MACKENZIE DIVERSIFIED ALTERNATIVES FUND

Series F | Monthly commentary | April 2021

MACKENZIE Investments

INVESTMENT STRATEGY & HIGHLIGHTS

The Fund seeks long-term capital appreciation and income by investing in a diversified portfolio of alternative asset classes, including non-traditional equities and fixed income, real estate, infrastructure, private equity, currencies, commodities, derivatives, and/or other asset classes of issuers located anywhere in the world. The Fund is designed to complement a traditional global balanced portfolio by providing additional diversification and potentially enhanced risk-adjusted returns.

FUND SNAPSHOT

As of April 30, 2021

Inception	October 27, 2015
AUM	$414,438,711
Management Fee	0.70%
MER	1.12%
Performance Fee	None
Redemption Notice	None
Min. Investment	$500
NAVPU	$10.83

RISK TOLERANCE

Low Moderate High

PORTFOLIO INFORMATION

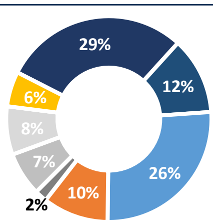
As of March 31, 2021*

Portfolio Yield	3.7
Dividend Yield	2.9
Fixed Income Yield	7.3
Duration	5.3
Average Credit Quality	BB-

*Reported with a one-month lag

ASSET ALLOCATION & TOP SUB-ASSET CLASSES

As of April 30, 2021



Non-traditional Fixed Income	29.2%
Bank Loans	6.7%
Special Situations Credit	6.5%
Non-traditional Equity	12.1%
Emerging-Market Equity	6.2%
Special Situations Equity	1.9%
Real Estate	26.3%
Operating REITs	14.9%
Private Real Estate	7.1%
Infrastructure	1.9%
U.S. Infrastructure	1.9%
Private Equity	10.4%
Listed PE / BDCs	10.4%
Commodities	6.9%
Gold	6.9%
Currencies	7.6%
Alternative Strategies	5.5%

PERFORMANCE - Monthly Performance Net of Fees (Series F)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	SI (Ann.)
2021	-0.3%	0.4%	0.4%	1.8%									2.3%	4.5%
2020	1.8%	-3.8%	-12.1%	4.8%	1.6%	0.8%	4.1%	0.1%	-0.9%	-0.6%	2.8%	2.4%	0.0%	
2019	2.9%	1.5%	1.3%	1.1%	-1.6%	1.3%	0.6%	-0.1%	0.1%	0.3%	0.6%	0.6%	8.9%	
2018	0.7%	-0.3%	0.7%	-0.7%	1.1%	0.3%	0.3%	0.7%	-1.0%	-2.8%	1.4%	-2.0%	-1.7%	
2017	0.1%	2.7%	1.0%	2.7%	-0.1%	-2.2%	-0.4%	0.2%	0.6%	2.0%	0.6%	-0.2%	7.1%	
2016	-0.9%	-1.0%	1.7%	-0.2%	1.7%	1.3%	3.3%	0.4%	0.5%	-0.4%	-0.7%	1.7%	7.6%	
2015											0.5%	1.3%	1.8%	

RISK STATS (ANNUALIZED) – SINCE INCEPTION**

	Return	Std Dev	Sharpe Ratio	Down Capture
Mackenzie Diversified Alternatives	4.5%	7.6%	0.3	73%
Reference Portfolio*	7.9%	8.5%	0.6	100%
Global Neutral Balanced Category Median	5.5%	7.7%	0.3	82%

*60% MSCI World + 40% BofAML Global Broad Market (CAD Hedged) **Inception: Oct 27, 2015

Fund Summary

In April, MDAF returned +1.8% after Series F fees vs. +1.6% for the blended benchmark and +1.3% for the global neutral balanced category.

Government bonds stabilized in April after suffering one of their worst quarters on record. As of April month-end, both Canadian and US 10-year government bonds were yielding close to 1.6%.

It was a productive month for equity markets, and real estate led the way in terms of sectors in the United States. Emerging markets were in the green but generally underperformed the developed market index. After putting in a very strong first quarter, small-caps also came in behind their large-cap counterparts.

The broad rally in commodities resumed in April. Copper breached $10,000 a ton and hit a new all-time high, passing the previous record established in 2011. Agricultural commodities also participated as corn and wheat both hit eight-year highs. Precious metals also joined in the rally with Gold up roughly 3% in USD terms on the month.

The USD experienced another month of weakness, losing -2.2% in CAD terms. Since the USD peaked in CAD terms in Q1 2020, it has declined by roughly -15%.

Top contributors to MDAF performance in the month included operating REITs (+4.8%), listed private equity and business development companies (+4.7%), gold (+2.0%), EM debt (+1.2%), and floating-rate loans (+0.5%) – (all in CAD terms).

Portfolio Positioning

The portfolio remains positioned to participate in the global economic rebound and the re-opening of the real economy. We see significant upside potential in real estate, which was shunned by the market in 2020, continues to present good relative value, and we believe is more geared to a successful vaccine deployment that other sectors of the market. Our real estate portfolio remains tilted to the US who we expect will continue to lead in terms of vaccinations per capita and re-opening policy.

Gold remains one of our primary risk management tools, and one we expect could perform well for the fund should real interest rates deteriorate in the face of rising inflation.

Our fixed income portfolio is positioned to outperform traditional bonds in the event interest rates continue to climb. We have considerable exposure to floating-rate loans which we expect could outperform high-yield bonds over the near term, and our private debt strategy carries a duration of only 45-60 days.

We also recently trimmed our EM debt allocation in favor of more business-development-company exposure, an asset class we expect will outperform in 2021.

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MACKENZIE Investments

MANAGER BIO

Manager Since Oct 27, 2015

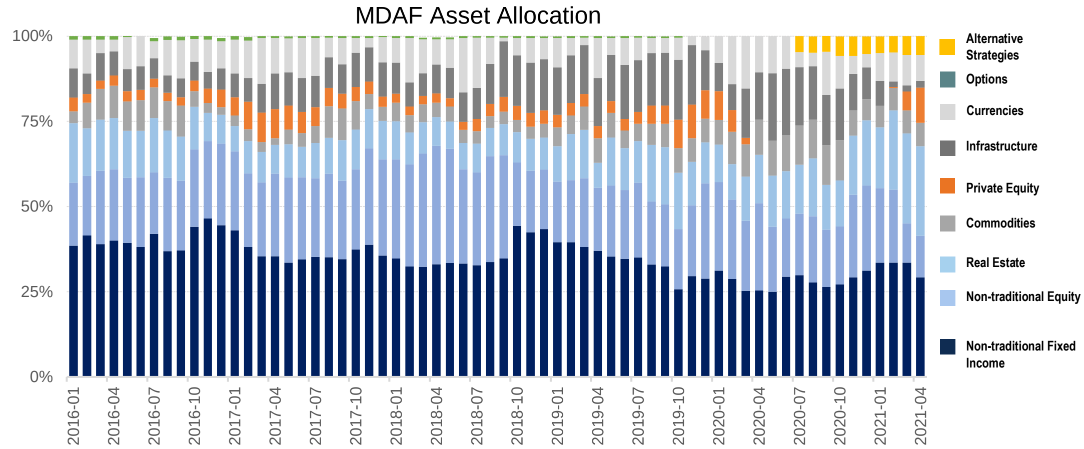
Matthew Cardillo, CFA

Vice President, senior portfolio manager on Mackenzie's Multi-Asset Strategies team. Matthew manages Mackenzie mutual funds, conducts investment research, and develops new investment products for the firm.

FUND CODES

SERIES C$	PREFIX	FE	BE	LL1	LL2
A	MFC	4855	4856	7251	4857
F	MFC	4859	–	–	–
T5	MFC	4864	4855	7252	4866

Additional fund series available at mackenzieinvestments.com/fundcode



Themes for the future: Business Development Companies (BDCs)

BDCs are investment companies, regulated by the SEC, that trade on the public exchanges in the United States, and provide debt and equity financing to small- and medium-size companies. Like REITs, BDCs are required to distribute 90% of their taxable income to shareholders as ordinary dividends and are therefore often sought out for the elevated yields they offer investors. The BDC vehicle was created in 1980 by the US government to provide the private markets with an additional source of financing to help stimulate growth and job creation. Today there are 47 publicly traded BDCs with a combined market cap of $49 billion (according to Forbes and Closed-End Fund Advisors). These are often managed by well known private market investors such as Ares Capital, KKR, Apollo, and Oaktree.

BDCs offer a liquid and transparent way to participate in the financing of small- to medium-size companies (an exposure typically reserved for accredited investors via private equity or private debt funds). Although they can be volatile investments, they are a means to participate in private market value creation. We expect that as the real economy regains its footing (supported by an accommodative monetary backdrop) private market deal activity will continue to increase, as will small- and medium-sized business performance and valuations.

Another very important feature that BDCs have—which is crucial for the current macroeconomic backdrop—is that they often lend at variable (floating) interest rates. All of these features add up to an exciting asset class, in our opinion, for 2021.

Reference: https://www.forbes.com/advisor/investing/business-development-company/

Alternative assets' correlations with *traditional balanced portfolio (Since Oct 2015)

Asset Class	Sub-Asset Class	Correlation
Non-Traditional Fixed Income	Stressed Credit	0.5
	Structured Products	-0.2
	Emerging Market Debt	0.4
	High Yield Debt	0.5
	Real Return Bonds	-0.1
Non-Traditional Equity	Micro-Cap Equity	0.7
	Preferred Equity	0.5
Real Estate	Equity REITs	0.6
	Mortgage REITs	0.6
Private Equity	Listed Private Equity	0.9
Infrastructure	Global Infrastructure Equity	0.8
Commodity	Precious Metals	-0.2
Currencies	Currencies	-0.2

Source: Monthly data from Morningstar
**Traditional balanced portfolio: 60% MSCI World + 40% BofAML Global Broad Market (CAD Hedged)*