duty to its discretionary Clients.

***How Soft Dollar Benefits Are Distributed Among Client Accounts***

Soft dollar items, including research, are not always utilized by Mackenzie Investments or an affiliate, in whole or in part, for the specific Account that generated the soft dollars and Mackenzie Investments or such affiliate does not usually attempt to allocate the relative costs or benefits of research or other soft dollar items among Accounts because it believes that, in the aggregate, the soft dollar items it receives benefit Clients by assisting it in fulfilling its overall duty to its Clients. In this connection, it should be noted that the value of many soft dollar items including, particularly, research cannot be measured precisely and commissions paid for such items certainly cannot always be allocated to Clients in direct proportion to the value of the item to each Client. Moreover, because Mackenzie Investments or an affiliate routinely bunches Client transactions, brokerage commissions attributable to one or more Client Accounts may be allocated to brokers who provide soft dollar items (such as statistical data or research) used in managing the Accounts of other Clients, and vice versa. For this reason, it is inevitable (at least in the short term) that commissions paid in one Account will, in effect, subsidize soft dollar items that benefited another Account. Additionally, consistent with the section 28(e) safe harbor, Mackenzie Investments or an affiliate may use soft dollars generated in respect of trades for one type of Account (*e.g.*, equity) to acquire soft dollar items which may benefit other types of Accounts (*e.g.*, fixed income). Soft dollars involving certain Accounts, including Accounts subject to the Employee Retirement Income Security Act of 1974 may be subject to additional restrictions.

In certain circumstances, Mackenzie Investments or an affiliate may receive directives from certain Clients to direct, or make a "best effort" attempt to transact, all or a portion of that Client's brokerage through a Client-designated broker-dealer in consideration for services received solely by that Client from the broker. In such instances, only the Client's own "soft dollars" are used. Unless contrary instructions are provided, in writing, by the Client, primary consideration is still given to seeking best execution of such client-designated transactions.

Mackenzie Investments (or an affiliate) does not enter into arrangements with, or make commitments to, any broker-dealer that would bind it to compensate that broker-dealer, directly or indirectly, for Client referrals through the placement of brokerage transactions with that broker-dealer. Of course, Clients may, as discussed below, limit Mackenzie Investments' or its affiliate's discretion by directing that trades be executed through a particular broker-dealer, including one which may have referred that Client to Mackenzie Investments or the affiliate.

Additionally, Mackenzie Investments or an affiliate may exercise its discretion to execute transactions from broker-dealers that also refer Clients, when the use of such broker-dealer is consistent with a duty to seek best execution and following procedures reasonably designed to ensure that such referrals are *not* a factor in the decision to execute a trade, or a particular amount of trades, through such broker-dealer.

***Client Directed Brokerage Transactions***

While Mackenzie Investments or an affiliate generally selects broker-dealers to execute transactions for Client Accounts, it will accept, in limited instances, direction from Clients as to which broker-dealer is to be used. If a Client wishes to direct the use of a particular broker-dealer, Mackenzie Investments or its affiliate asks that the Client also specify, in writing (i) general types of securities for which a designated firm should be used and (ii) whether the designated firm should be used for all transactions, even though it might be able to obtain a more favorable net price and execution from another broker-dealer in particular transactions.

Clients who, in whole or in part, direct Mackenzie Investments or an affiliate to use a particular broker-dealer to execute transactions for their Account should be aware that, in doing so, they may adversely affect Mackenzie Investments' or such affiliate's ability to, among other things, obtain volume discounts on bunched orders or to obtain best execution by, for example, executing over-the-counter transactions through a market maker.

Additionally, as noted above, transactions for a Client that directs brokerage are generally unable to be combined or "bunched" for execution purposes with orders for the same securities for other Accounts managed by Mackenzie Investments or an affiliate. In these instances, a Client that has directed Mackenzie Investments or such affiliate to use a particular broker-dealer to execute its trades will generally have its trades placed at the end of bunched trading activity for a particular security. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the Client receiving a price that is less favorable than the price obtained by the bunched order. Under these circumstances, the direction by a Client of a particular broker or dealer to execute transactions may result in higher commissions, greater spreads or less favorable net prices or qualitative execution than might be the case if Mackenzie Investments or such affiliate could negotiate commission rates or spreads freely, or select brokers or dealers based on best qualitative execution. Consequently, best price and execution may not be achieved. As a result, directing which brokerage to use may cost Clients more money and reduce performance.

#### ***Trade Allocation or "Bunching" Policies***

Because the size and mandate of Client Accounts often differ, the securities held in such Accounts may not be identical. Mackenzie Investments' or an affiliate's portfolio managers make investment decisions for managed Accounts based on suitability factors and other circumstances which may differ from Account to Account and may result in a particular security being requested for some Accounts and not others. In accordance with the Trade Allocation Policy (the "**Policy**"), portfolio managers seek to allocate suitable transactions among eligible accounts in a manner believed to be equitable to each Account, either with respect to a given transaction or considering all transactions over time.

In appropriate circumstances, any Account managed by Mackenzie Investments or an affiliate may purchase or sell a security prior to other Accounts. This could occur, for example, as a result of the specific investment objectives of an Account, different cash resources arising from contributions or withdrawals or specific, client imposed, restrictions. However, Accounts that are managed in similar styles by the same portfolio manager often have similar or identical portfolio composition and weightings. In other circumstances multiple Accounts may seek to acquire or dispose of the same security for other reasons. For this reason, Mackenzie Investments or an affiliate may seek to acquire or dispose of the same securities for multiple Accounts contemporaneously and may aggregate into a single trade order several contemporaneous Client orders for a single security through Mackenzie Investments' or an affiliate's trading desk and in accordance with the Policy.

The Policy is intended to promote fairness, to mitigate potential conflicts of interest, and to conform to applicable regulatory principles. The Policy strictly forbids any allocation request or allocation decision that favors one account over another based on the self-interest of the Account's portfolio manager or Mackenzie Investments or an affiliate.

Under the Policy, and to the extent consistent with each participating Client's investment advisory agreement, Mackenzie Investments or an affiliate may bunch orders for more than one Account to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution or reducing overall commission charges. Mackenzie Investments or an affiliate seeks to aggregate trade orders in a manner that is consistent with its duty to (1) seek best execution of Client orders; (2) treat all Clients fairly and equitably over time; and (3) not systematically advantage any single Client or group of Clients over time. When a decision is made to aggregate transactions on behalf of more than one Account, such transactions will be allocated to all participating Client Accounts in a fair and equitable manner over time. When such an order is filled in its entirety, each participating Client Account generally participates at the average share price for the aggregated order, and transaction costs are shared *pro rata* based on each Client's participation in the aggregated order. When a bunched order is partially filled, Mackenzie Investments or an affiliate will allocate the order in accordance with the Policy, as described below.

Mackenzie Investments or an affiliate may use *pro rata* allocation when a bunched order cannot be fully executed in a single day. In such cases, the portion of the order filled on a particular day is generally allocated among participating Accounts based on the size of each Account's original order, subject to rounding to achieve "round lots" and Mackenzie Investments' or its affiliate's ability to cancel an order for particular Account(s) if, due to the Account potentially receiving a *de minimis* amount of securities or otherwise, it believes that, as a result of the incomplete fill, the order is no longer appropriate for the relevant Account(s). Mackenzie Investments or an affiliate may apply a minimum order allocation amount, which may vary depending upon the market convention associated with the particular security. Where remaining positions are too small to satisfy the minimum allocation amount, Mackenzie Investments or an affiliate may decide to allocate the remaining shares to those Accounts seeking large positions which remain unfilled or to allocate remaining shares to those Accounts whose order would be completed as a result of the allocation.

Mackenzie Investments or an affiliate may allocate on a basis other than *pro rata* if, under the circumstances, such other method is reasonable, equitable, does not result in improper or undisclosed advantage or disadvantage to a particular Account or group of Accounts and results in fair access, over time, to trading opportunities for all eligible managed Accounts. For example, Mackenzie Investments or an affiliate may identify investment opportunities that are more appropriate for certain Accounts than others and may determine to allocate a partial fill to such Accounts. Factors that may be considered in making allocation decisions include, among others: investment objectives and restrictions; whether the security is currently held; relative size and rate of growth; and cash flow changes (including available cash, redemptions, exchanges, capital additions and capital withdrawals). Other allocation methods that may be used by Mackenzie Investments or an affiliate include random and rotational allocation. Such allocation methods may be particularly appropriate when the transaction size is too limited to be effectively allocated *pro rata* among all eligible Accounts.

Mackenzie Investments or an affiliate generally will not aggregate trades for Clients who have limited Mackenzie Investments' or such affiliate's brokerage discretion with trades for other Accounts. Notwithstanding the foregoing, Mackenzie Investments or its affiliate may attempt, when circumstances permit, to include transactions of Clients who have directed the use of a particular broker-dealer in a bunched order. In such transactions, the executing broker-dealer must agree to transfer that portion of the bunched order relating to Clients who have directed the use of a particular broker-dealer to the specified broker-dealer. If the executing broker-dealer does not agree to make this transfer, the order for the same security on behalf of the directing Clients will be effected through the specified broker-dealer and the cost of the transaction may be greater.

Mackenzie Investments generally includes Clients whose Accounts are managed by Mackenzie Investments in bunched orders for other Clients. However, if an Account is managed by a Mackenzie Investments affiliate of the Firm, then the affiliate orders may be bunched together, however, the affiliate orders will not be bunched with Client bunched orders.



**Review of Accounts**

Mackenzie Investments or an affiliate periodically reviews Accounts. Automated compliance rules aim to ensure that Accounts comply with their applicable investment objective, strategies, investment restrictions and applicable regulatory rules. In addition, all Accounts are reviewed on a periodic basis by the Chief Investment Officer (“CIO”) of Mackenzie Investments or such affiliate and other members of its management team.

For Accounts managed by Mackenzie Investments or an affiliate, each portfolio manager is responsible for ensuring that each Account he or she manages is in compliance with the Account’s investment objectives and strategies and for reviewing the Account’s trading activity, if any. These reviews may include consideration and analysis of: current market activity and conditions; individual issuers; portfolio composition and performance of each Account as well as comparisons across multiple Accounts. Compliance with applicable laws, trading restrictions and investment objectives and policies is monitored by the Compliance Officers on an ongoing basis. In addition to the process noted above, for certain Accounts, a team lead may review portfolios with the portfolio managers on a regular basis.

**Client Reports**

Institutional Clients receive such reports as are agreed upon between the Client and Mackenzie Investments or an affiliate. The nature and frequency of these reports are typically set forth in the relevant investment advisory contract. Mackenzie Investments or an affiliate may make representatives available to discuss investments in a Client’s Account with that Client on a periodic basis.

Investors in Private Funds receive reports as described in the applicable Private Placement Memorandum. Such reports may include quarterly investment commentary and analysis. As required by law, Investors in Private Funds may also be provided Form K-1 for tax purposes. To comply with the Custody Rule, Investors in relevant Private Funds receive annual audit reports, within 120 days following the Private Fund’s fiscal year end.

Mackenzie Investments or an affiliate reports to the board of directors/trustees and the primary adviser with respect to each Sub-Advised Fund on a quarterly basis, or such other basis as may be agreed upon in each sub-advisory agreement or otherwise. The content of such reports is as agreed upon between Mackenzie Investments (or its affiliate) and the relevant Sub-Advised Fund. Mackenzie Investments or an affiliate also maintains contact with each Sub-Advised Fund’s administrative staff regarding its portfolios and transactions.

Clients may also receive custodial statements from their Account’s custodian and transaction reports from executing brokers. For Accounts with respect to which Mackenzie Investments or its affiliate is subject to the Custody Rule as a result of fee billing arrangements or otherwise, Clients generally receive quarterly account statements directly from the Custodian in conformity with the Custody Rule. These statements may be in addition to those provided by Mackenzie Investments or its affiliate. Please see Item 15 for more information on our compliance with the Custody Rule.

In addition to written reports, Mackenzie Investments or an affiliate may also have verbal discussions with Clients regarding their Account.

**Referral Arrangements**

From time to time, Mackenzie Investments or an affiliate may enter into arrangements whereby Mackenzie Investments or such affiliate will engage a solicitor, including an affiliated solicitor, to refer Clients or Investors to Mackenzie Investments or such affiliate. To the extent that Mackenzie Investments or an affiliate pays cash referral fees to such solicitors, the referral agreement and related activities will be in compliance with the terms and conditions of Advisers Act Rule 206(4)-3, to the extent applicable. Rule 206(4)-3 specifies certain standards that must be met by an investment adviser prior to the payment of a cash fee, directly or indirectly, for a solicitation or referral.

Prospective Clients and Investors introduced to Mackenzie Investments or an affiliate by an unaffiliated solicitor are provided with this Brochure and the solicitor's disclosure statement at the time of solicitation. Clients and Investors who are introduced to Mackenzie Investments or an affiliate by an unaffiliated solicitor are required to provide, either directly or through the solicitor, a signed and dated acknowledgement of their receipt of this Brochure and the solicitor's relevant disclosure document prior to, or at the time of, entering into an advisory relationship with Mackenzie Investments or the affiliate. The solicitor's disclosure statement contains important information with respect to, among other things, the material terms of the solicitor's compensation from Mackenzie Investments or an affiliate, the nature of any relationship or affiliation between Mackenzie Investments or an affiliate and the solicitor and whether the Client or Investor bears any costs with respect to the solicitation or whether the fees paid by such a Client or Investor would differ from fees paid by other similarly situated Clients or Investors who are not so introduced, as a result of the solicitation and these solicitor's disclosure statements should be reviewed carefully by Clients and Investors and prospective Clients and prospective Investors. Fees charged by Mackenzie Investments or an affiliate to Clients or paid by Investors in a Private Fund who were introduced by a solicitor will not, as a result of the solicitation, be any higher than those charged to similar Clients or Investors who were not introduced by a solicitor.

As discussed above, the Firm currently provides certain marketing and client intake services to Mackenzie Financial Corporation and IGIM, and may in the future provide such services to other affiliates. Additionally, the Firm may also provide other services in connection with the engagement of Mackenzie Financial Corporation. Certain personnel of the Firm may be compensated for successful referrals. The Firm also provides Client introductions to other investment advisers.

**Custody of Accounts**

Due to certain arrangements, Mackenzie Investments or an affiliate may be deemed to have “custody” of Accounts within the meaning of the Custody Rule because Mackenzie Investments or an affiliate may have access to or authority over Client funds and securities for purposes other than issuing trading instructions. If Mackenzie Investments or an affiliate is deemed to have custody over your Account, your custodian will send you periodic account statements (generally on a quarterly basis) indicating the amounts of any funds or securities in your Account as of the end of the statement period and any transactions in the Account during the statement period. You should review these statements carefully. Additionally, you should contact us immediately if you do not receive account statements from your custodian on at least a quarterly basis. As noted in Item 13, above, Mackenzie Investments or an affiliate may provide you, separately, with reports or account statements providing information about the Account. You should compare these carefully to the account statements you receive from your custodian. If you should discover any discrepancy between the account statements, please contact us immediately.

In addition, where an affiliate of the Firm serves as general partner of one or more Private Funds advised by the Firm, the Firm is deemed to have “custody” in respect of each such Private Fund within the meaning of the Custody Rule. To comply with the Custody Rule, each Investor in such a Private Fund receives audited financial statements within 120 days following the Private Fund’s fiscal year end and (when applicable) upon liquidation of such Private Fund. If you have invested in such a Private Fund and have not received audited financial statements timely, please contact us immediately.

## Item 16 Investment Discretion

Generally, Mackenzie Investments or an affiliate is retained with respect to its Accounts on a discretionary basis and is authorized to make the following determinations in accordance with the Account's specified investment objectives without Client consultation or consent before a transaction is effected:

- which securities to buy or sell;
- the total amount of securities to buy or sell;
- the broker or dealer through which securities are bought or sold;
- the commission rates (or equivalents) at which transactions are effected; and
- the prices at which securities are to be bought or sold, including spreads, mark-ups and other transaction costs.

Mackenzie Investments or an affiliate may, however, accept Accounts with limited discretion or where investments are client-directed pursuant to the management agreement. Clients may enter into client-directed brokerage arrangements requiring Mackenzie Investments or an affiliate to execute certain or all Account transactions through specified broker-dealers selected by the Client.

Moreover, Mackenzie Investments or an affiliate may serve as primary adviser to an Account and engage sub-advisers to exercise discretionary authority on behalf of the Account. In those circumstances Mackenzie Investments or an affiliate may have little or no discretion as to the matters described above. In certain cases, however, third-party sub-advisers to Mackenzie Investments or an affiliate may enter into written agreements pursuant to which trades for Mackenzie Accounts sub-advised by the third-party are executed through Mackenzie Investments' or an affiliate's trading desk. In those circumstances, the policies and procedures with respect to trading apply.

As noted above in Item 4, Clients may impose restrictions on account investments, and such restrictions may include reasonable limits on the types of securities held as well as prohibitions or limitations on particular securities or issuers.

**Proxy Voting Policies and Procedures**

Except to the extent that a Client, by contract or otherwise, explicitly reserves the power to vote proxies to itself or another party, Mackenzie Investments (or an affiliate) will vote proxies with respect to each Account for which it has discretionary management and trading authority.

Mackenzie Investments or an affiliate has written proxy voting policies and procedures as required by relevant local law, including Advisers Act Rule 206(4)-6. Under these policies and procedures, Mackenzie Investments or an affiliate votes proxies relating to portfolio securities in accordance with proxy voting policies and procedures and in the best interests of its Clients, unless the Client has requested, in writing, that alternate procedures (including, but not limited to, a Client's own proxy voting policies and procedures) be applied. Mackenzie Investments or an affiliate considers the "best interests of its Clients" to be the best economic interests over the long term – that is, the common interest that all Clients, as shareholders in the soliciting issuer, share in seeing the value of a common investment increase over time.

The proxy voting policies and procedures vest each Account's portfolio manager with the responsibility for making proxy voting decisions for the Accounts he or she manages and, from time to time, different portfolio managers may come to different conclusions as to the course of action which he or she deems to be in the best interests of Clients. In those circumstances, Mackenzie Investments or an affiliate may vote proxies for one or more Accounts differently than those proxies are voted for other Accounts. Mackenzie Investments or an affiliate also maintains proxy voting guidelines which inform each portfolio manager's decision making with respect to proxy votes, however, managers retain discretion to vote proxies on a case-by-case basis taking into account all relevant circumstances.

Moreover, where a sub-adviser exercises discretion over an Account, that sub-adviser, rather than Mackenzie Investments or an affiliate generally is vested with proxy voting authority for the Account and will vote such proxies in accordance with its own proxy voting policies and procedures, which may differ from Mackenzie Investments' or such affiliate's proxy voting policies and procedures.

In some circumstances, Mackenzie Investments or an affiliate may determine that it is in the Client's best interest to refrain from voting proxies, including, for example, where such securities are subject to legal or contractual restrictions on voting, where requirements with respect to voting render the expense of voting excessive in relation to the value of casting a vote or where voting would subject Accounts to "share blocking" which would prevent Mackenzie Investments or its affiliate from disposing of the security for a specified amount of time surrounding the shareholder meeting.

**Conflicts of Interest**

Circumstances may occur where there is a potential conflict of interest between an Account and Mackenzie Investments or an affiliate with respect to voting the Client's securities. Where an affiliate of a Mackenzie Investments or an affiliate portfolio manager has a conflict or potential conflict, he or she will notify the CIO, and either the Vice-President, Legal ("**VP, Legal**") or the Chief Compliance Officer ("**CCO**"). Should the CIO and either the VP, Legal or the CCO conclude that a conflict exists, the CCO will document the conflict and inform the Fund Services Department.

The Fund Services Department will maintain a Proxy Voting Watch List ("**Watch List**") that includes the names of issuers that may be in conflict and will notify the CIO, and either the VP, Legal or CCO of any meeting circulars and proxies received from an issuer on the Watch List. The CIO and either the VP, Legal or CCO will discuss the voting matter(s) with the Internal Manager and ensure that the proxy voting decision is based on the proxy voting policies and is in the best interests of the Account.

All voting decisions made under this section are documented and filed by the Fund Services Department.

**How to Learn More About the Voting of Proxies**

Clients may obtain a copy of Mackenzie Investments' or an affiliate's proxy voting policies and procedures and/or information on how their securities were voted by contacting the Firm, in writing, at 180 Queen St. West, Suite 1600, Toronto, Ontario M5V 3K1. Mackenzie Investments or an affiliate will not disclose proxy votes for a Client to other Clients or third-parties, unless specifically requested, in writing, by the Client. However, to the extent that Mackenzie Investments or its affiliate serves as a sub-adviser to another adviser on an Account, it will be deemed to be authorized to provide relevant proxy voting records with regard to that adviser.

Item 18 Financial Information

Not applicable.

24670443.1.BUSINESS