



Modeling Mackenzie's Fixed Income Funds



MACKENZIE
Investments

Rethink fixed income investing.

Understanding how to manage duration, credit risk and correlation when allocating fixed-income securities is more important than ever. The current environment has left bond yields thin and investors contemplating the role of fixed-income holdings in a portfolio at a time of seemingly “return-free risk.” Simply reaching for yield, by allocating to higher yielding securities, risks exposing a portfolio to credit risk and raising its correlation to equity holdings.

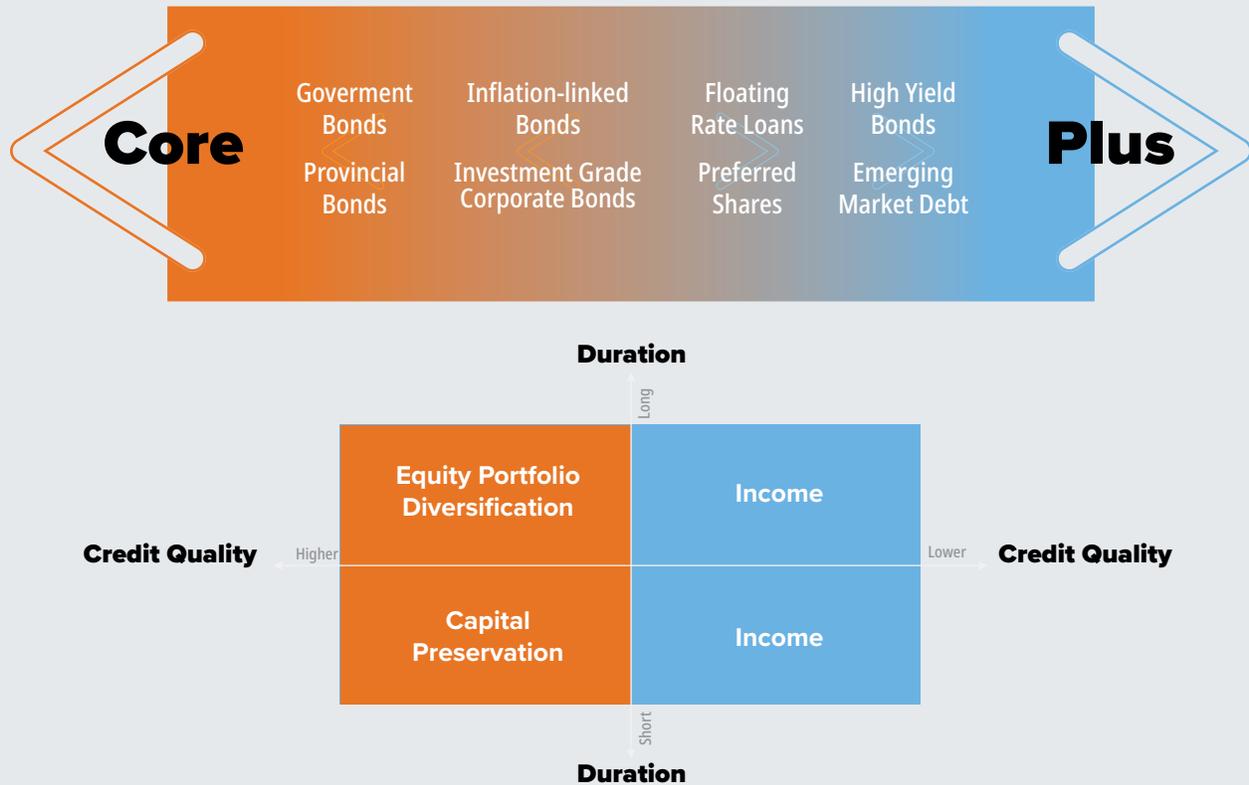
Monetary policy normalisation by central banks has shown investors that rising rates require duration management to help mitigate the risk to holdings.

[It's time for a re-think on fixed income.](#)

Rethinking how and why various fixed income assets are combined in a portfolio can help maximize its risk and return characteristics.

It's all about the right combination

Fixed-income investments exist along a spectrum of principal loss and corresponding yields. There are several sub-asset classes that exhibit different volatilities and return patterns, and that therefore play very different roles within the portfolio.



Defining specific objectives for a fixed-income portfolio often requires prioritizing among income generation, equity market diversification and capital preservation. Higher quality, longer-term bonds could provide the best diversification to equity holdings. However, they are the most sensitive to changes in interest rates. Shorter-term, high-quality bonds offer better relative capital preservation potential, but generally fall short of investor income needs in the current environment.

Fixed income portfolios can be assembled, striking the desired balance between credit and interest rate risk, to create exposures designed to deliver on the primary objective while optimizing the others. Fixed Income models can help guide investors when constructing portfolios based on more specific risk and return objectives.

Mackenzie's fixed income models*

Mackenzie Investments has created three models as examples of how Mackenzie Mutual Funds and/or Mackenzie ETFs could be used within portfolios for different objectives, risk profiles and time horizons. Mackenzie's Fixed Income Models can help guide investors when they assess their risk and return objectives. Consider three models that allocate to various fixed income sub-asset classes, based on a desired outcome.

These models use Mackenzie mutual funds (also available in ETFs) to demonstrate how different combinations could reduce overall volatility while attempting to enhance total return potential over a market cycle. Our models are based on generally-accepted investment principles and take a broad approach to time horizons and risk tolerances.

	Low Duration	Optimized Core Bond	Enhanced Yield
Investor's Objective	Designed to target a lower level of duration than in conventional core fixed income products for investors whose objectives might include lower levels of volatility or a preference for capital preservation.	Designed for investors seeking to largely preserve the role of conventional core fixed-income holdings in terms of lowering correlation to equity holdings while still offering the potential for a moderate level of income.	Designed for investors seeking a higher level of income over a market cycle while attempting to preserve some of the diversification benefits of conventional fixed income portfolios.
Model's Objective	Intended to maintain an average portfolio duration below that of the index over a market cycle, differentiating returns in periods of rising rates or market stress.	Intended to approximate the return of the FTSE Canada Bond Universe Index with a lower level of volatility.	Intended to deliver a higher level of income with lower levels of volatility than conventional higher-yielding investments.
Allocation Range			
	<ul style="list-style-type: none"> Mackenzie Strategic Bond Fund Mackenzie Investment Grade Floating Rate Fund 	<ul style="list-style-type: none"> Mackenzie Canadian Short Term Income Fund Mackenzie Floating Rate Income Fund 	<ul style="list-style-type: none"> Mackenzie Unconstrained Fixed Income Fund Mackenzie Global Tactical Bond Fund
Sample Allocation			
Characteristics**	Yield (%): 4.1 Duration (years): 2.6 Weighted average credit rating: A-	Yield (%): 3.1 Duration (years): 5.9 Weighted average credit rating: A	Yield (%): 4.3 Duration (years): 3.3 Weighted average credit rating: BBB+

*The Mackenzie Fixed Income Model Portfolios are made available to investment advisors for illustrative purposes only. These models demonstrate potential ways in which Mackenzie Mutual Funds and/or Mackenzie ETFs could be used to create investment portfolios for different objectives, risk profiles and time horizons. These models do not constitute investment recommendations or a solicitation to buy or sell Mackenzie Mutual Funds and/or Mackenzie ETFs. The information provided is not investment advice and is not customized to the individual circumstances of any particular investor. These model portfolios may be adjusted from time to time without notice. Mackenzie Investments shall not be liable to any person for the quality, accuracy or completeness of these model portfolios. Investors cannot invest directly in a Mackenzie Fixed Income Model Portfolios as these models are not offered by Mackenzie Investments as stand-alone investment options. Should an investor choose to adopt an investment approach similar to a model portfolio, it will require multiple trades to purchase the individual mutual fund(s)/ETF(s).

** as of September 30, 2019.

That's **better** together

To build each model, a range of possible allocations to various Mackenzie Fixed Income Funds / ETFs was developed by combining various fixed income sub asset classes with historically dissimilar returns while being mindful of current market conditions. This process seeks to optimize the risk-return potential of the three models.

Fixed Income Asset Class	Mackenzie Fixed Income solutions
Canadian Fixed Income	Mackenzie Canadian Short Term Income Fund Mackenzie Canadian Short Term Fixed Income ETF (ticker: MCSB) Mackenzie Strategic Bond Fund Mackenzie Core Plus Canadian Fixed Income ETF (ticker: MKB)
Floating Rate Income	Mackenzie Floating Rate Income Fund Mackenzie Investment Grade Floating Rate Fund Mackenzie Floating Rate Income ETF (ticker: MFT)
Global Fixed Income	Mackenzie Global Tactical Bond Fund Mackenzie Core Plus Global Fixed Income ETF (ticker: MGB)
High Yield	Mackenzie Unconstrained Fixed Income Fund Mackenzie Unconstrained Bond ETF (ticker: MUB)

*Holdings between mutual funds and ETFs with similar mandates have been, and may continue to be dissimilar. This fact could result in different risk and return profiles over time between a mutual fund and an ETF with a similar mandate.

Portfolio managers



Steve Locke, MBA, CFA
Senior Vice President, Portfolio Manager, Head of Team
Mackenzie Fixed Income Team
Investment experience since 1995



Felix Wong, MBA, CFA
Vice President, Portfolio Manager
Mackenzie Fixed Income Team
Investment experience since 1998



Movin Mokbel, MBA, CFA
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Konstantin Boehmer, MBA
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Investment experience since 2003



Dustin Reid, MBA
Vice President, Chief Fixed Income Strategist
Mackenzie Fixed Income Team
Investment experience since 1997



Dan Cooper, CFA
Vice President, Portfolio Manager
Mackenzie Fixed Income Team
Investment experience since 2003



Caroline Chan, MBA, CFA
Vice President, Portfolio Manager
Mackenzie Fixed Income Team
Investment experience since 2002

**Speak to a Mackenzie
Sales Representative to
learn more about our
fixed income funds.**

That's **better** together

Commissions, management fees, and expenses all may be associated with mutual fund and exchange traded fund investments. Please read the prospectus before investing which contains investment objectives, strategies, risks, fees, expenses, and other important information. Mutual funds and ETFs are not guaranteed, their values change frequently, and past performance may not be repeated
Standard deviation provides a measure of the volatility of returns that have occurred relative to the average return. The higher the standard deviation, the greater the range of returns that have been experienced. Standard deviation is commonly used as a measure of risk.



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