

## The New Investment Reality

### (Mackenzie Multi-Asset Strategies Team) webcast summary

**Product key message:** Downside protection and diversification are key to the next decade – features of the Mackenzie ETF Portfolios and the Mackenzie Monthly Income Portfolios

- Markets are expected to be more volatile in 2022 and equity returns are forecasted to be lower over the next decade
- Mackenzie’s Multi-Asset Strategies Team has decades of institutional experience and brings with them their portfolio management best practices
- Mackenzie ETF Portfolios and Mackenzie Monthly Income Portfolios offer investors institutional quality asset allocation capabilities to meet a variety of risk tolerances at a competitive price point

#### Webcast summary

Every year, the Mackenzie Multi-Asset Strategies Team’s Todd Mattina, Senior Vice President, Chief Economist, and Nelson Arruda, Senior Vice President, produce [The Orange Book](#). It contains analysis on long-term expected asset class returns, asset allocation recommendations and an assessment of macroeconomic risks. These insights are published for clients and are reflected in the team’s portfolio management process.

#### Key points

##### Economic outlook

- Global markets are off to a mixed start in 2022, but we have a constructive view towards risk assets over the next decade
- We anticipate higher inflation that will ease by the end of 2022
  - Government budget deficits are expected to shrink, slowing demand-driven economic growth and cooling labour markets
  - Capital markets are pricing in more rate hikes than previously expected to combat inflation
- We see two key risk scenarios which could be driven by central bank policy and coronavirus variants:
  1. Inflation breakout risk;
  2. Global growth slowdown.
- Downside protection and asset diversification are keys to meeting investor expectations

## Market outlook

- We expect more volatility across asset classes in 2022
- Lower expected equity returns than historic average, as rich equity valuations limit expected returns
- We expect US and Canadian markets to grow more slowly than emerging markets, while global developed (EAFE) markets growth will land between the two
- Emerging markets are starting the year with cheaper valuations and are positioned to benefit from strong global demand in a broadening economic expansion

## Currency Outlook

- Bullish outlook on CAD/USD in the mid- to long-term (5-10 years)
  - Attractive fundamentals (trade, commodities) should result in higher capital inflows to Canada
  - The Bank of Canada's single mandate of inflation control provides flexibility for more aggressive rate tightening

## Why Mackenzie ETF Portfolios?

- Suite of five portfolios managed by the Multi-Asset Strategies Team, with asset allocations aimed to meet various investor risk tolerances and return expectations
- Diversified, with a focus on managing total portfolio risk and return to avoid overlap and overconcentration
- Active approach to asset allocation, currency management and underlying security selection, through Mackenzie's actively managed equity and fixed income offerings
- Combine passive and actively managed instruments for efficient beta exposure and alpha generation
- Recommended core holding in a core-satellite portfolio

## Why Mackenzie Monthly Income Portfolios?

- Suite of three portfolios managed by the Multi-Asset Strategies Team, with asset allocations to meet various investor risk tolerances and return expectations
- Aims to provide investors with a 4% fixed rate monthly distribution
- Globally diversified portfolios, designed to provide:
  - Downside risk mitigation, through equity options, currency management and defensive allocations
  - Consistent cash flow, with top decile yield generation that strikes the delicate balance between yield and risk

- Long-term capital growth potential, to counter investor longevity risk
- Recommended for investors seeking income and capital growth

## Q&A

### **1. How have the Mackenzie Monthly Income Portfolios approached previous market drawdowns?**

We've remained consistent in our objective of providing investors downside protection since the inceptions of the Mackenzie Monthly Income Portfolios. [Please see our investor brochure](#) for more information on our tools to mitigate downside risk.

### **2. What can I pair with ETF portfolios if my clients are concerned about high inflation?**

- Consider pairing Mackenzie ETF Portfolios with an equity fund that has commodities exposure, such as the Mackenzie Global Resources Fund.
- You may also consider a fixed income fund that aims to tactically manage duration and have global exposure, such as the Mackenzie Unconstrained Bond Fund.

### **3. The Mackenzie Monthly Income Funds have a 4% payout, but a lower yield than some other funds. Why is that?**

- We aim to strike a diligent balance between risk and yield generation. Drawdown protection is our primary objective and supports investment goals.

### **4. What makes Mackenzie ETF Portfolios different than funds of ETF competitors?**

- Our portfolios aim to benefit from multiple return drivers (asset allocation, currency management, security selection) from portfolios of passive and actively managed funds. We apply a strategic and tactical allocation via active management, and our advanced research and risk management capabilities are led by an experienced team.

### **5. Where can I find a copy of the Mackenzie Orange Book?**

- You can [download the Mackenzie Orange book here](#).

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