

Market Review, Outlook & Strategy

- As we enter into 2020, major geopolitical risks such as the Phase I China/US trade deal and the UK election are now behind us. Global monetary policies are largely accommodative. Employment in the US is strong. We are seeing some wage gains. In the US the average household balance sheet has been steadily improving over the last number of years. The domestic sector in Europe has been healing as well with firming labour markets. China reported GDP growth of 6.1% in Q4 2019. Although it's lower than the year before, it's a respectable growth rate for the second largest economy in the world. Chinese industrial output and retail sales in December both rose more than market expectations. Those are encouraging numbers. In the next few quarters, we expect to see manufacturing activities in countries like Germany and Japan to show some recovery from the trough levels in late 2019.
- The Canadian household debt is high, and the Canadian consumer has a much lower savings rate compared to the US consumer currently. Energy investments remain hampered due to pipeline project uncertainty. Retail sales in Canada has been lackluster in 2019 and caution is warranted. However, the approval of USMCA should translate into improved sentiment and activity. In addition, as global trade and manufacturing pick up into this year Canada's export-oriented economy should benefit.
- The equity markets continued to be led by growth style in 2019, where most of the price appreciation came from multiple expansion rather than earnings increase. The spread between the valuation of expensive vs. cheap stocks in the market has gone to multi-decade extremes at this point. We believe the extreme valuation of growth stocks and the concentration of leadership in the stock market is one of the greatest risks facing investors. There has been excessive reliance on the price momentum of a small number of large cap growth stocks. If and when that momentum stops, investors chasing performance of such stocks could suffer. In addition, the extremely depressed valuation of value stock offers significant upside potential. At Cundill we continue to focus on our process of selecting stocks trading at low valuations reflecting low expectations, with potential catalysts to the upside. We see opportunities and the Cundill funds are fully invested.

PORTFOLIO MANAGEMENT TEAM:

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Commissions, trailing commissions, management fees, and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns as of December 31, 2019 including changes in unit value reinvestment of all distributions and do and not take into account sales, redemption, distribution, or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Index performance does not include the impact of fees, commissions, and expenses that would be payable by investors in the investment products that seek to track an index.

This document includes forward-looking information that is based on forecasts of future events as of December 31, 2019.

We will not necessarily update the information to reflect changes after that date. Risks and uncertainties often cause actual results to differ materially from forward-looking information or expectations. Some of these risks are changes to or volatility in the economy, politics, securities markets, interest rates, currency exchange rates, business competition, capital markets, technology, laws, or when catastrophic events occur. Do not place undue reliance on forward-looking information. In addition, any statement about companies is not an endorsement or recommendation to buy or sell any security.

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Fund and Benchmark Performance as at: December 31, 2019	1 year	3 years	5 years	10 years
Mackenzie Cundill Value Fund Series F	11.8%	-0.03%	1.7%	5.2%
MSCI World Total Return Index (net CAD)	21.2%	11.3%	11.2%	11.8%
Mackenzie Cundill Value Class Series F	11.4%	0.0%	1.7%	5.2%
MSCI World Total Return Index (net CAD)	21.2%	11.3%	11.2%	11.8%
Mackenzie Cundill Canadian Security Fund Series F	11.1%	0.7%	1.5%	6.9%
60% S&P/TSX Composite Index, 30% S&P 500 Index and 10% MSCI EAFE (Net) Index	22.9%	9.2%	8.9%	9.8%
Mackenzie Cundill Canadian Security Class Series F	11.2%	0.7%	1.4%	6.8%
60% S&P/TSX Composite Index, 30% S&P 500 Index and 10% MSCI EAFE (Net) Index	22.9%	9.2%	8.9%	9.8%
Mackenzie Cundill US Class F	4.8%	-4.6%	1.1%	8.2%
S&P 500 Index (CAD)	24.8%	14.0%	14.2%	16.0%
Mackenzie Cundill Canadian Balanced Fund Series F	11.1%	2.2%	2.0%	6.2%
Blended Index (62.5% S&P/TSX Composite Total Return Index and 37.5% FTSE TMX Canada Universe Bond Index)	16.8%	5.7%	5.2%	6.1%

*Blended benchmark: 60% S&P/TSX Composite Index, 30% S&P 500 Index and 10% MSCI EAFE Index.