

MACKENZIE FINANCIAL CORPORATION

BROCHURE

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This brochure provides information about the qualifications and business practices of Mackenzie Financial Corporation. If you have any questions about the contents of this brochure, please contact us by telephone at 1-800-387-0614 or by email at service@mackenziefinancial.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 Financial Corporation also is available on the SEC's website at www.adviserinfo.sec.gov.

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

Item 2 Material Changes

Not applicable.

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About this Brochure and Mackenzie's Canadian Mutual Funds, Private Funds and Non-U.S. Clients

This Brochure will be provided to U.S. Clients prior to the commencement of Mackenzie's advisory services and offered to such Clients on an annual basis. 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, prior to or in connection with such persons' consideration or execution of an investment in a Private Fund, and may subsequently be provided, in Mackenzie's discretion, annually or upon request. Recipients should be aware that this Brochure is designed solely to provide information relevant to U.S. persons who receive Mackenzie's advisory services directly or through investment in a Private Fund for the purpose of compliance with relevant obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from information provided through a prospectus or other offering document for a Pooled Account. To the extent there is any conflict between this Brochure and any such offering document or other governing document applicable to an Account, the Account-specific documents shall govern.

Moreover, Mackenzie's activities with respect to non-U.S. Clients may differ from those described generally herein and Mackenzie may provide additional or different services to non-U.S. Clients. Mackenzie does not hold itself out to non-U.S. Clients as an SEC-registered adviser nor does it provide this Brochure to non-U.S. Clients. Since Mackenzie does not maintain a place of business within the U.S., it may rely on SEC Staff guidance to apply local governing law, rather than the substantive provisions of the Advisers Act, to its relationships with such non-U.S. Clients to the extent that activities with respect to those relationships do not constitute "conduct" or have "effects" within the U.S.

The Canadian Mutual Funds are not available to residents of the United States and the availability of Private Funds and certain other Accounts, including other types of Pooled Accounts may be limited. Investors and other recipients should be aware that while this Brochure may include information about Mackenzie's activities with respect to such investment vehicles or services provided outside of the U.S., as necessary or appropriate, it should not be considered to represent a complete discussion of the features, risks or conflicts associated with any investment product offered or advised by Mackenzie. Rather, all discussion of the Canadian Mutual Funds and such Accounts contained herein is intended solely to provide recipients a complete understanding of Mackenzie's business, including potential conflicts of interest. It is not intended as an offer, or solicitation of an offer, with respect to any investment nor should it be relied upon in determining to invest. It is also not an offer of, or an agreement to provide advisory services directly to any recipient who is not already a Client.

Glossary:

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

"Account" or **"Client"** means Canadian Mutual Funds, Sub-Advised Funds, Private Funds, separately managed client accounts, closed-end Funds listed on the Toronto Stock Exchange, and certain limited partnerships that offer transferable limited partnership units only in Canada.

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

"Brochure" means Mackenzie's Form ADV Part II, including this Schedule F.

"Canadian Mutual Funds" has the meaning assigned in Item 4.

"Code" means the Mackenzie Code of Business Conduct and Ethics for Directors, Officers and Employees.

"Covered Person" means persons covered by the Code.

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

"Eligible Account" means Accounts that are eligible under FINRA Rule 5130 to participate in profits and losses attributable to new issues.

“Investor” means an interest holder in a Canadian Mutual Fund, Sub-Advised Fund or Private Fund.

“Mackenzie” or “we” or “our” or “us” means Mackenzie Financial Corporation.

“MCIMBL” means Mackenzie Cundill Investment Management (Bermuda) Ltd., a Mackenzie affiliate.

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

“Pooled Accounts” means Canadian Mutual Funds, Sub-Advised Funds and Private Funds.

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

“Proprietary Funds” has the meaning assigned in Item 11.

“Registration Statement”, for Sub-Advised Funds, means a prospectus and SAI; and for Canadian Mutual Funds, means a prospectus and annual information form.

“Resource Limited Partnerships” has the meaning assigned in Item 7.

“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

Mackenzie Financial Corporation was founded in 1967, and is a leading investment management firm providing investment advisory and related services. Mackenzie distributes its services through a diversified network of third-party financial advisors. Mackenzie is a member of the IGM Financial Inc. (TSX: IGM) group of companies. IGM Financial is one of Canada's premier financial services companies.

The following diagram describes the relationship between us and some of our affiliates:



Types of Advisory Services We Offer

We and/or our affiliates provide discretionary investment advisory and management services to the following Clients:

- Canadian mutual funds (the “**Canadian Mutual Funds**”), each of which is distributed under a prospectus in each of the provinces and territories of Canada;
- as sub-adviser to 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);
- closed-end funds listed on the Toronto Stock Exchange;
- certain limited partnerships that offer transferable limited partnership units only in Canada; 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

For the following Clients, we may tailor the advisory services we provide to the individual needs of the Client:

- (1) We manage **separately managed accounts** in accordance with the relevant Client’s investment objectives, strategies, restrictions and guidelines, as communicated to us by the client. Clients may impose restrictions on investing in certain securities or types of securities;
- (2) We manage Canadian Mutual Funds, Sub-Advised Funds and Private Funds 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. We do not manage these funds 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 funds can be found in their relevant registration and/or offering documents. For Sub-Advised Funds, a Registration Statement can be found on the SEC’s EDGAR website. For Canadian Mutual Funds, a Registration Statement can be found on the SEDAR website. For Private Funds, relevant information is available in the Private Placement Memorandum or other offering document as well as the Private Fund’s governing documents, which will be available to current and prospective investors only through Mackenzie or another authorized party.

How Much Client Assets We Manage

As of February 28, 2011, we managed USD \$74,186,516,589.00 in client assets on a discretionary basis. We did not manage any client assets on a non-discretionary basis as of that date.

How We are Compensated for our Advisory Services

Mackenzie 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.

Our Fee Schedule

The below chart provides a general description of the fees we charge to Canadian Mutual Funds, 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 Canadian Mutual Funds, Sub-Advised Funds, and Private Funds, advisory and other fees paid by Investors are described in the applicable registration statement, private placement memorandum or other applicable disclosure and/or governing documents.

Our fees may change over time and, as discussed below, different fee schedules may apply to different types of Clients or advisory arrangements. However, we reserve the right, in our sole discretion, to 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 by Mackenzie in respect of investment advisory services, exclusive of any incentive component, will be 2.5% of assets under management.

In appropriate circumstances, we may waive or reduce all or a portion of the fees we charge to a particular Client or Investor in our sole and absolute discretion. Specifically, we may waive or reduce fees for Accounts held by or on behalf of Mackenzie and its 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. 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 or the manner in which Mackenzie's services are provided.

Account Type	Fee
Canadian Mutual Funds	Currently, the fees paid to Mackenzie may be up to 2.50% of assets under management, <i>per annum</i>
Sub-Advised Funds	Currently, fees paid to Mackenzie 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.

Fees for Certain Accounts May be Negotiable

Except for Canadian Mutual Funds, we may negotiate fees for services with each Client 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 We Collect Fees

Generally, we bill Clients for fees incurred as followed:

- advisory fees for Clients other than Canadian Mutual Funds are accrued monthly and billed either monthly or quarterly in arrears.
- advisory fees for the Canadian Mutual Funds are paid daily.
- fees for Sub-Advised Funds are accrued daily and paid monthly, in arrears.

Invoices for advisory fees are payable upon receipt. We 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

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, 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.

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

As mentioned in Item 5, Mackenzie manages 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.

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).

MCIMBL acts as general partner to certain of the Private Funds. Incentive compensation for Private Funds organized as domestic limited partnerships, limited liability companies, and foreign entities is paid through an annual allocation of profits from each Investor into the capital account of the investment manager or another Mackenzie affiliate at each calendar year's end. Management fees may not be charged with respect to the capital account of MCIMBL or any other Mackenzie affiliate acting as general partner.

The ability to earn incentive compensation may create the potential for conflicts of interest including that Mackenzie may have an incentive to make riskier or more speculative investments for Accounts paying such fees.

Because Mackenzie 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 or its personnel or affiliates have differing personal or proprietary interests,

Mackenzie may have an incentive to favor certain Accounts over others that may be less lucrative. In particular, Mackenzie may have 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.

Mackenzie maintains policies and procedures, including its Code of Ethics (described in Item 11, below) and Trade Allocation Policy, reasonably designed to assure that Mackenzie and its personnel service all Accounts 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 that accounts 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 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 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 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 a Pooled Account 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 Pooled Account than would have been the case absent the discrepancy.

Similarly, existing and continuing Investors may be subject to dilution or accretion. A portion of the assets in which Accounts managed by Mackenzie invest may, at any time or from time to time, be illiquid, thinly traded or otherwise difficult to value.

As a result, we have 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. For listed securities, valuation generally will be based on market prices or reported “bid” and “ask” prices. For other investments, Mackenzie may be required to manually price or “fair value” assets held by, or on behalf of, an Account.

Mackenzie may use a variety of fair value techniques or methodologies and may rely on third-party service providers in seeking to determine, in good faith, the price that an Account might reasonably expect to receive from the current sale of that asset in an arm’s-length transaction, considering such factors as:

- the nature and type of asset,
- the marketplace in which the asset trades,
- the pricing and trading history, if any, of the asset and of similar assets and issuers, and
- the use of valuations based on net assets or discounted cash flows.

Mackenzie’s fair value determinations also may use analytical values determined by Mackenzie or a service provider using quantitative models. These models, as well as any information and/or underlying assumptions utilized will not, always allow Mackenzie to correctly capture the fair value of an asset. Thus, the fair value assigned to an asset may not match the next available and reliable market price or, in retrospect, have been the price at which that asset could have been sold during the period in which the particular fair values were being used in determining an Account’s value for performance, fee calculation or net asset value purposes.

Types of Clients

We generally provide investment advice to:

- Investment companies
- Other pooled investment vehicles
- Banks or thrift institutions
- High Net Worth Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above and
- Private Funds (which may include entities listed above), as described below
- Certain Resource Limited Partnerships and certain closed-ended investment funds, each of which is organized under Ontario law

Minimum Initial Investments

Separately managed accounts, may require a minimum initial market value of \$10 million, depending upon their 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 to \$2 million. MCIMBL, as general partner of a Private Fund, in its sole discretion, may require the maintenance of a minimum capital account size in the event of a partial withdrawal from a Private Fund and may require an Investor to redeem all or part of its interest in a Private Fund.

Canadian Mutual Funds and 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 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

Private Funds

We provide investment advisory services to Private Funds that may be organized within the U.S. ("**Onshore Funds**") as limited partnerships, limited liability companies, or as trusts.

We expect the Private Funds to qualify for exemption from the definition of "investment company" under the 1940 Act under either Section 3(c)(1) ("**3(c)(1) Funds**") or Section 3(c)(7) ("**3(c)(7) Funds**"). Compliance with these exceptions (and other applicable law) requires the Private Funds to restrict the classes of persons who may invest. Each Private Fund is offered on a private placement basis to "U.S. Persons," as defined by Regulation S under the Securities Act of 1933 ("1933 Act").

For 3(c)(1) Funds:

- Interest in 3(c)(1) Funds generally may be offered only to (i) U.S. Persons who are "**accredited investors**", as defined in Regulation D ("Reg D") under the 1933 Act, although, with respect to U.S. Persons, up to 35 persons who are not accredited investors may be allowed to invest, consistent with Rule 506 of Reg D and (ii) non-U.S. Persons.

- Where the fee structure of a 3(c)(1) Fund includes an incentive allocation, each Investor (except those for whom the incentive allocation is waived) must also be a “qualified client” as defined in Rule 205-3 under the Advisers Act.

For 3(c)(7) Funds:

- Interest in 3(c)(7) Funds generally may be offered only to (i) U.S. Persons who are both “**accredited investors**”, as described above, and “**qualified purchasers**” as defined by 1940 Act Section 2(a)(51) and (ii) non-U.S. Persons.

We also offer investment advisory services to Canadian Mutual Funds and to Private Funds that are not generally available to U.S. Persons.

Investors in Private Funds may also be subject to 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 and its affiliates, as well as personnel of Mackenzie 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.

Resource Limited Partnerships and Closed-Ended Investment Funds

In addition to the Private Funds, we provide advisory services to certain Resource Limited Partnerships and certain closed-ended investment funds, each of which is organized under Ontario law.

The Resource Limited Partnerships, which issue transferable limited partnership units, generally invest primarily in flow-through shares of resource issuers (oil and gas related businesses and, to a lesser extent, mining).

U.S. Persons may not invest in the Resource Limited Partnerships, closed-end investment funds or other similar vehicles that may be advised by Mackenzie.

Mackenzie may have other requirements for opening or maintaining an account, which would be listed in the offering document or account agreement.

Our Investment Strategies

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.

The following is a description of the *significant* investment strategies we use for our U.S. Clients, and the *material* risks involved in the strategies (note, all of these strategies have *company risk*, *foreign currency risk*, and *foreign markets risk*). The risks are defined further below. We may employ different strategies for our non-U.S. Clients.

The investment strategy	Its material risks
<p><u>Canadian all-cap value equity</u></p> <p>This strategy seeks to provide long-term capital growth with due regard to capital preservation by investing primarily in a well-diversified portfolio of Canadian value equities.</p> <p>This strategy generally holds a portfolio of large, medium and small cap Canadian equity securities, with between 35 to 60 securities.</p> <p>A value investment style is employed and stocks are purchased at a discount to their assessed fair market value.</p> <p>Sector weightings are not intended to mimic the index, resulting in a strategy that intends to have a relatively low correlation to the Canadian stock market.</p>	<p><i>Commodity risk</i> <i>Small company risk</i></p>
<p><u>Canadian fixed income</u></p> <p>This strategy seeks to provide capital preservation and income production with capital appreciation as a secondary consideration.</p> <p>Investments are in a variety of Canadian bonds including federal, provincial, municipal, corporate and asset-backed bonds with short, medium and long terms of maturity. There is a general emphasis on short-term to mid-term (1 to 10 years) investment grade corporate bonds. This focus is built on two principles: that corporate bonds will tend to outperform government bonds over time, and that the consistency of the outperformance improves as terms decrease.</p>	<p><i>Credit risk</i> <i>Interest rate risk</i> <i>Prepayment risk</i></p>
<p><u>Canadian balanced</u></p> <p>This strategy seeks to provide long-term capital growth and interest income by investing primarily in a well-diversified, balanced portfolio of Canadian equities, fixed income and money market securities.</p> <p>The equity portion of this strategy invests in small, medium, and large cap equities, including stocks and income trusts. The fixed income portion invests in high-quality government and corporate bonds.</p> <p>The strategy does not intend for the sector weightings to mimic the index, which results in a strategy that intends to have a relatively low correlation to the Canadian stock market.</p> <p>For the equity portion of the strategy, a value investment style is employed and stocks are purchased at a discount to their assessed fair market value. The equity portion of the strategy can fluctuate but has been between 65% to 70%, emphasizing historically stronger performing equities while limiting volatility</p>	<p><i>Commodity risk</i> <i>Credit risk</i> <i>Interest rate risk</i> <i>Prepayment risk</i> <i>Small company risk</i></p>

<p>with the conservative value nature of stock selection.</p> <p>The fixed income portion of the strategy employs a blend of top-down and bottom-up management styles, with a focus on risk reduction. With a diversified portfolio of investment grade bonds, the strategy seeks out the best value from the broad universe of fixed income investments.</p>	
<p><u>Canadian small cap</u></p> <p>This strategy seeks to provide significant long-term capital growth by investing primarily in a well-diversified portfolio of smaller Canadian companies with below average market capitalization.</p> <p>The strategy holds a diversified portfolio of small capitalization Canadian equity securities; generally holds between 50 to 80 securities; and is well-diversified in terms of industry sectors and the number of companies.</p> <p>Sector weightings are not intended to mimic the index, resulting in a strategy that intends to have a relatively low correlation to the Canadian stock market.</p> <p>A value investment style is employed and stocks are purchased at a discount to their assessed fair market value.</p>	<p><i>Commodity risk</i> <i>Illiquidity risk</i> <i>Small company risk</i></p>
<p><u>Recovery</u></p> <p>This strategy seeks to achieve long-term capital growth by primarily investing in equity securities, on a worldwide basis, in companies which are recently underperforming companies in turnaround situations and companies with low credit ratings.</p> <p>The strategy uses a deep value approach, and selects global companies in the process of recovery. “Recovery” might involve reorganization, emergence from bankruptcy, change in ownership, or otherwise coming out of crisis.</p> <p>The strategy is unrestricted geographically, although holdings tend to be biased toward smaller companies worldwide, which can include distressed debt issues. Cash reserves may be accumulated if sufficient bargains cannot be identified, and currencies may be hedged where it is reasonable and economical to do so.</p>	<p><i>Credit risk</i> <i>Derivatives risk</i> <i>Emerging markets risk</i> <i>Illiquidity risk</i> <i>Small company risk</i></p>
<p><u>Global</u></p> <p>This strategy’s focus is to preserve capital. It seeks to invest in undervalued stocks of companies operating across diversified sectors, and invests primarily in equity markets across the globe. It may also invest in bonds and other asset classes, typically with market capitalization of over \$5 billion.</p> <p>The strategy may hedge currency risk, may accumulate cash reserves if sufficient bargains cannot be identified, and does not seek to track a benchmark.</p> <p>A value investment style is employed and stocks are purchased at a discount to their assessed fair market value.</p>	<p><i>Credit risk</i> <i>Derivatives risk</i> <i>Emerging markets risk</i> <i>Interest rate risk</i> <i>Prepayment risk</i></p>
<p><u>Specialty Natural Resources</u></p> <p>The Sub-Advised Funds managed by Mackenzie are specialty natural resources funds.</p> <p>The investment approach consists of security selection and macroeconomic</p>	<p><i>Precious metals risk</i> <i>Commodity risk</i></p>

and industry analysis. For individual security selection, the portfolio manager maintains models for hundreds of companies worldwide in sectors including integrated energy, chemicals, steel, forest products, base and precious metals, coal and uranium, and agricultural commodities.	
The portfolio manager also creates complex macroeconomic models to prepare an outlook for economic and market conditions.	

Commodity risk: An Account may invest in commodities or in companies engaged in commodity-focused industries and may obtain exposure to commodities using derivatives. 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 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 value of equity securities generally tend to change more frequently and vary more widely than fixed income securities.

Credit risk: An issuer of a bond or other fixed income investment 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.

Derivatives risk: Some 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 fund 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 (“counterparty”) to the derivative 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.

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 a mutual fund'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.

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.

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 the 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.

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 if the securities have sale restrictions, if the securities do not trade through normal market facilities, if there is limited demand for the securities, if markets are or become volatile, or for other reasons. Illiquid securities are more difficult to sell and an Account may be forced to accept a discounted price.

Interest rate risk: 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.

Precious metal risk: Precious metal prices are affected by supply and demand and global economic conditions. The value of a company's securities in the Account's portfolio therefore could decline regardless of the company's own financial results.

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.

Small company risk: An Account may make investments in equities and sometimes fixed income securities issued by small capitalization companies. These investments are generally riskier than investments in larger companies for several reasons. Small 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 securities in the marketplace at a price deemed fair by sellers.

Our methods of analysis

We 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 we may use include:

- **Temporary investment in short-term market instruments:** In certain Accounts, although the composition of the portfolios managed by the investment managers will not be governed by consideration of income, there may be times when, in the investment managers' judgement, 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:** In certain cases, an Account may purchase the securities of mutual funds as a means of following the techniques and strategies followed and instruments used in their portfolios.

Item 9 Disciplinary Information

Not applicable.

Item 10 Other Financial Industry Activities and Affiliations

Other Registrations

Mackenzie is registered as a commodity trading manager in Canada.

Other Financial Industry Activities and Affiliations

Mackenzie 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, Mackenzie is affiliated with a number of entities that are engaged in financial industry-related activities. The following are those related entities with which Mackenzie maintains arrangements that are material to Mackenzie's advisory business or its Clients.

Other Investment Advisers

Certain Accounts are managed using advice provided by Mackenzie Cundill Investment Management (Bermuda) Ltd., ("MCIMBL"), which is an affiliated adviser that is not registered in the U.S. Pursuant to a Memorandum of Understanding ("MOU") between Mackenzie and MCIMBL, designated personnel of MCIMBL may serve as investment professionals who are involved in (or have access to) investment advice to be used for or on behalf of Mackenzie's U.S. clients, including certain Sub-Advised Funds as well as Private Funds advised by Mackenzie.

Pursuant to the MOU, MCIMBL is a "Participating Affiliate" of Mackenzie 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 may employ affiliated sub-advisers to provide investment sub-advisory services to certain Canadian Mutual Funds and/or other Accounts. Currently, GLC Asset Management Group Ltd., a Mackenzie-affiliate that is registered with the appropriate Canadian regulatory authority, provides such services.

Banking or Thrift Institutions

M.R.S. Trust Company, a wholly-owned subsidiary of Mackenzie, acts as trustee to Mackenzie's registered plans and is also a portfolio administrator to a Mackenzie Mutual Fund.

Insurance Company or Agency

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

Material Conflicts of Interest between Mackenzie and Related Parties

To avoid a conflict of interest with respect to investment in securities issued by a related party named above, Mackenzie has 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, our 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 advises numerous Client Accounts. Mackenzie may give advice and take action with respect to any Accounts it manages, or for its 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 by Mackenzie on behalf of other Accounts.

Mackenzie (or a related person) may:

- recommend to clients securities in which Mackenzie (or a related person) has a material financial interest;
- recommend securities to clients at the same time that Mackenzie (or a related person) buys or sells the same securities for its own (or the related person's own) account; and/or
- invest in the same securities that Mackenzie (or a related person) recommends to clients.

Mackenzie is not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling any security that Mackenzie, its affiliates or their respective supervised and access persons may buy or sell for its or their own account or for any other Account Mackenzie manages. Mackenzie is also not obligated to refrain from investing in securities held in the Accounts that it manages, except to the extent that such investments violate policies and procedures applicable to or adopted by Mackenzie (including the Mackenzie Business Conduct and Ethics for Directors, Officers and Employees, described below). Additionally, Mackenzie personnel may invest in Canadian Mutual Funds, Sub-Advised Funds or Private Funds which, in turn, may invest in securities held in other discretionary Accounts managed by Mackenzie.

The buy or sell programs of Mackenzie and its personnel may extend over a period of months and securities may be held for long-term investment. From time to time, officers and employees of Mackenzie may have interests in securities held by or recommended to Clients.

As these situations may involve potential conflicts of interest, Mackenzie has 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 Mackenzie's Code, are intended to avoid conflicts of interest with Clients and to resolve such conflicts appropriately, if they do occur. Any person covered by the Code of Ethics (each a "**Covered Person**") who fails to observe the Code and other relevant compliance policies risks serious sanctions, including dismissal and personal liability.

Our 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 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's 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's legal department. Covered Persons are also expected to report to the compliance department any violations of the Code which come to their attention.

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

The Code sets forth Covered Persons' obligations when dealing in covered securities for their own accounts. The rules set out in the Code include:

- Subject to certain exceptions, Covered Persons must seek pre-approval for personal securities transactions, including private placements and limited offerings. As a general matter, no such clearance will be granted if there has been trading in the securities of the relevant issuer in Accounts on the current or prior trading

day.

- With respect to portfolio managers, this blackout period is extended to five days for trading in any Account managed by that portfolio manager.
- Mackenzie also has policies which prohibit short-term trading in the Canadian Mutual Funds, other than money market funds.
- To the extent that a Covered Person has an ownership interest in securities of an issuer which is being considered for investment in any Account, the investment decision will be subject to independent review by an unconflicted person within Mackenzie.
- The Code prohibits Covered Persons from acquiring shares in an initial public offering.

The Code includes various requirements designed to ensure that personal trading activity is reported to relevant personnel within Mackenzie:

- Covered Persons are required to submit initial and, except in certain circumstances where such information duplicates information provided directly to Mackenzie by a Covered Person's brokers, annual holdings reports with respect to covered securities held in any personal brokerage accounts.
- Covered Persons must instruct their brokers to provide to Mackenzie duplicate account statements and trade confirmation with respect to covered securities and accounts.
- Mackenzie's Compliance Department reviews these reports on a periodic basis and may request additional information from Covered Persons in order to assure proper administration of the Code's personal trading rules.
- Except as required by law, Covered Persons and the compliance department are required to keep confidential any reports or requests made to or lodged with the compliance department pursuant to the Code.

Mackenzie's 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.

Treatment of Private Funds under the Code

At inception, a Private Fund may consist almost entirely of proprietary assets and/or personal investments made by Covered Persons. Investments for such Private Funds may be subject to the Code's restrictions on personal securities transactions until such time as the value of the proprietary interests and personal interests owned by access persons constitute, in the aggregate, less than 25% of the value of the total beneficial interests issued by the Private Fund. Private Funds which are subject to these restrictions are referred to herein as "**Proprietary Funds**".

Transactions for the Proprietary Fund in securities which are being purchased for other Clients may wait behind such other Clients' transactions, unless:

- (i) the securities being purchased are available in sufficient quantity to satisfy all other Clients' Accounts or the securities being sold can be sold simultaneously for all Accounts, without material adverse impact on the value of the securities, or
- (ii) executing all such transactions concurrently is otherwise consistent with Mackenzie's relevant policies and procedures and applicable law. Certain Proprietary Funds may remain subject to these restrictions indefinitely. Investors in a Proprietary Fund should be aware that these restrictions may adversely affect the Proprietary Fund's investment performance.

Currently, none of the Private Funds is considered to be a Proprietary Fund.

Insider Trading Policies

Mackenzie 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, its affiliates, Accounts which offer publicly traded securities, or other issuers. Under applicable law, Mackenzie and its 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 has adopted policies and procedures to prevent the misuse of Inside Information by Mackenzie and its officers, directors and employees which are designed to comply with applicable law including, but not limited to, Section 204A of the Advisers Act and relevant provisions of the Securities Act (Ontario):

- With respect to personal interests in Accounts which offer traded securities, Mackenzie imposes blackout periods surrounding releases of financial information to assure public dissemination of relevant information.
- Mackenzie places any company with respect to which it is aware that a Covered Person has Inside Information on a restricted list and trading in securities of that company is prohibited until the company is removed from the restricted list until public disclosure of the Inside Information has been made.
- Mackenzie's portfolio managers are generally prohibited from acting as directors of public companies.
- Covered Persons are required to submit information about their securities activities to Mackenzie's compliance department.

Restricted Lists

To assist Mackenzie in compliance with the Code and Inside Information policies, Mackenzie maintains a restricted list. The restricted list includes companies for which Mackenzie's or a Covered Person's freedom of action with respect to investment decisions is properly limited because, among other things:

- (1) Mackenzie's investment personnel are in possession of Inside Information;
- (2) Mackenzie's or its managed Accounts have or are approaching a "substantial ownership interest" (defined as 20% or more of voting rights on an aggregate basis);
- (3) Mackenzie is engaged in a significant investment program with respect to securities of such companies;
- (4) Mackenzie or a Mackenzie officer or director owns more than 10% of the companies outstanding shares; or
- (5) other regulatory restrictions preclude investment by the Accounts.

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 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.

For example, one Account may buy a security and another Account may subsequently establish a short position in that same security or with respect to another security of that issuer. The subsequent short sale may result in a decrease in the price of the security which the first Account holds. Conversely, an Account may establish a short position in a security and another may subsequently buy that same security. The subsequent purchase may result in an increase of the price of the underlying position in the short sale exposure to the first Account's detriment.

On the other hand, potential conflicts may also arise because portfolio decisions effected for one Account may result

in a benefit to other Accounts. For example, the sale of a long position or establishment of a short position for an Account may decrease the price of the same security sold short by (and therefore benefit) another Account, and the purchase of a security or covering of a short position in a security for one Account may increase the price of the same security held by (and therefore benefit) other Accounts. These effects may be particularly pronounced in less liquid strategies.

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. For example, an Account may acquire a loan, loan participation or a loan assignment of a particular borrower or fixed income, convertible or preferred securities of an issuer in which one or more other Accounts have an equity (or other more junior) investment. In negotiating the terms and conditions of any such investments, or any subsequent amendments or waivers, Mackenzie may find that its own interests, the interests of certain Accounts and/or the interests of other Accounts could conflict. If an issuer in which different Accounts hold different classes of securities (or other assets, instruments or obligations issued by such issuer) encounters financial problems, decisions over the terms of any workout will raise conflicts of interests (including, for example, conflicts over proposed waivers and amendments to debt covenants). For example, a debt holder may be better served by a liquidation of the issuer in which it may be paid in full, whereas an equity holder might prefer a reorganization that holds the potential to create value for the equity holders.

Mackenzie 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. For example, one Account may hold the debt securities of an issuer which has become financially impaired, and another may hold the equity securities of the same issuer. 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 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 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 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.

Mackenzie faces a potential conflict of interest when:

- (i) 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
- (ii) Mackenzie and its personnel have differential interests in such Accounts (i.e., expose Mackenzie or its related persons to differing potential for gain or loss through differential ownership interests or compensation structures), because Mackenzie 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 places, or allocates the results of, securities transactions that Mackenzie believes could more likely result in favorable performance, engages in cross trades or executes potentially conflicting or competing investments.

To mitigate these conflicts, Mackenzie's 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 Mackenzie's (or such personnel's) pecuniary, investment or other financial interests.

How We Select Broker-Dealers for Client Transactions

Investment and brokerage decisions for Accounts, to the extent such discretion has been granted to Mackenzie, are made by Mackenzie's portfolio managers and traders. In placing brokerage transactions for Accounts with respect to which Mackenzie has been granted trading discretion, Mackenzie seeks 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 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 the broker-dealer's response thereto; conflicts of interest; commission rates and execution costs. Mackenzie's 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 Mackenzie's policies with respect to its exercise of investment and brokerage discretion on behalf of its Accounts.

Selection Criteria for Trade Execution

Mackenzie 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, Mackenzie seeks to obtain best price and execution from responsible broker-dealers at competitive commission rates (or equivalents). Mackenzie insists on a high standard of quality regarding execution services and deals only with broker-dealers that can meet that standard. Commissions paid by Mackenzie are reviewed on a regular basis. Mackenzie also places value on broker-dealers who are able to provide useful research and brokerage assistance and may consider whether Mackenzie maintains a soft dollar arrangement with the broker-dealer.

Mackenzie's 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 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:

- Mackenzie's 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 Mackenzie's 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;

- Mackenzie's 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's satisfaction;
- the broker-dealer's ability to accommodate Mackenzie'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 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 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 may execute over-the-counter trades on an agency basis rather than directly through a market maker. In these situations, the broker used by Mackenzie 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. Mackenzie uses a broker in these instances 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 may also use an ECN or ATS to effect over-the-counter trades when, in Mackenzie's judgment, the use of an ECN or ATS may result in equally or more favorable overall execution quality for the transaction. Mackenzie 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 may utilize "cross-trading," consistent with applicable law. When cross-trading, Mackenzie is generally required to execute through a brokerage firm and/or exchange or registered dealer, as internal cross-trades are considered to be principal transactions under Canadian law. When executing a cross-trade, Mackenzie will value the traded securities 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 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 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 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 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.

Certain exchanges and markets in or through which Mackenzie invests may be highly regulated. Accounts investing

through such markets may be adversely affected by regulations relating to the acquisition and sale of shares, which may limit Mackenzie's effective level of discretion or influence the manner, price or cost of transactions. Legal or regulatory restrictions or reporting requirements related to certain types of investments or investment thresholds may limit Mackenzie's freedom of action or may have an adverse effect on the price or liquidity of a holding. For example, when regulations limit or require reporting of transactions or holdings when certain thresholds (which may apply in the aggregate across all Accounts managed by Mackenzie or its affiliates) are met, the ability of any Account to purchase or sell an investment, exercise rights (including voting rights) or engage in other related transactions may be restricted or impaired or may require that Mackenzie disclose such Accounts' interests in the relevant investment or issuer, which may adversely affect price or liquidity. In such cases, Mackenzie may, in its discretion, limit additional purchases, dispose of existing holdings or refrain from exercising certain rights, as it deems appropriate.

Commission Rates or Equivalents Policy

Mackenzie 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 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 to Mackenzie may be selected to execute Account transactions. Where Mackenzie believes that, over time, a particular broker-dealer has consistently and materially engaged in activity that is not in the best interest of Mackenzie's Clients, Mackenzie's chief investment officer may determine to restrict or prohibit future execution of transactions through that broker-dealer.

Mackenzie may set ranges for commission rates and negotiate with broker-dealers, when appropriate. However, Mackenzie will not select broker-dealers 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 generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. Mackenzie believes 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 utilizes several different broker dealers and favours those whose research services, execution abilities or other legitimate and appropriate services are particularly helpful to Mackenzie in seeking favorable investment results for Clients. As part of this determination, Mackenzie recognizes 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 Mackenzie's view, the reasonableness of commissions is based on market conditions and Mackenzie's opinion of the broker's ability to provide professional services, competitive commission rates, useful research and other permissible services which will help Mackenzie in providing investment advisory services to its Clients. Recognizing the value of these factors, Mackenzie 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 regularly evaluates the placement of brokerage and the reasonableness of commissions paid. In this connection, Mackenzie 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 Mackenzie's 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.

Mackenzie Considers “Soft Dollar” Benefits in Allocating Brokerage

In allocating brokerage, and consistent with Mackenzie’s policies and procedures, Mackenzie 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 may direct brokerage transactions for Client Accounts to broker-dealers who provide Mackenzie 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 acquired the following types of products and services from broker-dealers within the last fiscal year:

- industry and company analysis
- economic, technical and commodity data
- statistical data pertaining to capital markets
- rating agency credit analysis
- equity research
- trade-order management system

Mackenzie may use soft dollars to acquire either type of research, however, Mackenzie will not enter into any agreement or understanding with a broker-dealer that would obligate Mackenzie 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 may use soft dollars to acquire soft dollar items that are also available for cash, where appropriate and permissible by law.

When we use client brokerage commissions (or markups or markdowns) to obtain soft dollar benefits, we receive a benefit because, except as noted otherwise, we generally do not have to produce or pay for the benefits. This creates a potential conflict of interest because we may have an incentive to select or recommend a broker-dealer based on our interest in receiving the soft dollar benefits, rather than on our client’s interest in receiving the most favorable execution.

Under relevant U.S. law, 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 recent SEC interpretations, soft dollars may be used for, among other things, eligible soft dollar items which assist Mackenzie in meeting its Clients’ investment objectives and Mackenzie’s relevant responsibilities to its Client Accounts. The receipt of soft dollar items in exchange for soft dollars benefits Mackenzie by, among other things, allowing Mackenzie, 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 of expenses that it might otherwise bear in obtaining the same or comparable items on its own.

Procedures we use to Direct Client Transactions to a Broker-Dealer in Return for Soft Dollars

Consistent with U.S. regulatory requirements and interpretations, Mackenzie uses soft dollars generated with respect to trades for its U.S. Clients consistently with the safe harbor. As such, in determining whether to pay up for a relevant execution, Mackenzie 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 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 to Mackenzie 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 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 Mackenzie receives from broker-dealers effecting transactions in portfolio securities.

Mackenzie 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, Mackenzie makes a good faith effort 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 Mackenzie's non-U.S. Clients, Mackenzie may 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 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 Mackenzie determines, 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's 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, in whole or in part, for the specific Account that generated the soft dollars and Mackenzie 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 Mackenzie 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 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 by Mackenzie 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 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).

In certain circumstances, Mackenzie 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 does not enter into arrangements with, or make commitments to, any broker-dealer that would bind Mackenzie 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’s discretion by directing Mackenzie to execute trades through a particular broker-dealer, including one which may have referred that Client to Mackenzie.

Additionally, Mackenzie may exercise its discretion to execute transactions from broker-dealers that also refer Clients, when the use of such broker-dealer is consistent with Mackenzie’s 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 generally selects broker-dealers to execute transactions for Client Accounts, Mackenzie 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 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 Mackenzie 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 to use a particular broker-dealer to execute transactions for their Account should be aware that, in doing so, they may adversely affect Mackenzie’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. In these instances, a Client that has directed Mackenzie 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 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.

Mackenzie’s Trade Allocation or “Bunching” Policy

Because the size and mandate of Client Accounts often differ, the securities held in such Accounts may not be identical. Mackenzie’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 Mackenzie’s 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 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 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'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.

Under the Policy, and to the extent consistent with each participating Client's investment advisory agreement, Mackenzie may bunch orders for more than one managed Account to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution or reducing overall commission charges. Mackenzie 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. 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 will allocate the order in accordance with the Policy, as described below.

Mackenzie 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'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, Mackenzie believes that, as a result of the incomplete fill, the order is no longer appropriate for the relevant Account(s). Mackenzie 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 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 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 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 which Mackenzie may consider 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 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 generally will not aggregate trades for Clients who have limited Mackenzie's brokerage discretion with trades for other Accounts. Notwithstanding the foregoing, Mackenzie 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 generally includes Clients whose Accounts are managed by Mackenzie in bunched orders for other Mackenzie Clients. However, if an Account is managed by a Mackenzie affiliate, then the affiliate orders may be bunched together, however, the affiliate orders will not be bunched with Mackenzie Client bunched orders.

Allocation of “New Issues”

Mackenzie generally makes allocations of new issues among Eligible Accounts consistently with its general trade allocation policies, described above. To the extent that Mackenzie may invest Accounts in “new issues,” as defined in relevant rules established by the Financial Industry Regulatory Authority (“**FINRA**”) such investments will be allocated fairly and consistently with FINRA Rule 5130 (formerly, NASD Rule 2790), which provides that certain “Restricted Persons,” as defined by that Rule and including, among others: broker-dealers and their personnel, owners and affiliates; finders and fiduciaries; and portfolio managers; and certain family members thereof, may be restricted in their ability to participate in new issues. Only Accounts that are eligible under Rule 5130 to participate in profits and losses attributable to new issues (“**Eligible Accounts**”) will be permitted to receive allocations of new issues. However, Mackenzie may consider, when allocating new issues, any relevant tax implications for the Client Account and the extent that the Account’s custodian is capable of executing same day trades in new issues.

Private Funds and other Pooled Accounts (except for Sub-Advised Funds) may be unable to participate in new issues if more than a certain percentage of the beneficial interests are held by Investors that are, themselves, Restricted Persons, unless the Account is subject to processes which prohibit Restricted Person Investors from participating in profits or losses attributable to new issues. In order to ensure that such Accounts may remain Eligible Accounts to receive new issues, Mackenzie may take appropriate action to ensure compliance with Rule 5130 by, for example, prohibiting or limiting investment in a Private Fund or other Pooled Account by Restricted Person Investors or, with respect to Private Funds, creating multiple class structures pursuant to which a certain class (or classes) may be issued only to Restricted Persons while another class (or classes) will exclude Restricted Persons.

Investments in IPOs or similar issuances in non-U.S. markets are not subject to Rule 5130 but may be subject to similar or additional limitations. Subject to local regulatory requirements or market considerations, such investments are allocated consistently with the Policy (as described above). In some jurisdictions, significant restrictions apply to investments in IPOs and to an investor’s exit from an investment through an IPO. These restrictions may include lock-in of pre-issuance share capital of unlisted companies and securities issued on a firm allotment basis, as well as pricing restrictions on private placements by listed companies, each of which may limit Mackenzie’s freedom of action with respect to such investments. Where, under local rules or conventions, IPOs are allocated *pro rata* among all accounts of any person expressing an interest, Mackenzie may enter indications of interest on either an Account-by-Account or an aggregate basis and may allocate the resulting fill among participating Accounts in accordance with the Policy, which will not necessarily result in each Account receiving a *pro rata* share when, in Mackenzie’s discretion (subject to the Policy) an alternate means of allocation is determined to be appropriate and in the best interest of participating Accounts.

As noted above, the Code prohibits Covered Persons from investing in initial public offerings, including new issues.

Review of Client Accounts

Mackenzie periodically reviews client Accounts.

For Accounts managed by Mackenzie, 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 Mackenzie's 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. The nature and frequency of these reports are typically set forth in the relevant investment advisory contract. Mackenzie 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 receive annual audit reports, within 120 days following the Private Fund's fiscal year end.

Mackenzie 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 and the relevant Sub-Advised Fund. Mackenzie also maintains contact with each Sub-Advised Fund's administrative staff regarding its portfolios and transactions.

Mackenzie may rely on information provided by affiliates or third parties in preparing reports and a third party may assist in preparing or distributing reports. To the extent reports include or rely on information from a source other than Mackenzie (e.g., benchmark information when a report includes a comparison of an Account's performance to one or more benchmark indices), Mackenzie attempts to obtain such information from reliable sources, however the accuracy of such information cannot be guaranteed. Reports may also include or rely upon fair valuation determinations made by Mackenzie or a third party. While such valuations are made in good faith, as described above, their actual or empirical accuracy cannot be guaranteed.

Clients may also receive custodial statements from their Account's custodian and transaction reports from executing brokers. For Accounts with respect to which Mackenzie 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. Please see Item 15 for more information on our compliance with the Custody Rule.

In addition to written reports, Mackenzie may also have verbal discussions with portfolio managers regarding their Account.

Item 14 Client Referrals and Other Compensation

Referral Arrangements

From time to time, Mackenzie may enter into arrangements whereby Mackenzie will engage a solicitor to refer Clients or Investors to Mackenzie. To the extent that Mackenzie 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. Solicitors are generally third-party, independent contractors of Mackenzie and are not authorized to provide investment advice to any Client, Investor or prospect on Mackenzie's behalf.

Prospective Clients and Investors introduced to Mackenzie by a 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 by a solicitor are required to provide Mackenzie, 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. The solicitor's disclosure statement contains important information with respect to, among other things, the material terms of the solicitor's compensation from Mackenzie, the nature of any relationship or affiliation between Mackenzie 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. In this connection, Mackenzie notes that it currently employs only third-party, unaffiliated solicitors which have no relationship with Mackenzie, apart from the solicitation arrangement. Fees charged by Mackenzie 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.

Mackenzie currently maintains arrangements with Collin / Bay Island Securities and Silver Leaf Partners, LLC, which is an independent contractor, pursuant to which the referring party is or will be compensated for referring Clients or Investors to Mackenzie. The amount of the compensation paid for referrals varies based on the level of services provided by the referring party and may include either fixed fees, retainer fees, fees based upon the total amount of the assets referred and ultimately managed by Mackenzie, or a combination of such fees. In some cases, the solicitation fees may differ depending on the type of Account solicited, may decline over time or may be subject to certain breakpoints based on the size of the referred Client's Account or Investor's or investment. The payment term for referral fees may vary. Referral fees are generally calculated and paid quarterly, although fees paid to solicitors working on a fixed fee or retainer basis may be paid more frequently.

Item 15 Custody

Custody of Client Accounts

An affiliate of Mackenzie serves as general partner of one of the Private Funds, Mackenzie is only deemed to have “custody” in respect of that Private Fund within the meaning of the Custody Rule because it is able to deduct fees directly from the Private Fund. To comply with Custody Rule, each Investor in the Private Fund receives audited financial statements within 120 days following the Private Fund’s fiscal year end. If you have invested in the Private Fund and have not received audited financial statements timely, please contact us immediately.

Item 16 Investment Discretion

Generally, Mackenzie 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;
- the prices at which securities are to be bought or sold, including spreads, mark-ups and other transaction costs.

Mackenzie 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 to execute certain or all Account transactions through specified broker-dealers selected by the Client.

Moreover, Mackenzie 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 may have little or no discretion as to the matters described above. In certain cases, however, third-party sub-advisers to Mackenzie may enter into written agreements pursuant to which trades for Mackenzie Accounts sub-advised by the third-party are executed through Mackenzie's trading desk. In those circumstances, Mackenzie's 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.

Mackenzie's 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 will vote proxies with respect to each Account for which it has discretionary management and trading authority.

Mackenzie 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 votes proxies relating to portfolio securities in accordance with the Mackenzie 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 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.

Mackenzie's 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 a different conclusion as to the course of action which he or she deems to be in the best interests of Mackenzie's clients. In those circumstances, Mackenzie may vote proxies for one or more Accounts differently than those proxies are voted for other Accounts. Mackenzie 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 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's proxy voting policies and procedures.

In some circumstances, Mackenzie 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 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 with respect to voting the Client's securities. Where a Mackenzie portfolio manager has a conflict or potential conflict, he or she will notify Mackenzie's Chief Investment Officer ("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 Mackenzie's 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 Mackenzie's 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 Mackenzie's Voting of Proxies

Clients may obtain a copy of Mackenzie's proxy voting policies and procedures and/or information on how their securities were voted by contacting Mackenzie, in writing at 180 Queen St. West, Suite 1600, Toronto, Ontario M5V 3K1. Mackenzie 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 serves as a sub-adviser to another adviser on an Account, Mackenzie will be deemed to be authorized to provide relevant proxy voting records with regard to that adviser.

Item 18 Financial Information

Not applicable.