

Consistent and sustainable growth: Managing risk by finding ‘easier’ areas to invest

Investors don't like surprises so understanding what to expect from investments is critical. We manage risk by investing in industries with characteristics we find attractive. These areas provide what we believe are the best opportunities to generate above average returns with limited volatility and superior downside protection.

Industry characteristics that matter to us

1 Competitive intensity

Investing in less competitive areas removes a large layer of risk. Low competitive-intensity allows companies to achieve dominant scale and strong margins, which can lead to steady, stable, and sustainable results.

Industries crowded with competitors make for difficult operating environments. The more intense the competition, the more profitability deteriorates, and this is usually bad for shareholders.

An ideal example of businesses with a dominant position is the longstanding Coke and Pepsi duopoly, with the two companies owning about 75% of the 'cola' market. Both companies have been highly successful over time.

2 Cyclical

We prefer non-cyclical businesses because there are fewer surprises. These businesses tend to be steady, stable, and sustainable through a full cycle.

An example below shows how the cyclical Automotive industry performed relative to the more stable Health Care industry during the past two downturns. Stable businesses tend to hold up better during large market pullbacks.



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Recessionary period 1: March 2001 - November 2001



Recessionary period 2: December 2007 - June 2009



Source: Bloomberg, as at March 2010.

3 Growth rates

We focus our capital within industries that are growing at above average rates.

As industries expand, new opportunities are created while older areas often come under threat. If you are looking for conservative growth businesses, you will usually find them in areas with a natural tailwind.

For example, Blockbuster, the chain of movie rental stores, eventually went bankrupt because of the rapid growth of movie and music streaming. Blockbuster simply couldn't adapt their business model fast enough to respond to the technological threat. On the other hand, Netflix, Google and Apple have enjoyed growth in their streaming services given the natural tailwind in this area.

4 Structural secular threats

Disruptive technologies can rapidly impact industries. When a threat is identified, we avoid these areas altogether.

It's difficult to predict how quickly disruptive technology will impact an industry, but when traditional business models are upended, the impact on stock prices can be severe. When a threat is identified, we prefer to stay away from the industry altogether. There are plenty of opportunities in other industries.

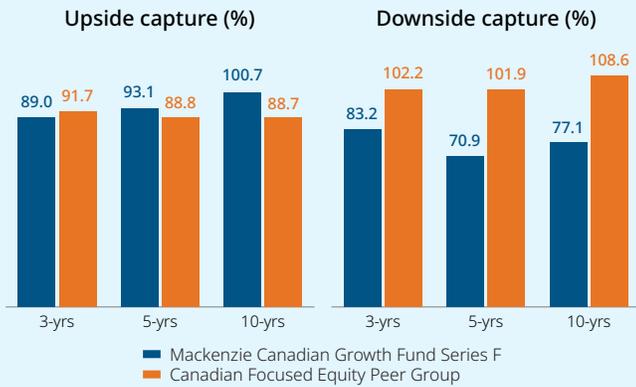


Why Mackenzie Bluewater

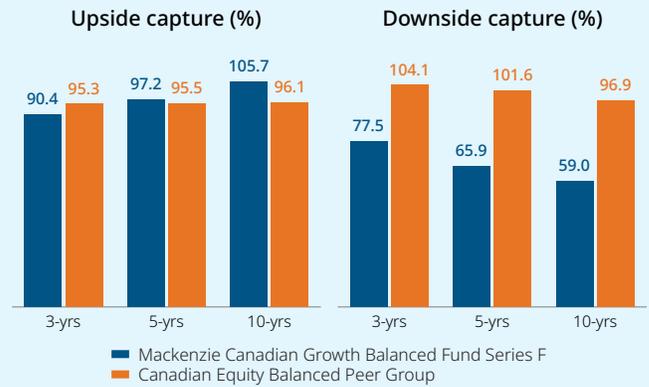
The long-term investor experience with Bluewater has been positive returns in up markets and downside protection in difficult markets. We believe this experience is reflective of our disciplined investment approach.

As seen in the charts below, Bluewater funds have captured more upside over the long term and less downside than the peer group.

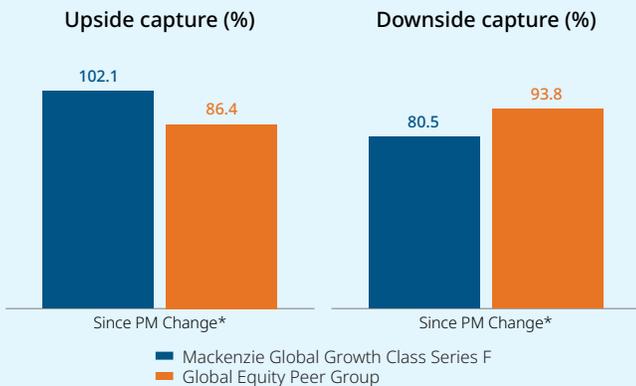
Mackenzie Canadian Growth Fund



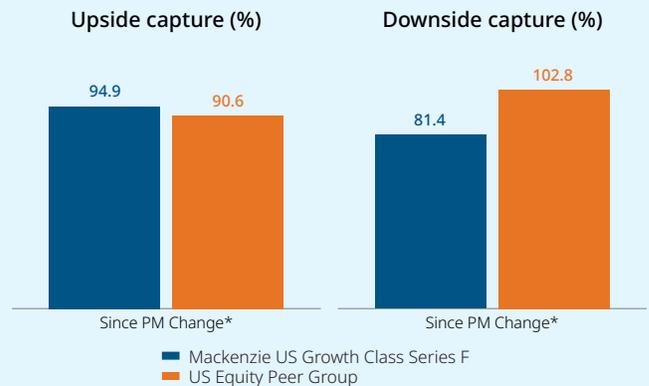
Mackenzie Canadian Growth Balanced Fund



Mackenzie Global Growth Fund[^]



Mackenzie US Growth Fund[^]



Source: Morningstar Direct, as of June 30, 2021. Upside and downside capture ratios are calculated against each fund's benchmark. See benchmark definition below.

* Upside and downside capture ratios calculated for the period of September 1, 2016 to June 30, 2021.

[^] Since Portfolio Manager change, effective August 9, 2016.



MACKENZIE
Investments

For more information about the Mackenzie Bluewater suite of funds, please contact your financial advisor

The performance of Mackenzie Canadian Growth Fund Series F for each period is as follows: 1-year 26.9%, 3-years 11.7%, 5-years 14.1%, 10-years 13.2% (As of June 30, 2021). The performance of the blended benchmark composed of 60% S&P/TSX Composite Index, 30% S&P 500 Index and 10% MSCI EAFE (Net) Index for each period is as follows: 1-year 31.0%, 3-years 12.1%, 5-years 12.5%, 10-years 10.7% (As of June 30, 2021). The performance of Morningstar Canadian Focused Equity Peer Group for each period is as follows: 1-year 32.6%, 3-years 9.5%, 5-years 9.8%, 10-years 7.9% (As of June 30, 2021).

The performance of Mackenzie Global Growth Fund Series F for each period is as follows: 1-year 26.3%, 3-years 15.0%, 5-years 16.6%, 10-years 13.6% (As of June 30, 2021). The performance of MSCI World Index for each period is as follows: 1-year 26.4%, 3-years 12.7%, 5-years 13.7%, 10-years 13.4% (As of June 30, 2021). The performance of Morningstar Global Equity Peer Group for each period is as follows: 1-year 26.7%, 3-years 10.6%, 5-years 11.2%, 10-years 10.4% (As of June 30, 2021).

The performance of Mackenzie US Growth Fund Series F for each period is as follows: 1-year 27.5%, 3-years 17.4%, 5-years 17.6%, 10-years 14.1% (As of June 30, 2021). The performance of S&P 500 Index TR for each period is as follows: 1-year 28.0%, 3-years 16.3%, 5-years 16.5%, 10-years 17.7% (As of June 30, 2021). The performance of Morningstar US Equity Peer Group for each period is as follows: 1-year 28.5%, 3-years 13.4%, 5-years 14.0%, 10-years 14.5% (As of June 30, 2021).

The performance of Mackenzie Canadian Growth Balanced Fund Series F for each period is as follows: 1-year 17.2%, 3-years 9.4%, 5-years 10.4%, 10-years 10.3% (As of June 30, 2021). The performance of the blended benchmark composed of 65% S&P/TSX Composite Index and 35% FTSE Canada Universe Bond Index for each period is as follows: 1-year 20.1%, 3-years 8.8%, 5-years 8.1%, 10-years 6.4% (As of June 30, 2021). The performance of Morningstar Canadian Equity Balanced Peer Group for each period is as follows: 1-year -23.9%, 3-years 7.7%, 5-years 7.4%, 10-years 6.4% (As of June 30, 2021).

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