

Annual Management Report of Fund Performance

For the Year Ended March 31, 2020

This Annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You may obtain a copy of the annual financial statements, at no cost, by contacting us using one of the methods noted under Fund Formation and Series Information or by visiting the SEDAR website at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure. For more information, please refer to the Fund's Simplified Prospectus, Annual Information Form and Fund Facts, which may also be obtained, at no cost, using any of the methods outlined above.

For the Fund's current net asset values per security and for more recent information on general market events, please visit our website.

A NOTE ON FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements that reflect our current expectations or forecasts of future events. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", "preliminary", "typical" and other similar expressions. In addition, these statements may relate to future corporate actions, future financial performance of a fund or a security and their future investment strategies and prospects. Forward-looking statements are inherently subject to, among other things, risks, uncertainties and assumptions that could cause actual events, results, performance or prospects to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and assumptions include, without limitation, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, the volatility of global equity and capital markets, business competition, technological change, changes in government regulations, changes in securities laws and regulations, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events and the ability of Mackenzie to attract or retain key employees. The foregoing list of important risks, uncertainties and assumptions is not exhaustive. Please consider these and other factors carefully and do not place undue reliance on forward-looking statements.

The forward-looking information contained in this report is current only as of the date of this report. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.



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Management Discussion of Fund Performance

July 13, 2020

This Management Discussion of Fund Performance presents the portfolio management team's view on the significant factors and developments during the year ended March 31, 2020 (the "period"), that have affected the Fund's performance and outlook. If the Fund was established during the period, "period" represents the period from inception to the end of the fiscal period. For information on the Fund's longer-term performance, as applicable, please refer to the *Past Performance* section of the report. In this report, "Mackenzie" refers to Mackenzie Financial Corporation, the manager of the Fund. In addition, net asset value ("NAV") refers to the value of the Fund as calculated for transaction purposes, on which the discussion of Fund performance is based.

The Fund is closed to retail sales.

Investment Objective and Strategies

The Fund seeks income and long-term capital growth by investing primarily in fixed income and/or income-oriented equities issued anywhere in the world, although it currently invests primarily in North America either directly or through securities of other mutual funds. It currently invests all its assets in Mackenzie Strategic Income Fund (the "Underlying Fund"). Depending on economic conditions and relative valuations by the Fund's portfolio managers, the Fund will generally invest 30% to 70% of its assets in each of equity and fixed income securities, but may invest up to 100% of its assets in either asset class.

Risk

The risks of the Fund remain as discussed in the Fund's most recent Simplified Prospectus.

The Fund is suitable for medium-term investors looking for an income-oriented global balanced fund to hold as part of their portfolio, who can handle the volatility of stock and bond markets, and who have a low to medium tolerance for risk.

Results of Operations

Investment Performance

The performance of the Fund's Series A, Quadrus Series, and Series LB securities is discussed below. The performance of all series is shown in the *Past Performance* section of the report. Where series returns differ, it is primarily because different levels of fees and expenses were charged to each series, or because securities of a series were not issued and outstanding for the entire reporting period. Please refer to the *Fund Formation and Series Information* section of this report for the varying management and administration fees payable by each series.

During the period, the Fund's Series A and Quadrus Series securities returned -6.4%, and Series LB securities returned -6.5% (after deducting fees and expenses paid by the series). This compares with a return of -4.9% for a blended index composed of a 50% weighting in the Fund's broad-based index, the S&P/TSX Composite Index (returned -14.2%), and a 50% weighting in the FTSE Canada Universe Bond Index (returned 4.5%). All index and series returns are calculated on a total return basis

in Canadian dollar terms. Investors cannot invest in an index without incurring fees, expenses and commissions, which are not reflected in the index returns.

Global equity markets, including Canada's, rallied strongly into February despite weakening economic data, then fell sharply in March in response to the worldwide health measures put into place to mitigate the impact of the COVID-19 pandemic. Crude oil prices declined markedly in response to global production increases and lower demand due to the pandemic. In March, the Bank of Canada made emergency policy rate cuts, as did the U.S. Federal Reserve after three earlier reductions of the federal funds rate. Government bond prices rose as yields declined over the period, while corporate bond prices fell. A weaker Canadian dollar late in the period boosted returns for Canadian investors.

Within the S&P/TSX Composite Index, information technology, utilities and communication services were the strongest sectors, while health care, energy and consumer discretionary were the weakest.

The Fund outperformed the broad-based index, with the Underlying Fund's allocation to fixed income, which outperformed equities, contributing to performance. The Underlying Fund's equity portfolio contributed to performance relative to both the broad-based index and the blended index. Given the Fund's mandate, the return of the blended index is a more meaningful comparison.

The Fund underperformed the blended index, with the Underlying Fund's fixed income portfolio detracting from performance.

Within the equity portion of the Underlying Fund, stock selection in the health care sector contributed to performance, as did holdings in the United States. Conversely, stock selection in the information technology sector detracted from performance, as did stock selection in Canada.

Within the fixed income portion of the Underlying Fund, holdings in term loans and high-yield bonds detracted from performance, while security selection within federal bonds contributed.

The Underlying Fund's exposure to selected foreign currencies was partially hedged. Hedging detracted from absolute performance primarily as the U.S. dollar appreciated relative to the Canadian dollar.

Over the period, the Underlying Fund's exposure to fixed income increased as exposure to foreign government bonds was introduced in response to the relatively weak performance of equity markets.

Net Assets

The Fund's NAV declined by 23.4% to \$163.9 million at March 31, 2020, from \$214.1 million at March 31, 2019. This change was composed primarily of \$10.0 million in net losses (after including dividend and interest income) from investment performance, after deducting fees and expenses, \$38.2 million in net redemptions, and \$2.0 million in cash distributions.

Fees and Expenses

The management expense ratios ("MERs") for Series A of 2.26% and for Series LB of 2.37% during the year ended March 31, 2020, were unchanged from the MERs for the year ended March 31, 2019. The MER for Quadrus Series of 2.27% during the year ended March 31, 2020, was slightly lower



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than the MER of 2.28% for the year ended March 31, 2019. The MERs (before and after waivers or absorptions, if any) for all series are presented in the *Financial Highlights* section of this report.

Recent Developments

Governments worldwide have enacted emergency measures to combat the spread of the COVID-19 virus in the last several months. These measures have caused significant volatility and weakness in global equity markets and material disruption to businesses globally, resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic on businesses and markets, and the extent of economic relief measures provided by governments and central banks, are unknown at the reporting date and it is therefore not possible to reliably estimate the impact on the financial results and position of the Fund in future periods.

As the COVID-19 pandemic reached all corners of the world, the stimulus provided by governments and central banks was designed not only to soften the economic impact but also to improve financial market liquidity. In this challenging period, the Canadian equity portfolio management team of the Underlying Fund has continued to evaluate a wide range of potential outcomes and to adjust the portfolio accordingly.

The global equity portfolio management team of the Underlying Fund believes that, given its long-term time horizon and focus on high-quality companies, the portfolio may benefit from market volatility. The team will look to take advantage of any volatility as it occurs by purchasing undervalued holdings in companies that have a positive long-term outlook in the team's view, based on ongoing research or the portfolio's previously held positions.

The fixed income portfolio management team of the Underlying Fund believes developed economies such as Canada and the United States will likely take time to recover from the massive consumption decrease stemming from the COVID-19 crisis, while many small and medium-sized businesses may not succeed, making security selection key. The team expects that an environment of lower yields and steeper yield curves (where yields on long-term bonds are significantly higher than yields on short-term bonds) may offer opportunities. In the team's view, the risk-reward outlook for corporate bonds is becoming more attractive, particularly for short-term bonds.

Related Party Transactions

The following arrangements result in fees paid by the Fund to Mackenzie or to companies affiliated with the Fund.

Management and Administration Services

For each applicable series, the Fund paid management fees and administration fees to Mackenzie at the annual rates specified under *Fund Formation and Series Information* in this report and as more fully described in the Prospectus. In return for the administration fees, Mackenzie pays all costs and expenses (other than certain specified fund costs) required to operate the Fund that are not included in management fees. See also *Management Fees*.

Other Related Party Transactions

The Fund did not rely on an approval, positive recommendation or standing instruction from the Mackenzie Funds' Independent Review Committee with respect to a related party transaction because it did not engage in any related party transactions.

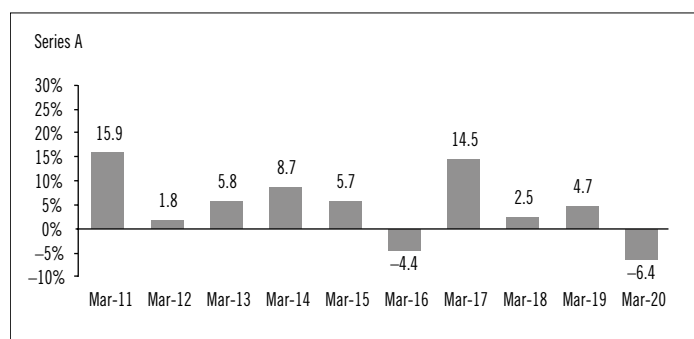
Past Performance

The Fund's past performance information is presented in the following charts and table. It assumes all distributions made by the Fund in the periods presented are reinvested in additional securities of the relevant series of the Fund. The charts and table do not take into account sales, redemption, distribution or optional charges, or income taxes payable by any investor that would have reduced returns. The past performance of the Fund is not necessarily an indication of how it will perform in the future.

If you hold this Fund outside of a registered plan, income and capital gains distributions paid to you increase your income for tax purposes whether paid to you in cash or reinvested in additional securities of the Fund. The amount of reinvested taxable distributions is added to the adjusted cost base of the securities that you own. This would decrease your capital gain or increase your capital loss when you later redeem from the Fund, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation.

Year-by-Year Returns

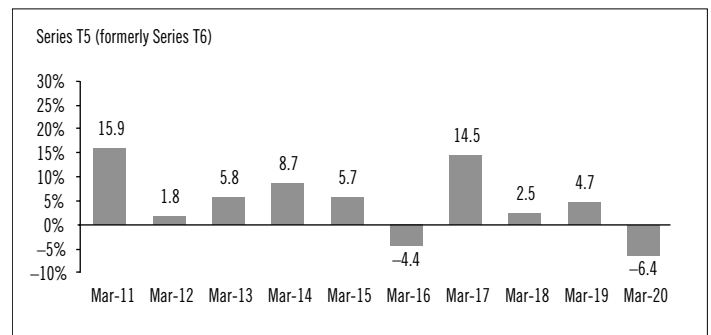
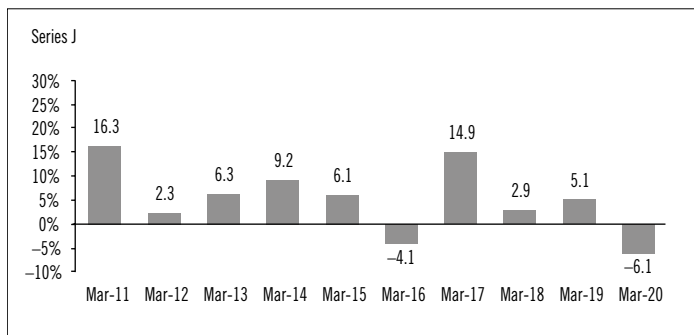
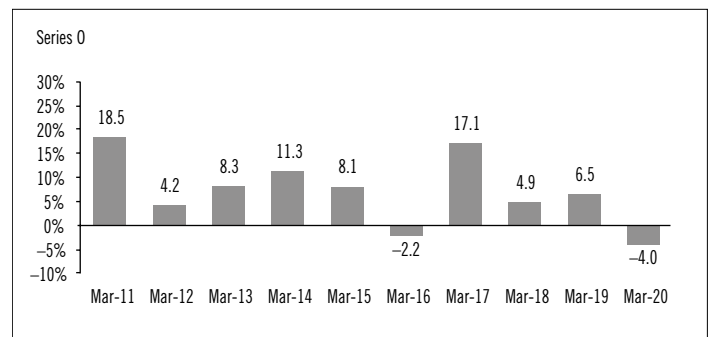
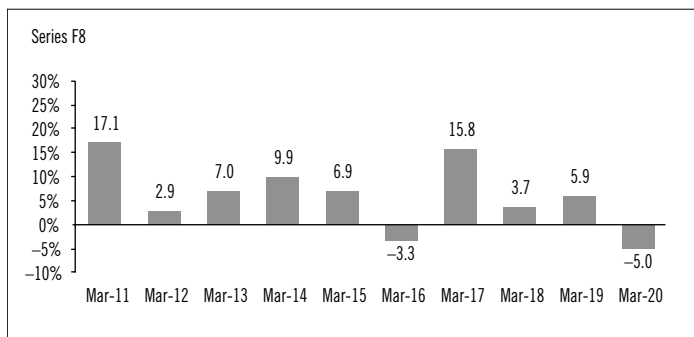
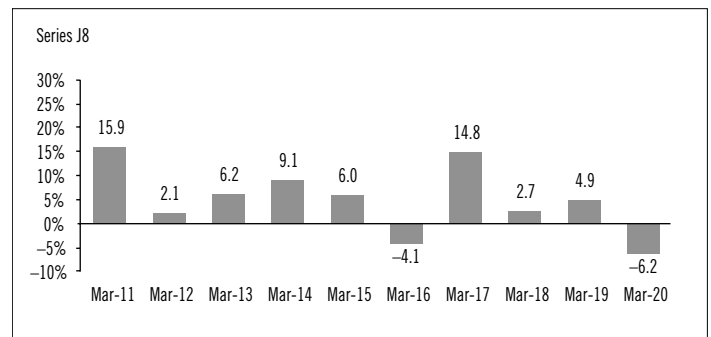
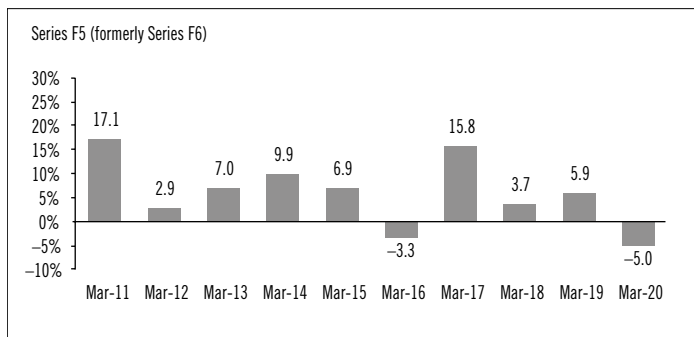
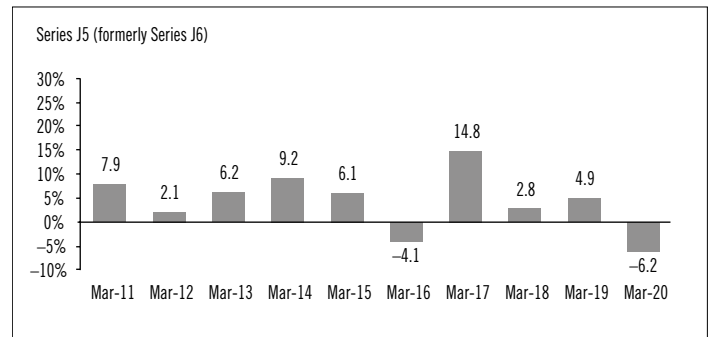
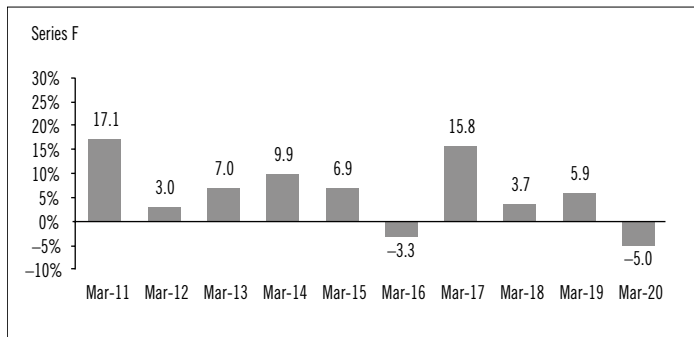
The following bar charts present the performance of each series of the Fund for each of the fiscal periods shown. The charts show, in percentage terms, how much an investment made on the first day of each fiscal period, or on the series inception or reinstatement date, as applicable, would have increased or decreased by the last day of the fiscal period presented. Series inception or reinstatement dates can be found under *Fund Formation and Series Information*.



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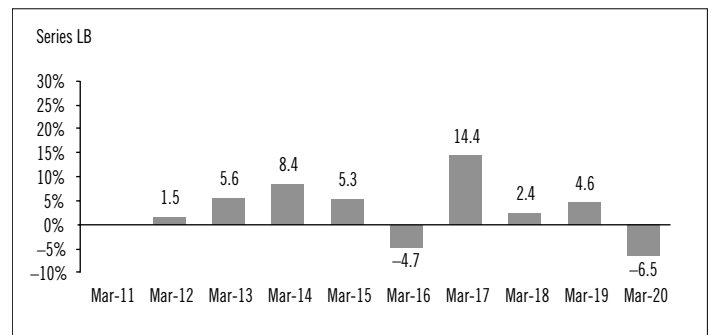
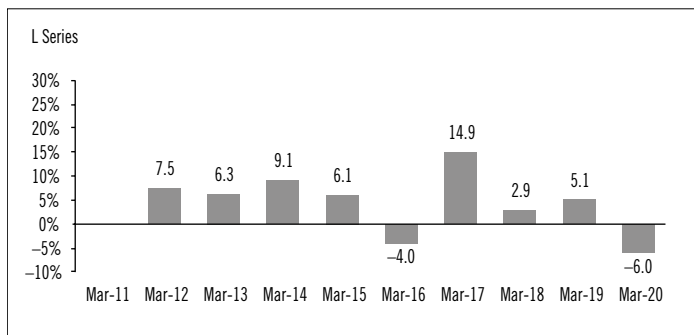
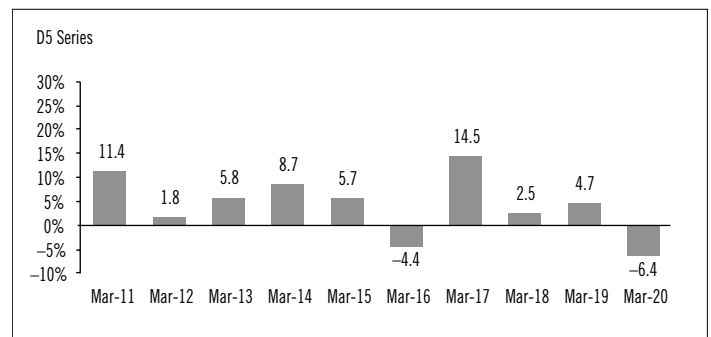
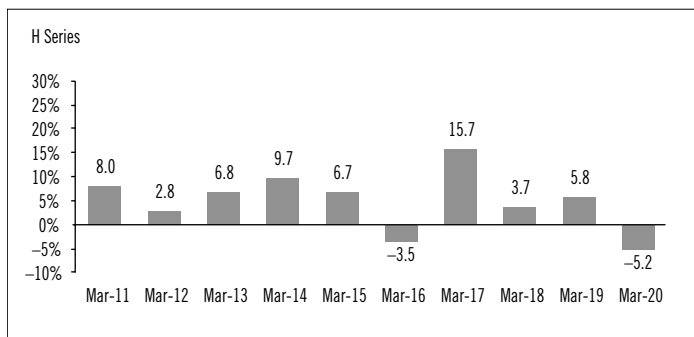
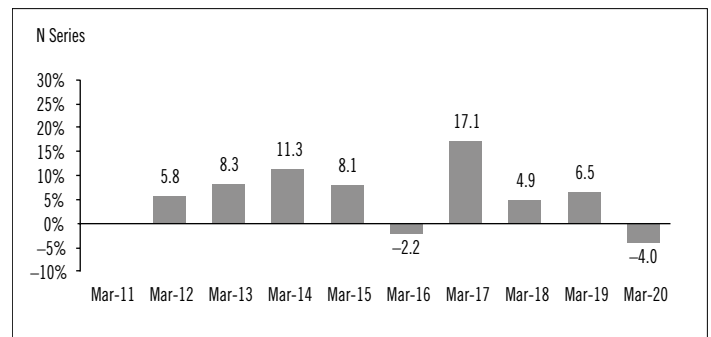
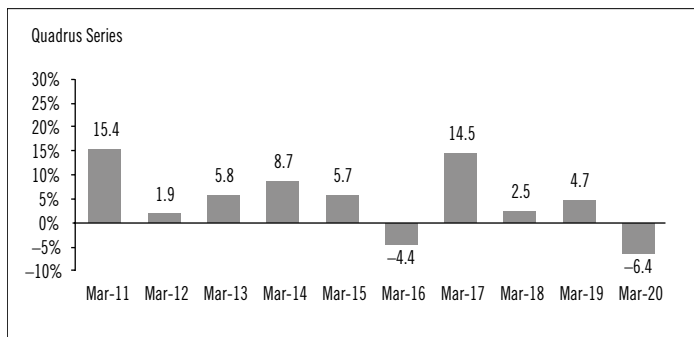
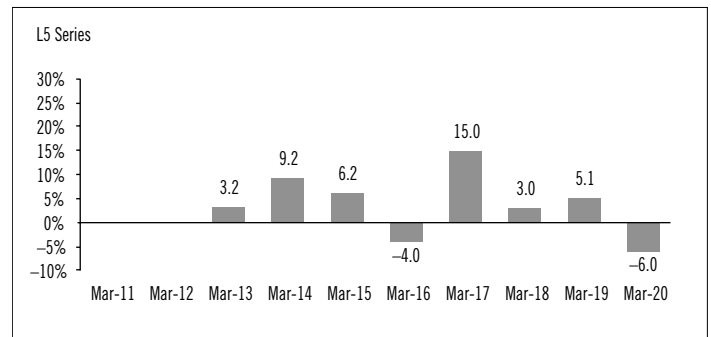
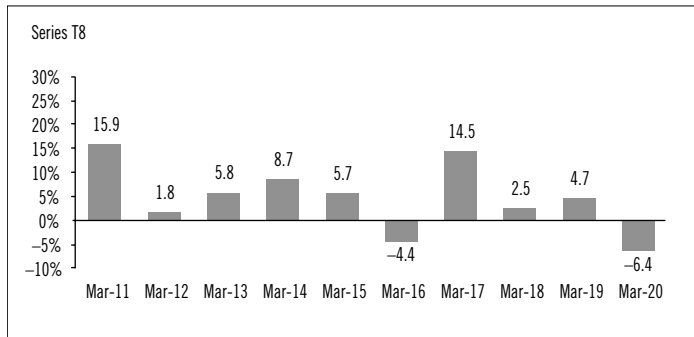
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Management Fees

The management fee for each applicable series is calculated and accrued daily as a percentage of its NAV. The Fund's management fees were used by Mackenzie to pay for the costs of managing the investment portfolio of the Fund and/or the underlying fund(s), as applicable, including providing investment analysis and recommendations, making investment decisions, making brokerage arrangements for the purchase and sale of the investment portfolio, and providing other services. Mackenzie also used the management fees to fund sales commissions, trailing commissions and any other compensation (collectively "distribution-related payments") to registered dealers and brokers whose clients invest in the Fund.

Quadrus Investment Services Ltd. ("Quadrus"), an affiliate of Mackenzie, is the principal distributor for the Quadrus series securities of the Fund (as listed under *Fund Formation and Series Information*) and is paid trailing commissions out of the management fees. The Canada Life Assurance Company, which is also an affiliate of Mackenzie, provides certain services to Mackenzie in connection with Mackenzie's portfolio management activities. The Canada Life Assurance Company is responsible for paying certain administrative costs and all distribution-related payments to registered dealers whose clients invest in the Quadrus series securities of the Fund. As such, Quadrus and The Canada Life Assurance Company receive a portion of the management fees that the Fund pays to Mackenzie. Approximately 78% of the total management fees that Mackenzie received from the Quadrus Group of Funds during the year was paid under these arrangements.

LBC Financial Services Inc. ("LBC") is the principal distributor for the LBC series securities of the Fund (as listed under *Fund Formation and Series Information*) and receives a portion of the management fees that the Fund pays to Mackenzie. Under this arrangement, LBC was entitled to approximately 23% of the total management fees that Mackenzie received from the LBC series of all Mackenzie funds during the year. Mackenzie is responsible for paying all distribution-related payments to LBC-authorized dealers whose clients invest in the LBC series of the Fund.

The following dealers affiliated with Mackenzie may be entitled to distribution-related payments from Mackenzie on the same basis as unrelated registered brokers and dealers: IPC Securities Corporation, Investors Group Securities Inc., IPC Investment Corporation and Investors Group Financial Services Inc.

Mackenzie used approximately 43% of the total management fee revenues received from all Mackenzie funds during the year to fund distribution-related payments to registered dealers and brokers. In comparison, such distribution-related payments for the Fund represented on average 44% of the management fees paid by all applicable series of the Fund during the year. The actual percentage for each series may be higher or lower than the average depending on the level of trailing commissions and sales commissions paid for that series. The higher proportion of distribution-related payments is primarily attributable to sales commissions related to gross sales of redemption charge securities of the Fund.



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Fund Formation and Series Information

The Fund may have undergone a number of changes, such as a reorganization or a change in manager, mandate or name. A history of the major changes affecting the Fund in the last 10 years can be found in the Fund's Annual Information Form.

Date of Formation October 30, 2009

The Fund may issue an unlimited number of securities of each series. The number of issued and outstanding securities of each series is disclosed in *Financial Highlights*.

Series Offered by Mackenzie Financial Corporation (180 Queen Street West, Toronto, Ontario, M5V 3K1; 1-800-387-0614; www.mackenzieinvestments.com)

Series A, Series F, Series F5, Series F8, Series J, Series J5, Series J8, Series O, Series T5 and Series T8 are closed to new sales. Before January 1, 2019, Series F5, Series J5 and Series T5 securities were known as Series F6, Series J6 and Series T6, respectively.

Series E and Series E6 securities are no longer available for sale. Effective June 1, 2018, Series E and Series E6 securities were consolidated into Series F and Series F6 (now Series F5) securities, respectively.

Series Distributed by Quadrus Investment Services Ltd. (255 Dufferin Ave., London, Ontario, N6A 4K1; 1-888-532-3322; www.quadrusgroupoffunds.com)

Quadrus Investment Services Ltd. ("Quadrus") is the principal distributor of the series of securities listed below:

Quadrus Series, H Series, L Series, L5 Series, N Series and D5 Series are closed to new sales.

Series Distributed by LBC Financial Services Inc. (1360 René-Lévesque Blvd. West, 13th Floor, Montréal, Québec H3G 0A9; 1-800-522-1846; www.laurentianbank.ca/mackenzie)

Series LB and Series LX are closed to new sales.

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees	Net Asset Value per Security (\$)	
				Mar. 31, 2020	Mar. 31, 2019
Series A	November 16, 2009	1.85%	0.21%	13.13	14.72
Series E	None issued ⁽⁵⁾	0.70%	0.20%	—	—
Series E6	None issued ⁽⁶⁾	0.70%	0.27%	—	—
Series F	November 18, 2009	0.70% ⁽²⁾	0.15% ⁽³⁾	13.77	15.53
Series F5 ⁽⁷⁾	November 18, 2009	0.70% ⁽²⁾	0.15% ⁽³⁾	11.12	13.20
Series F8	November 23, 2009	0.70% ⁽²⁾	0.15% ⁽³⁾	8.82	10.81
Series J	November 20, 2009	1.55%	0.20%	13.34	14.99
Series J5 ⁽⁷⁾	November 2, 2010	1.55%	0.27%	10.41	11.72
Series J8	May 13, 2010	1.55%	0.27%	8.29	10.09
Series O	December 4, 2009	— ⁽¹⁾	—*	14.49	16.38
Series T5 ⁽⁷⁾	November 17, 2009	1.85%	0.21%	10.61	12.50
Series T8	November 18, 2009	1.85%	0.21%	8.40	10.22
Quadrus Series ⁽⁸⁾	July 21, 2010	1.85%	0.21%	12.26	13.75
H Series	November 19, 2010	0.85%	0.15% ⁽⁴⁾	11.80	13.31
L Series	October 18, 2011	1.55%	0.15%	11.33	12.73
L5 Series	January 3, 2013	1.55%	0.15%	10.63	12.57
N Series	December 9, 2011	— ⁽¹⁾	— ⁽¹⁾	11.55	13.06
D5 Series	September 22, 2010	1.85%	0.21%	11.00	12.96
Series LB	February 6, 2012	1.85%	0.21%	10.53	11.80
Series LX	February 13, 2012	1.85%	0.21%	9.71	11.44

* Not applicable.

(1) This fee is negotiable and payable directly to Mackenzie by investors in this series.

(2) Prior to June 1, 2018, the management fee for this series was charged to the Fund at a rate of 0.85%.

(3) Prior to June 1, 2018, the administration fee for this series was charged to the Fund at a rate of 0.16%.

(4) Prior to June 28, 2018, the administration fee for H Series was charged to the Fund at a rate of 0.16%.

(5) The series' original start date was May 3, 2011. All securities in the series were consolidated into Series F on June 1, 2018.

(6) The series' original start date was January 25, 2011. All securities in the series were consolidated into Series F6 (now Series F5) on June 1, 2018.

(7) Before January 1, 2019, Series F5, Series J5 and Series T5 securities were known as Series F6, Series J6 and Series T6, respectively.

(8) On August 17, 2020, Quadrus Series will be renamed Q Series.



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