# Mackenzie Global Sustainable Bond Fund

## Fund snapshot

| | |
|---|---|
| Inception date | 04/09/2021 |
| AUM (millions in CAD) | 53.7 |
| Management fee | 0.55% |
| MER | 0.80% |
| Benchmark | ICE BofA Gbl Broad Mkt (Hgd to CAD) |
| CIFSC category | Global Core Plus Fixed Income |
| Risk rating | Low |
| Lead portfolio manager | Konstantin Boehmer |
| Investment exp. since | 2003 |

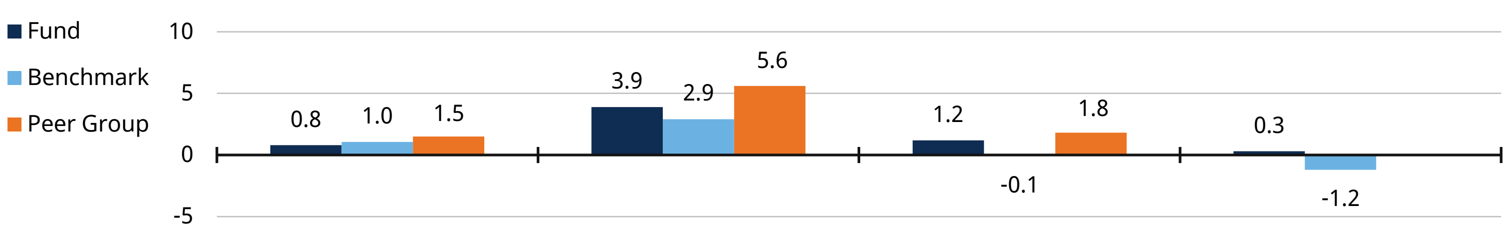
## Strategy overview

• The Fund seeks to generate income with the potential for long-term capital appreciation by investing primarily in fixed-income securities of issuers anywhere in the world.

• The Fund follows an approach to investing that focuses on sustainable and responsible issuers.

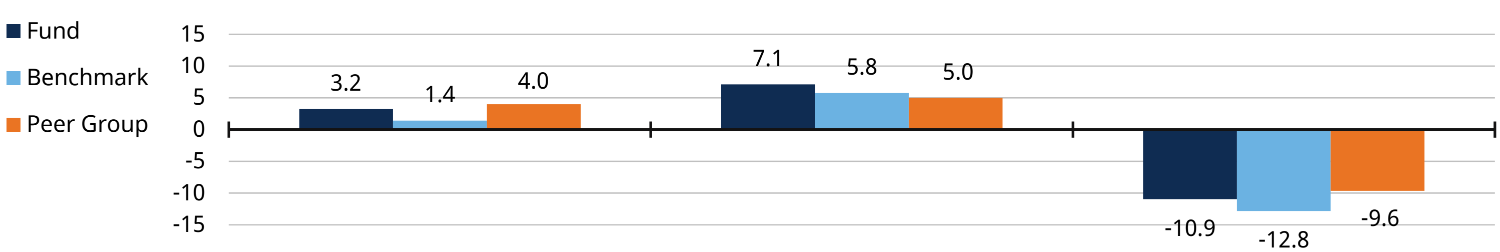
• The Fund invests in "best-in-class" ESG leaders, along with various types of sustainable or ESG labelled debt, such as green bonds, social bonds, sustainable bonds and sustainability-linked bonds and notes. The Fund aims to have a 50-50 mix of best-in-class issuers with ESG labelled debt.

## Trailing returns %




| | 3 Mth | 1 Yr | 3 Yr | SI |
|---|---|---|---|---|
| Excess return | -0.2 | 1.0 | 1.3 | 1.5 |
| % of peers beaten | 12 | 27 | 42 | NA |

## Calendar returns %




| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Excess return | 1.8 | 1.3 | 1.9 |
| % of peers beaten | 50 | 87 | 45 |

## Portfolio characteristics

| Ratios & metrics | Portfolio | Benchmark |
|---|---|---|
| Fund Avg Yield | 4.4 | 3.9 |
| Fund Mod. Dur | 6.2 | 6.5 |
| Fund Rating | A | AA |
| Average Price | 94.0 | 123.7 |
| Average Coupon | 3.4 | 2.9 |
| Average Term | 7.7 | - |

## Asset allocation

| Asset | Portfolio | Benchmark |
|---|---|---|
| Corporate | 42.1 | - |
| Provincial + Municipal | 2.7 | - |
| Federal | 58.7 | - |
| Cash & Equival. + WC | -3.5 | - |

## Performance metrics (3 year trailing)

| Metrics | Portfolio | Benchmark |
|---|---|---|
| Standard Dev. | 6.0 | 6.3 |
| Sharpe Ratio | -0.5 | -0.7 |
| Tracking Error | 1.8 | - |
| Information Ratio | 0.7 | - |
| Alpha | 0.9 | - |
| Beta | 0.9 | - |
| Upside Capture (%) | 98.1 | - |
| Downside Capture (%) | 84.4 | - |

## Geographic allocation

| Region | Weight |
|---|---|
| North America | 74.3 |
| Europe | 27.1 |
| LATAM & Caribbean | 3.9 |
| Other | -5.3 |

## Maturity breakdown

| Bucket | Portfolio | Benchmark |
|---|---|---|
| 0 to 3 | 27.0 | - |
| 3 to 7 | 23.3 | - |
| 7 to 12 | 39.9 | - |
| 12+ | 9.8 | - |

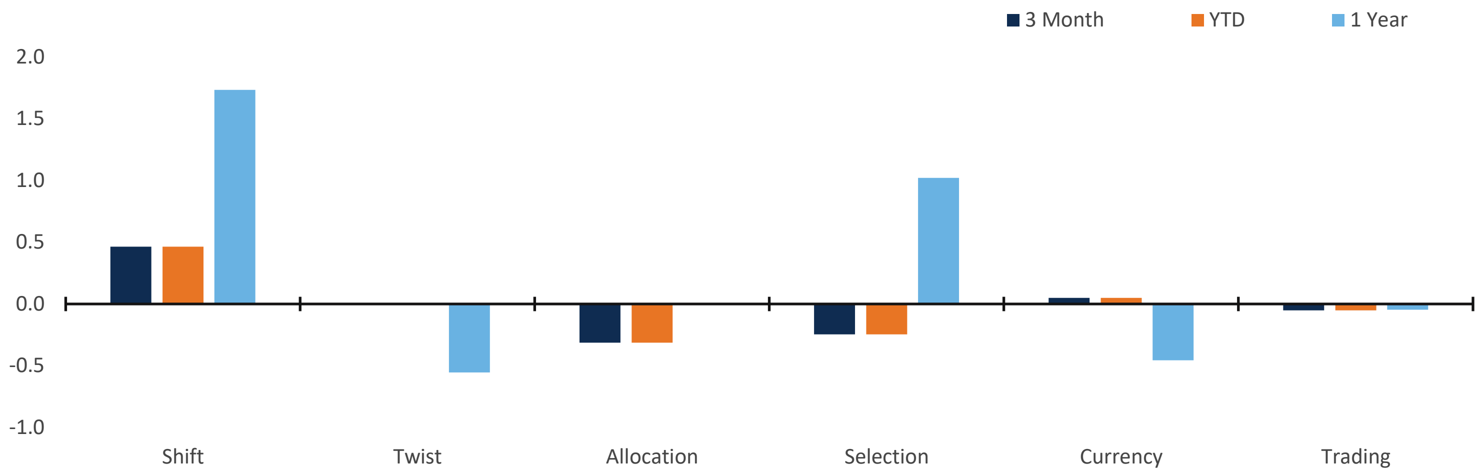
## Currency exposure

| Currency | Gross | Net |
|---|---|---|
| CAD | 12.2 | 91.4 |
| USD | 51.3 | 7.3 |
| Other | 36.5 | 1.3 |

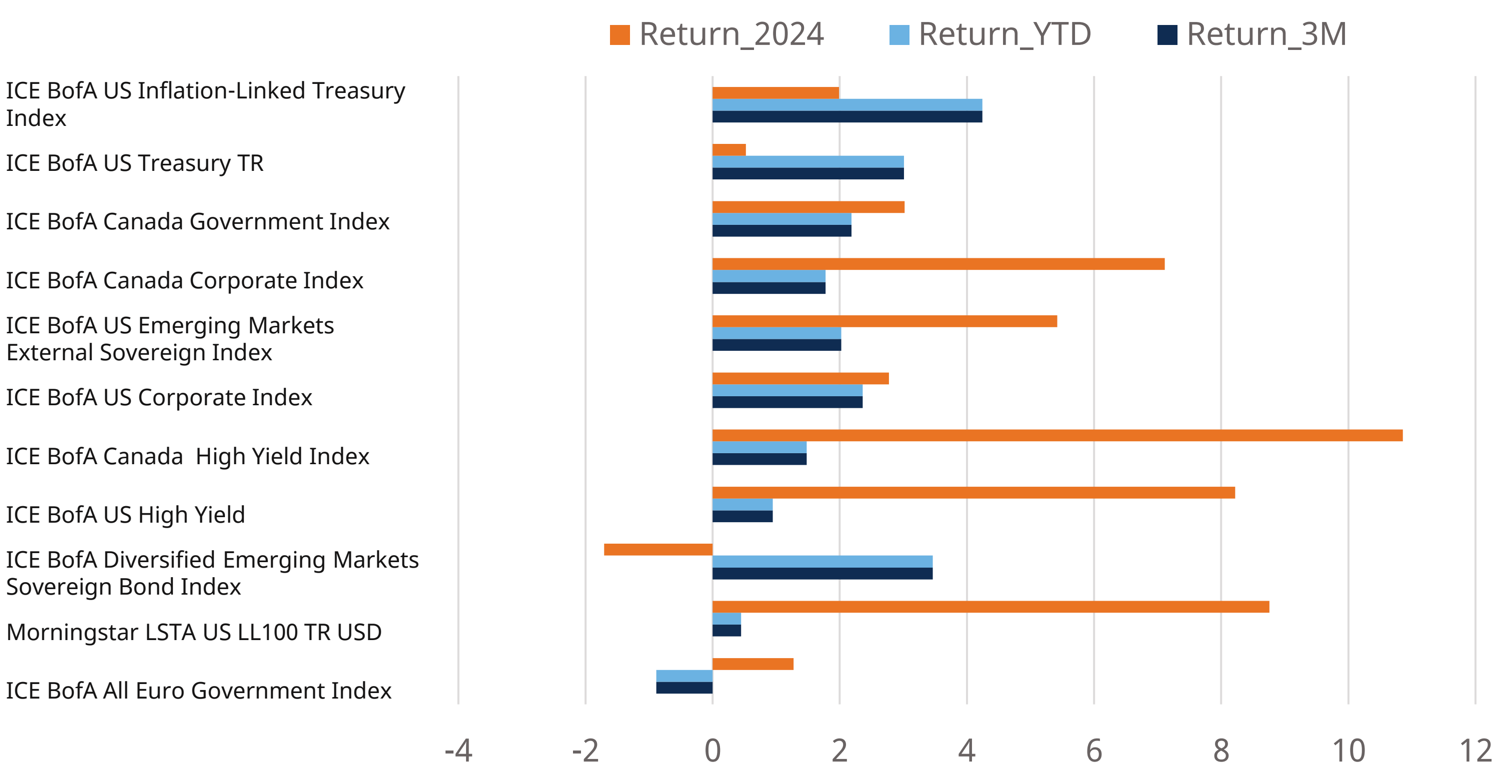
## Credit breakdown

| Rating | Portfolio | Benchmark |
|---|---|---|
| AAA | 31.04 | 12.8 |
| AA | 19.44 | 50.6 |
| A | 16.33 | 23.0 |
| BBB | 14.09 | 13.7 |
| BB | 14.53 | - |
| B | 4.57 | - |
| CCC & Below | - | - |
| NR | - | - |

## Attribution




## Market Overview



## Commentary

**Market Overview**

The second quarter of 2025 is picking up right where Q1 left off - on a rollercoaster.

Heading into Inauguration Day on January 20th, the so-called “Trump Trades” - long USD, long equities, short duration and tighter credit - continued to perform well. But that momentum began to stall almost immediately. A flurry of executive orders surrounding the inauguration sent shockwaves through both the real economy and financial markets. While the initial tariff salvos were modest, largely aimed at China, the early focus quickly shifted toward Canada and Mexico, with headlines dominated by fentanyl, border security, and bilateral trade. By early February and again in March, both Canada and Mexico narrowly escaped more extreme outcomes, but significant tariffs on steel, aluminum, autos, and other sectors are already in place and are having an impact.

The bigger issue has been volatility in policy communication. The constant back-and-forth from the Trump administration over tariff baselines and scope created substantial uncertainty. US business and consumer sentiment, long buoyed by the narrative of economic exceptionalism, began to wobble. “Soft” survey data started to roll over in February, and by March markets were pricing out US growth exceptionalism. Stagflation-lite began to take hold as the new underlying narrative.

It wasn’t just economics. Geopolitics had a hand on the wheel, too. The much-publicized Oval Office meeting between Trump, Vance, and Zelensky was widely seen as a diplomatic misfire. The fallout accelerated Europe’s push for greater self-reliance, particularly on defense. Germany moved with surprising speed, suspending its debt brake and unveiling a EUR 1 trillion fiscal package focused on defense and infrastructure. German bund yields repriced almost overnight, reflecting both a stronger growth outlook and rekindled inflation risks in the eurozone.

Now in early Q2, market volatility remains high. Trump’s latest move, a 90-day pause on reciprocal tariffs for non-retaliatory nations, while increasing tariffs on China to 125%, has temporarily lifted risk sentiment in North America. For now though, it’s a tariff a pause, not a pivot. And for companies, it’s still likely a holding pattern: capex is delayed, hiring plans frozen, and inventory restocking put on hold. The danger is that a stall in “soft data” could turn into something more real if this uncertainty persists and we see it appear in the hard data throughout the second quarter.

If the US does have a material economic slowdown, Canada won’t be immune. The existing tariffs on Canadian exports are meaningful, but likely not enough to push the country into recession on their own. However, a weaker US consumer, hit by triple-digit tariffs on Chinese goods, could dampen Canadian business investment and consumer demand. The Bank of Canada remains poised to ease, and has signaled it would tolerate a temporary rise in inflation if driven by one-time price adjustments. Barring a left-tail shock, we expect one to two more cuts this year, broadly in line with market pricing.

The Fed, by contrast, may remain stickier. Inflation dynamics in the US carry more upside risk, particularly with the 125% China tariffs. That alone could add 100bp to headline PCE inflation. With US growth still outpacing peers and nominal GDP holding firm, rate cuts are not imminent unless markets become exceptionally “unruly.”

**Closing Commentary**

Looking ahead, Q2 is already setting up to be all about bilateral trade negotiations, and the 90-day pause only heightens the stakes. As trade flows become more politicized, monetary and fiscal policy will increasingly be deployed on a country-by-country basis. This fragmentation is likely to feed into bond markets, with US duration continuing to drive global yields. But with European yields rebounding, potentially on the back of fiscal expansion, global bond leadership may not be as unipolar as it has been in recent quarters.

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Standard deviation provides a measure of the variability of returns that have occurred relative to the average return. The higher the standard deviation, the greater is the range of returns that has been experienced. Standard deviation is commonly used as a measure of risk.

Percentile rankings are from Morningstar Research Inc., an independent research firm, based on the Canada Fund Global Core Plus Fixed Income category and reflect the performance of the Mackenzie Global Sustainable Bond Fund for the 3-month, 1-, 3-, 5- and 10-year periods as of March 31, 2025 . The percentile rankings compare how a fund has performed relative to other funds in a particular category and are subject to change monthly. The number of Canada Fund Global Core Plus Fixed Income category funds for Mackenzie Global Sustainable Bond Fund for each period are as follows: one year - 316 ; three years - 253 ; five years - 190 ; ten years - 85 .



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