MACKENZIE Investments

Mackenzie Global Tactical Bond Fund

Fund snapshot

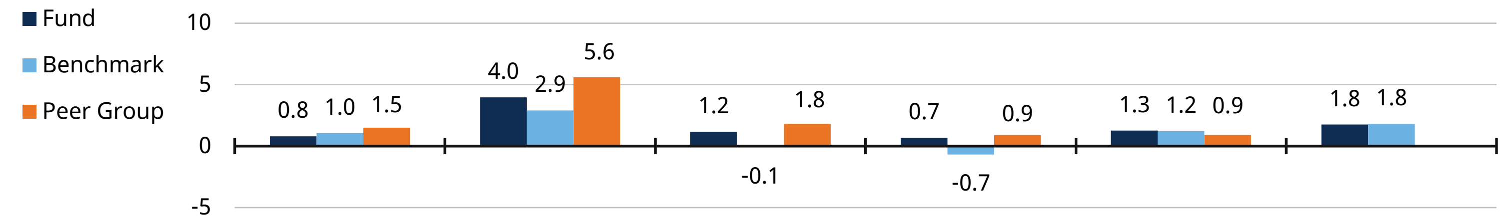
Inception date	04/23/2014
AUM (millions in CAD)	263.1
Management fee	0.55%
MER	0.76%
Benchmark	ICE BofA Gbl Broad Mkt (Hgd to CAD)
CIFSC category	Global Core Plus Fixed Income
Risk rating	Low
Lead portfolio manager	Konstantin Boehmer
Investment exp. since	2003

Strategy overview

• An actively managed, benchmark agnostic global fixed income portfolio. Overall average credit quality can vary, but the portfolio manager expects it to remain almost always at BBB or higher.

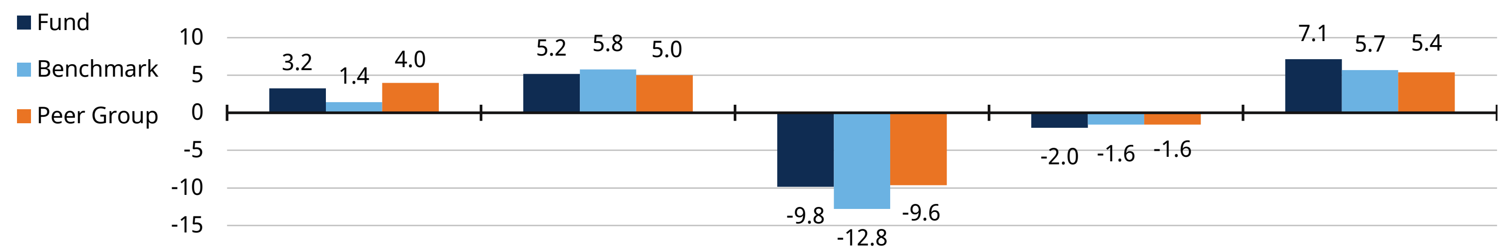
• Given the size and complexity of its investible universe, uses a combination or qualitative insights, quantitative models and bottom-up security selection to access all five sources of alpha – country, duration, currency, sector and credit. The objective is to outperform the benchmark, with low volatility

Trailing returns %



	3 Mth	1 Yr	3 Yr	5 Yr	10 Yr	SI
Excess return	-0.2	1.1	1.3	1.4	0.1	0.0
% of peers beaten	12	31	43	47	68	NA

Calendar returns %



	2024	2023	2022	2021	2020
Excess return	1.8	-0.6	3.0	-0.4	1.4
% of peers beaten	50	51	55	40	72

Portfolio characteristics

Ratios & metrics	Portfolio	Benchmark
Fund Avg Yield	4.8	3.9
Fund Mod. Dur	6.4	6.5
Fund Rating	A+	AA
Average Price	95.4	123.7
Average Coupon	4.3	2.9
Average Term	9.9	-

Asset allocation

	Portfolio	Benchmark
Investment Grade Corporate	8.0	20.0
Loans	4.5	-
Emerging Markets	8.7	2.9
Government	66.8	52.5
High Yield	7.4	-
Cash	-0.3	-
Other	4.9	24.6

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	6.0	6.3
Sharpe Ratio	-0.5	-0.7
Tracking Error	2.3	-
Information Ratio	0.6	-
Alpha	0.8	-
Beta	0.9	-
Upside Capture (%)	99.1	-
Downside Capture (%)	85.2	-

Geographic allocation

Region	Weight
Canada	6.1
US	50.2
Europe	26.1
Other	17.6

Maturity breakdown

Bucket	Portfolio	Benchmark
0 to 3	6.6	-
3 to 7	25.2	-
7 to 12	54.4	-
12+	13.9	-

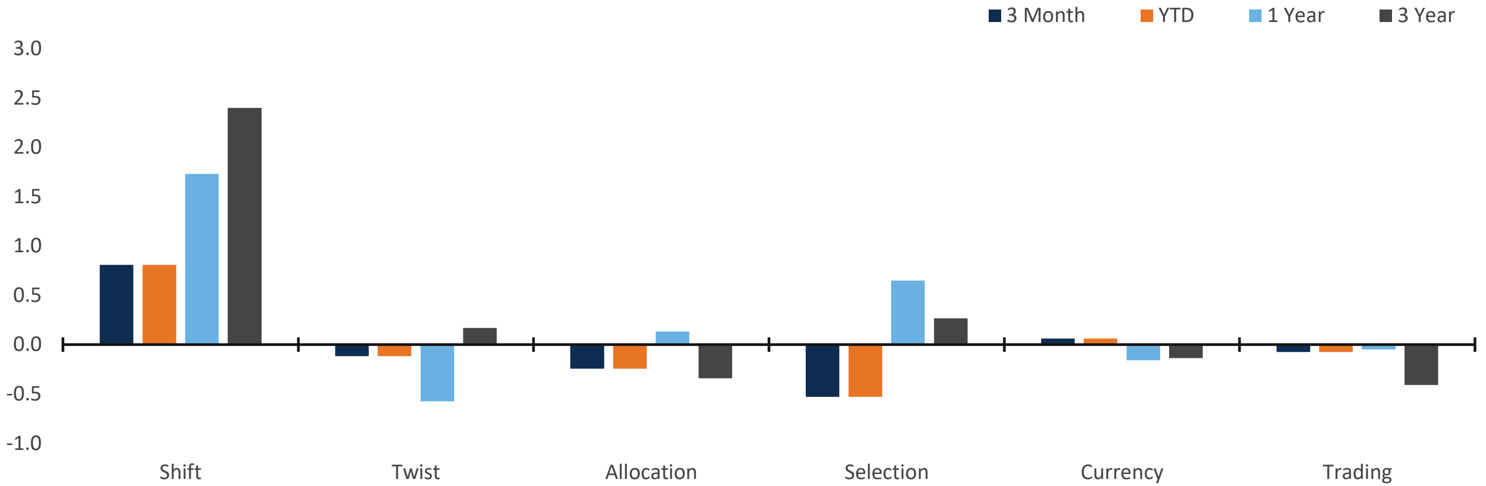
Credit breakdown

Rating	Portfolio	Benchmark
AAA	30.6	12.8
AA	32.4	50.6
A	2.4	23.0
BBB	12.2	13.7
BB	15.2	-
B	4.5	-
CCC & Below	1.8	-
NR	1.1	-

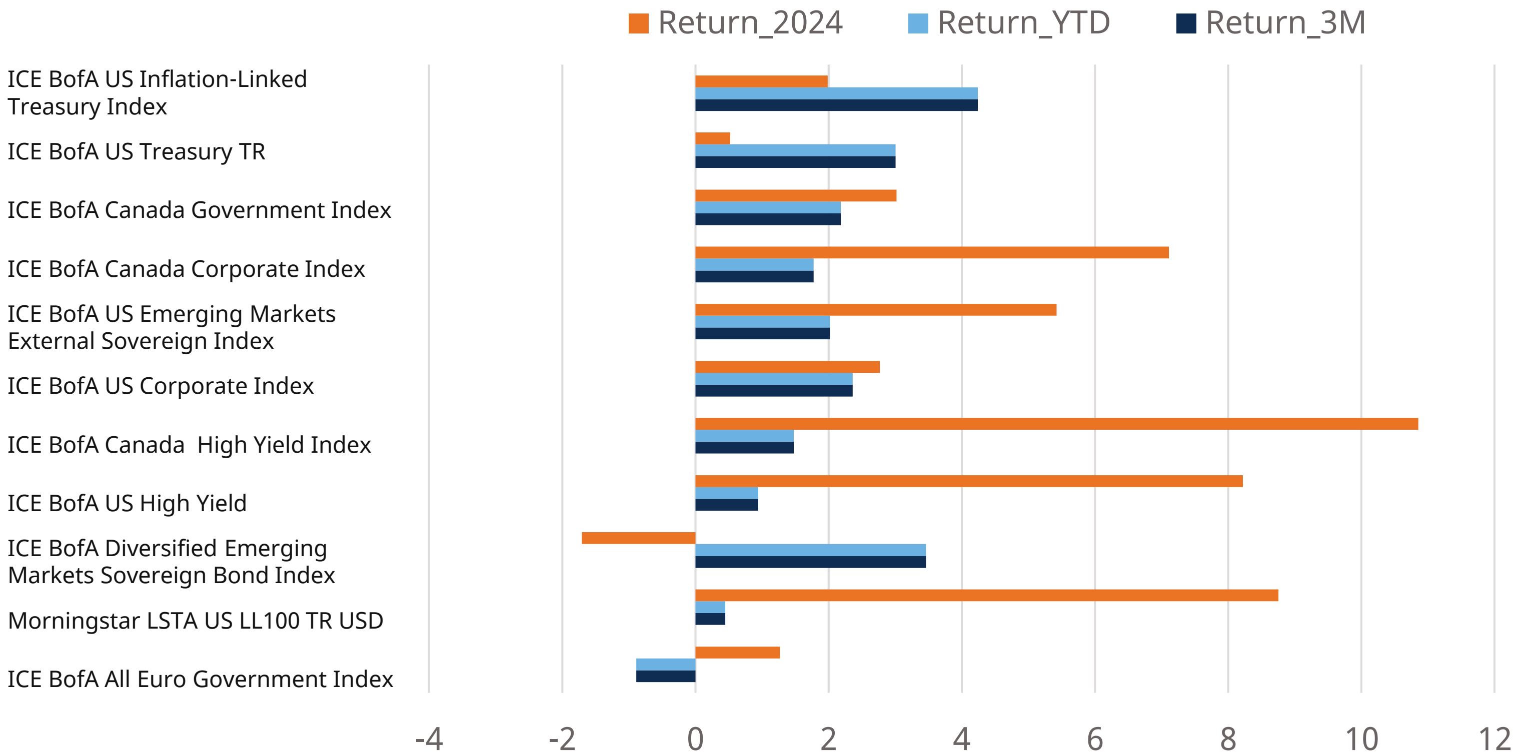
Currency exposure

Currency	Gross	Net
CAD	1.1	91.3
USD	66.4	7.5
Other	32.5	1.2

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.”

Global Tatical Bond Fund

The first quarter of 2025 began with strong momentum behind the so-called “Trump Trades,” as markets reacted to the new U.S. administration’s assertive stance on fiscal and trade policy. However, that initial optimism faded as the quarter progressed. Volatility in policy communication, heightened geopolitical tensions, and rising U.S. recession risks prompted a broader reassessment across global bond markets.

U.S. Treasuries saw significant volatility but ultimately rallied across the curve. The curve steepened as markets struggled to balance persistent inflation with increasing downside risks to growth.

In Europe, the U.S. policy backdrop acted as a catalyst for a notable fiscal shift. The European Commission proposed close to €800 billion in defense-related spending, combining €150 billion in new EU-level issuance with €650 billion in national fiscal space.

One of the more prominent themes during the quarter was a repricing of inflation expectations. While realized inflation remained relatively stable in many markets, forward measures began to rise. In the U.S., short-dated TIPS breakevens widened in response to concerns around the inflationary impact of tariffs and supply chain disruptions.

Commentary

Emerging markets delivered mixed results. Real yields remained attractive in several regions, and inflation trends continued to improve. However, the external environment—marked by volatile trade headlines and shifting global risk appetite—introduced dispersion across countries and asset classes. Brazil stood out as a top performer, benefiting from attractive carry, supportive policy, and light investor positioning. In contrast, many Asian markets saw more muted rate moves but experienced pressure on currencies, particularly as China's trade outlook deteriorated.

Looking ahead, markets will be watching closely to see whether Germany's pivot signals a broader fiscal reacceleration. If that materializes, Bunds could continue to underperform, while peripheral spreads may tighten. Emerging markets continue to offer selective opportunities—particularly in higher-carry stories with credible policy frameworks and disinflationary momentum.

Contributors

-G10 duration positioning
-Overweight US duration
-Underweight Japan duration
-Overweight Europe duration
-Emerging market exposure (Brazil)

Detractors

-Overweight high yield
-Underweight France
-China property exposure
-Security selection in CCCs

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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