

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.

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.

Investment Objective and Strategies

The Fund seeks a balance of income with long-term capital growth, while seeking to reduce volatility, by investing primarily in Canadian and foreign fixed income securities and equities and other asset categories, either directly or through other mutual funds. It may also use derivatives. The Fund's asset mix will generally range between 40%–60% equities and 35%–60% fixed income securities. The Fund will also allocate a small portion of its portfolio to cash and/or commodities.

Risk

The risks of the Fund remain as discussed in the Fund's Simplified Prospectus. The Fund is suitable for medium-term investors seeking a managed asset portfolio fund to hold as part of their portfolio, who can handle the volatility of stock and bond markets, and who have a low tolerance for risk.

Results of Operations

Investment Performance

The performance of the Fund's Series A 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 securities returned –1.4%, and Series LB securities returned –1.5% (after deducting fees and expenses paid by the series). This compares with a return of 1.5% for a blended index composed of a 37% weighting in the Fund's broad-based index, the S&P 500 Index (returned –1.9%), a 43% weighting in the FTSE Canada 91-Day T-Bill Index (returned 1.9%) and a 20% weighting in the FTSE Canada Universe All Government Bond Index (returned 5.6%). 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.

U.S. equity markets rallied strongly into February despite weakening economic data, particularly within the manufacturing sector. Declining interest rates and the "phase one" trade deal reached between the United States and China provided hope for a recovery in gross domestic product growth. However, U.S. equities fell sharply in March in response to the worldwide health measures put into place to mitigate the impact of the COVID-19 pandemic. The U.S. Federal Reserve, the European Central Bank and many other central banks reduced key interest rates, first in response to global trade tensions, then in reaction to COVID-19. Prices of global government bonds, particularly long-term bonds, rose as yields declined over the period. Investment grade corporate bond prices made smaller gains, while high-yield bond prices fell. A weaker Canadian dollar late in the period boosted returns for Canadian investors.

Within the S&P 500 Index, information technology, consumer staples and health care were the strongest sectors in Canadian dollar terms, while energy, industrials and financials were the weakest.

The following discussion reflects the Fund's allocation decisions and the activities and performance of its underlying investment funds and other directly held securities. The Fund outperformed the broad-based index because of its allocation to fixed income, which outperformed equities in the period. Given the Fund's mandate, the return of the blended index is a more meaningful comparison.

The Fund underperformed the blended index, with its overweight exposure to equities detracting from performance.

Within the equity portion of the Fund, overweight exposure to the energy sector and an underweight position and stock selection in information technology detracted from performance relative to the blended index. At the country level, holdings in Canada detracted. Conversely, stock selection in the energy sector contributed to performance, partially offsetting the negative impact of the overweight position. Stock selection in financials and health care also contributed. At the country level, holdings in Switzerland contributed.

Within the fixed income portion of the Fund, overweight exposure to corporate bonds detracted from performance, while security selection among federal bonds contributed.

The Fund partially hedged its exposure to the U.S. dollar, which detracted from performance as the U.S. dollar appreciated relative to the Canadian dollar.

The Fund's options strategy contributed to performance. The Fund purchases put options and sells (writes) call options on the S&P 500 Index with the intention of reducing volatility and helping to protect the Fund from the impact of market declines. The Fund also held put options on a high-yield bond exchange-traded fund, which contributed to performance.

Over the period, the Fund's geographical exposures were further diversified, leading to reduced exposure to the United States and consequent increased exposure to other countries. Within the fixed income portion of the Fund, portfolio activity increased exposure to foreign government bonds, while exposure to federal bonds decreased.

Net Assets

The Fund’s NAV increased by 36.3% to \$795.5 million at March 31, 2020, from \$583.5 million at March 31, 2019. This change was composed primarily of \$14.0 million in net losses (after including dividend and interest income) from investment performance, after deducting fees and expenses, \$232.0 million in net sales, and \$5.9 million in cash distributions.

Fees and Expenses

The management expense ratios (“MERs”) for Series A of 2.14% and for Series LB of 2.22% during the year ended March 31, 2020, were slightly lower than the MERs for the year ended March 31, 2019, which were 2.15% for Series A and 2.26% for Series LB. 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.

On July 19, 2019, Nelson Arruda of the Mackenzie Multi-Asset Strategies team assumed responsibility from Alain Bergeron as lead portfolio manager of the Fund.

The team believes slowing the spread of the COVID-19 pandemic came at a steep economic cost, and expects sharp contractions in gross domestic product globally. To combat this, major central banks have moved to ease rates and improve liquidity in a number of markets, while governments have announced fiscal packages of unprecedented size to support households and businesses.

Looking ahead, the team believes the macro outlook relates mainly to the duration of the economic lockdown and the pace of reopening of economies. The team expects the speed of the economic recovery to depend critically on the prevention of business failures so that unemployed workers can quickly return to work, allowing income and production to normalize. The team expects bond yields to remain low until economies return to a more normal state, while equity market volatility may continue.

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

At March 31, 2020, Mackenzie had an investment of \$13,007 in the Fund (less than 0.1% of the Fund’s NAV).

The Fund did not rely on an approval, positive recommendation or standing instruction from the Mackenzie Funds’ Independent Review Committee with respect to any related party transactions.

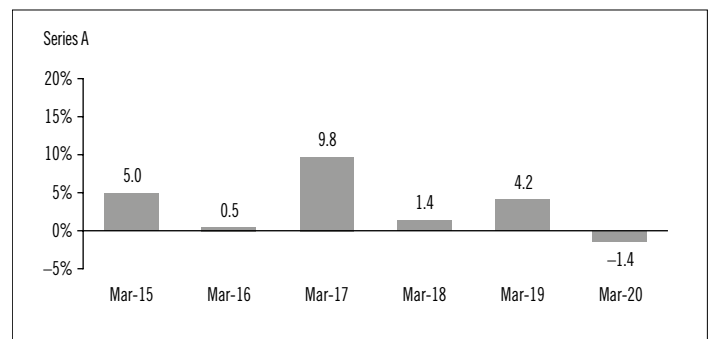
Past Performance

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.

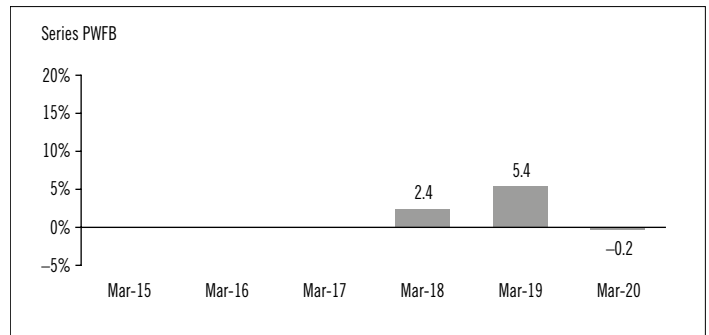
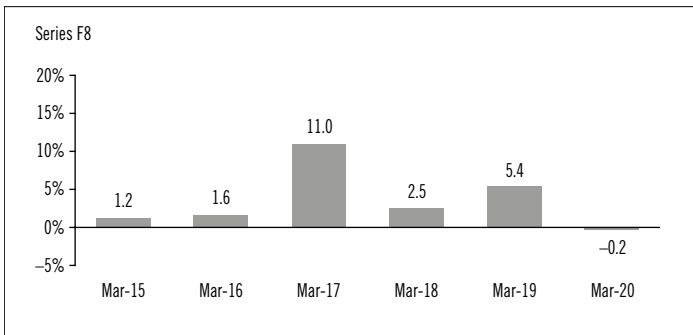
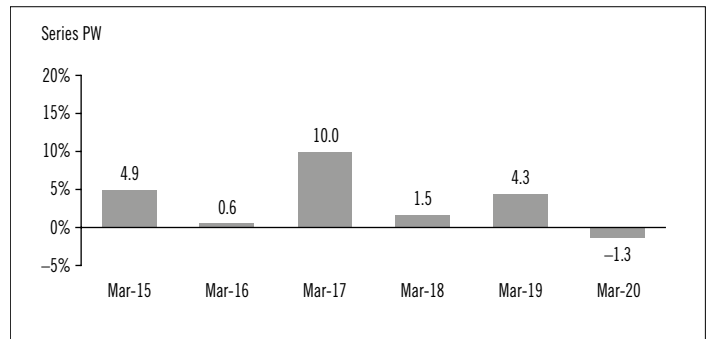
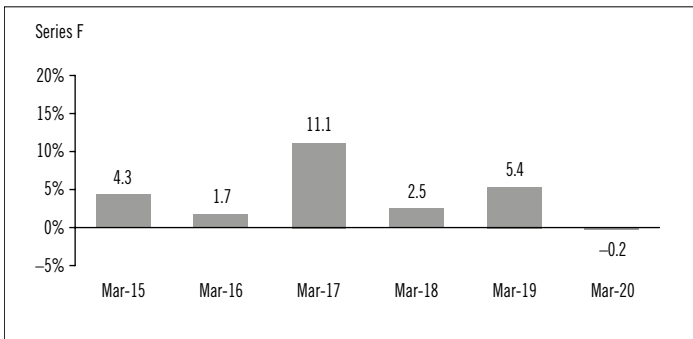
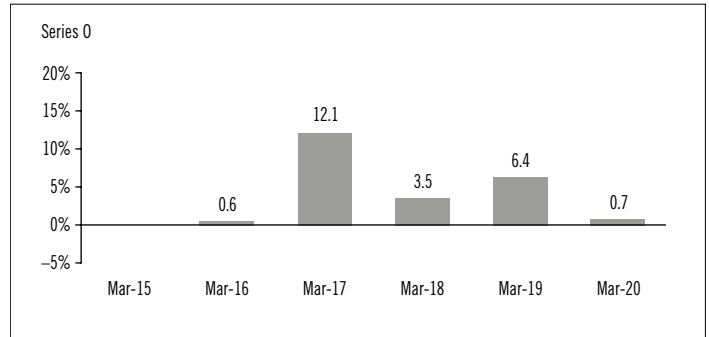
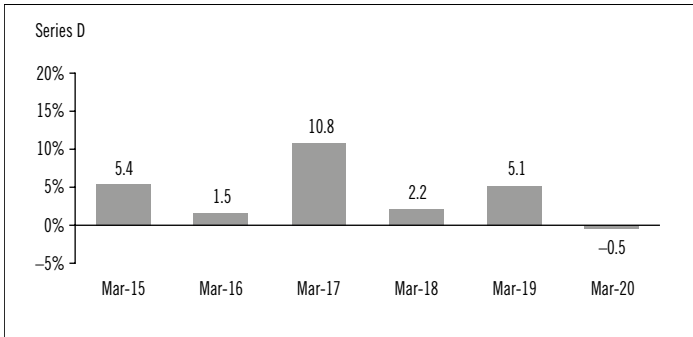
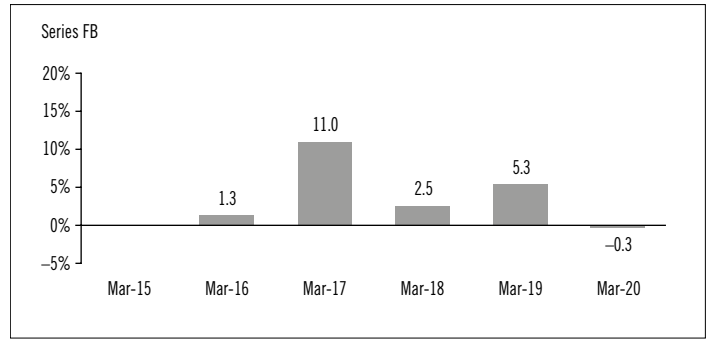
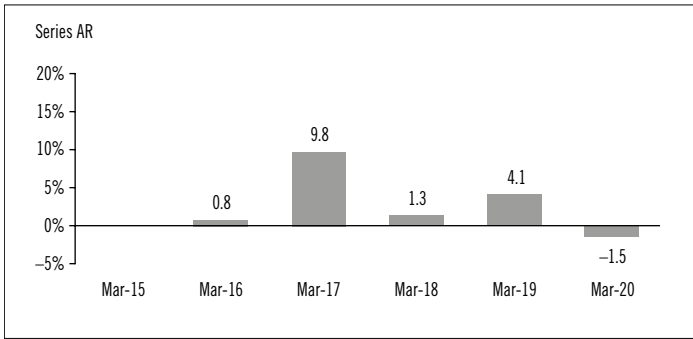
If you hold this Fund outside of a registered plan, income and capital gains distributions paid to you increase your income for tax purposes whether paid to you in cash or reinvested in additional securities of the Fund. The amount of reinvested taxable distributions is added to the adjusted cost base 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

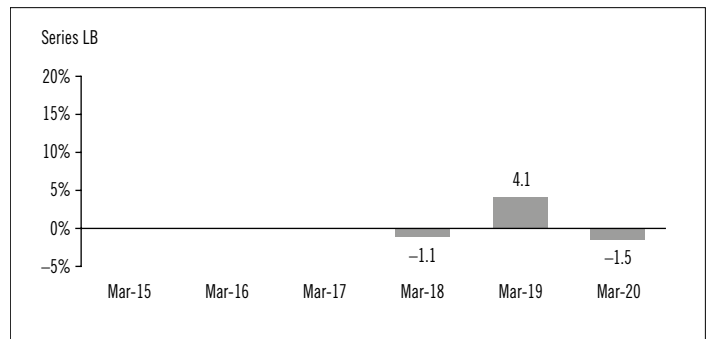
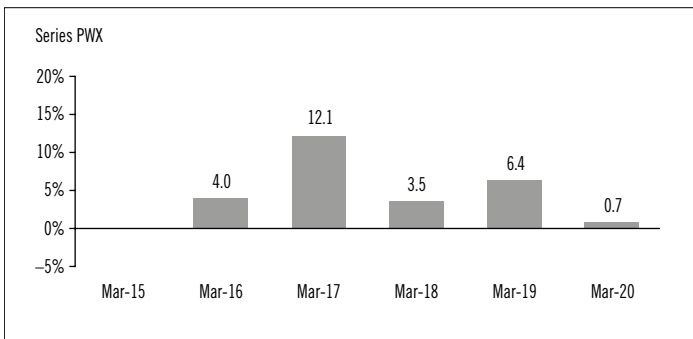
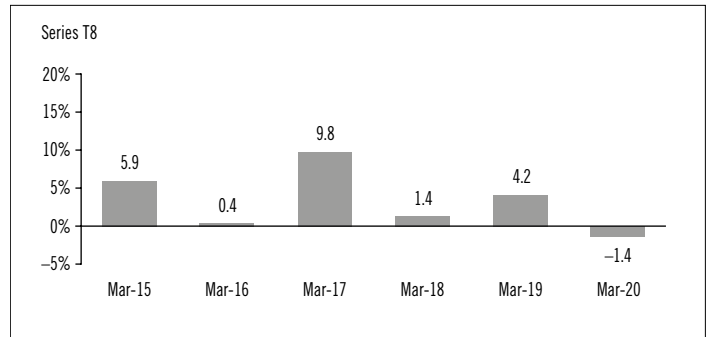
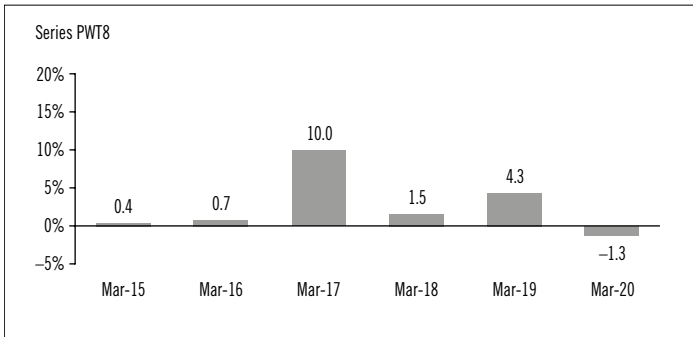
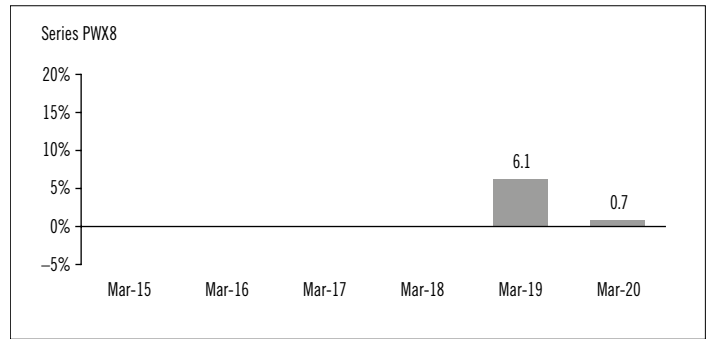
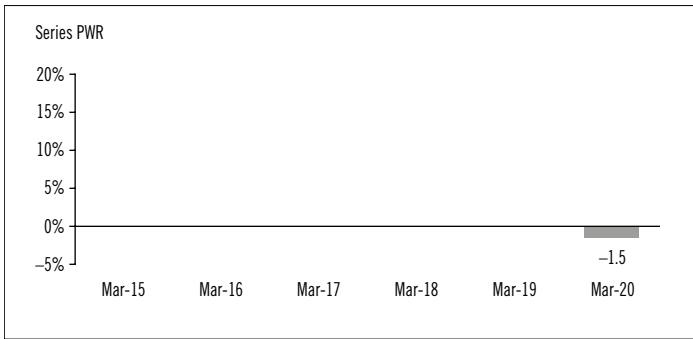
The following bar charts present the performance of each series of the Fund for each of the fiscal periods shown. The charts show, in percentage terms, how much an investment made on the first day of each fiscal period, or on the series inception or reinstatement date, as applicable, would have increased 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*.



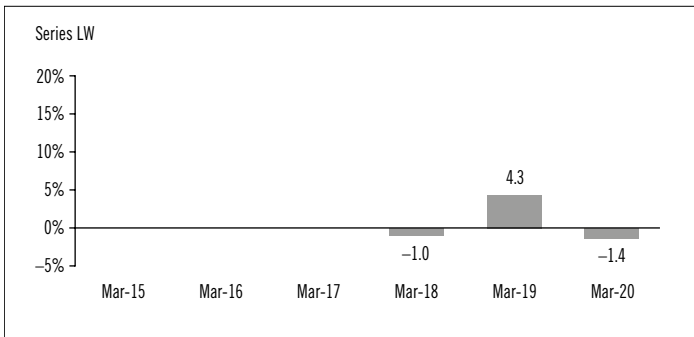
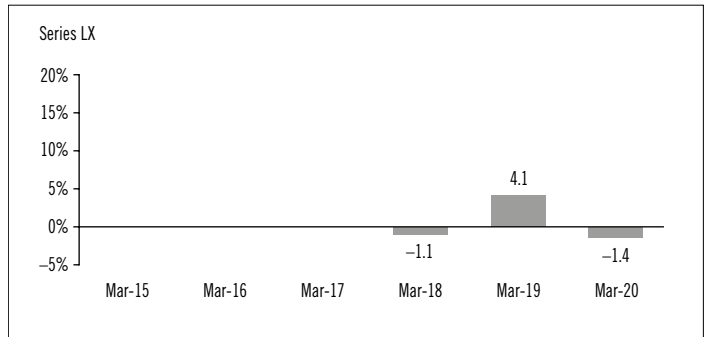
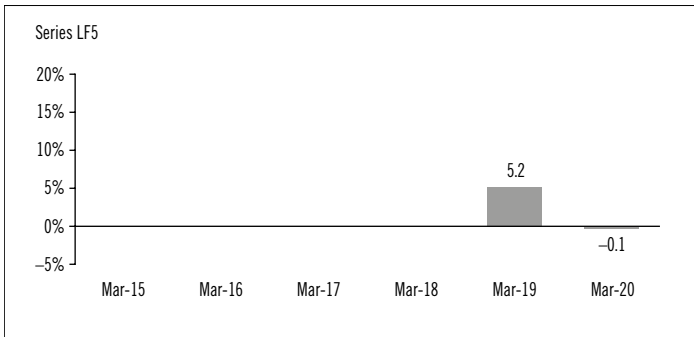
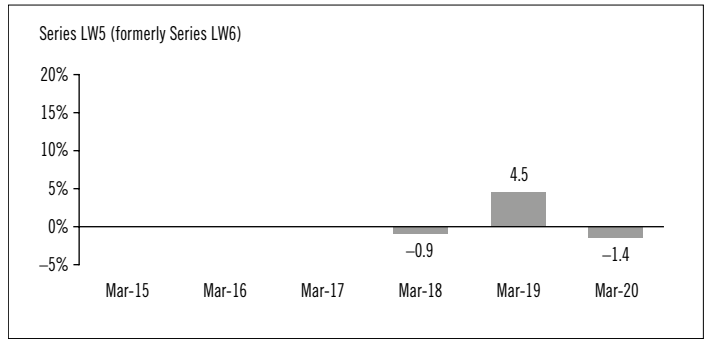
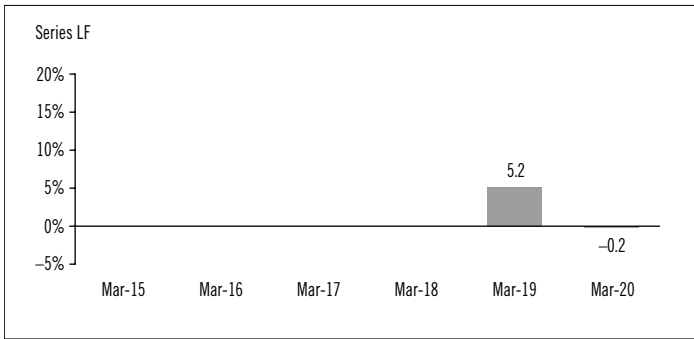
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Fund Formation and Series Information

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 November 24, 2014

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 and Series T8 securities are offered to retail investors investing a minimum of \$500 (\$5,000 for Series T8). Investors in Series A and Series T8 securities also want to receive a monthly cash flow of 4% or 8% per year, respectively.

Series AR securities are offered to retail investors in a Registered Disability Savings Plan offered by Mackenzie.

Series D securities are offered to retail investors investing a minimum of \$500 through a discount brokerage or other account approved by Mackenzie. Investors in Series D securities also want to receive a monthly cash flow of 4% per year, respectively.

Series F and Series F8 securities are offered to investors who are enrolled in a dealer-sponsored fee-for-service or wrap program, who are subject to an asset-based fee rather than commissions on each transaction and who invest at least \$500 (\$5,000 for Series F8); they are also available to employees of Mackenzie and its subsidiaries, and directors of Mackenzie. Investors in Series F and Series F8 securities also want to receive a monthly cash flow of 4% or 8% per year, respectively.

Series FB securities are offered to retail investors investing a minimum of \$500. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor. Investors in Series FB securities also want to receive a monthly cash flow of 4% per year.

Series O securities are offered only to investors investing a minimum of \$500,000 who are enrolled in Mackenzie Portfolio Architecture Service or Open Architecture Service; certain institutional investors; investors in a qualified group plan, and certain qualifying employees of Mackenzie and its subsidiaries. Investors in Series O securities also want to receive a monthly cash flow of 4% per year.

Series PW and Series PWT8 securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors in Series PW and Series PWT8 securities also want to receive a monthly cash flow of 4% or 8% per year, respectively.

Series PWFB securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor. Investors in Series PWFB securities also want to receive a monthly cash flow of 4% per year.

Series PWR securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000 in a Registered Disability Savings Plan offered by Mackenzie.

Series PWX and Series PWX8 securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor. Investors in Series PWX and Series PWX8 securities also want to receive a monthly cash flow of 4% or 8% per year, respectively.

Series PWF and Series PWF8 securities are no longer available for sale. Effective June 1, 2018, Series PWF and Series PWF8 securities were consolidated into Series F and Series F8 securities, respectively.

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 securities are offered to retail investors investing a minimum of \$500 (\$5,000 for Series LX). Investors in Series LB and Series LX securities also want to receive a monthly cash flow of 4% or 5% per year, respectively.

Series LF and Series LF5 securities are offered to retail investors investing a minimum of \$500 (\$5,000 for Series LF5), who are enrolled in the LBC Private Banking sponsored fee-for-service program. Investors in Series LF and Series LF5 securities also want to receive a monthly cash flow of 4% or 5% per year, respectively.

Series LW and Series LW5 securities are offered through our Preferred Pricing Program to certain high net worth investors who invest a minimum of \$100,000. Investors in Series LW and Series LW5 securities also want to receive a monthly cash flow of 4% or 5% per year, respectively. Before January 1, 2019, Series LW5 securities were known as Series LW6.

An investor in the Fund may choose among different purchase options that are available under each series. These purchase options are a sales charge purchase option, a redemption charge purchase option, various low-load purchase options and a no-load purchase option. The charges under the sales charge purchase option are negotiated by investors with their dealers. The charges under the redemption charge and low-load purchase options are paid to Mackenzie if an investor redeems securities of the Fund during specific periods. Not all purchase options are available under each series of the Fund, and the charges for each purchase option may vary among the different series. For further details on these purchase options, please refer to the Fund's Simplified Prospectus and Fund Facts.

