Mackenzie Global Sustainable Bond Fund

Fund snapshot

Inception date	04/09/2021
AUM (millions in CAD)	55.9
Management fee	0.55%
MER	0.80%
Benchmark	ICE BofA Gbl Broad Mkt (Hgd to CAD)
CIFSC category	Global Fixed Income
Risk rating	Low
Lead portfolio manager	Konstantin Boehmer
Investment exp. since	2003

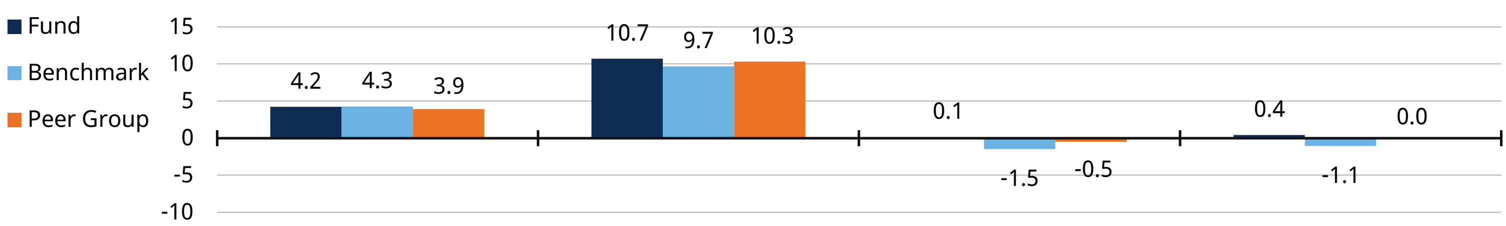
Strategy overview

• 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.

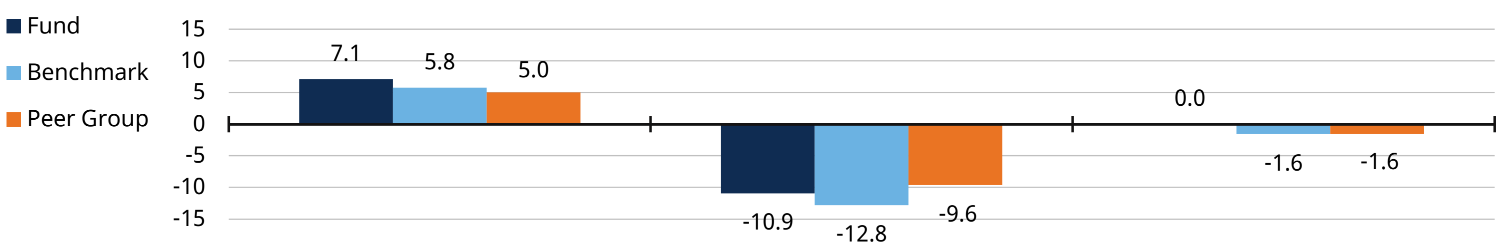
• The Fund invests in "best-in-class" ESG leaders, along with various types of sustainable or ESG labelled debt, such as green bonds, social bonds, sustainable bonds and sustainability-linked bonds and notes. The Fund aims to have a 50-50 mix of best-in-class issuers with ESG labelled debt.

Trailing returns %



	3 Mth	1 Yr	3 Yr	SI
Excess return	-0.1	1.0	1.6	1.5
% of peers beaten	55	52	66	NA

Calendar returns %



	2023	2022	2021
Excess return	1.3	1.9	1.6
% of peers beaten	87	45	NA

Portfolio characteristics

Ratios & metrics	Portfolio	Benchmark
Fund Avg Yield	4.4	3.5
Fund Mod. Dur	5.7	6.7
Fund Rating	A	AA
Average Price	93.7	119.0
Average Coupon	3.4	2.7
Average Term	7.6	-

Asset allocation

Asset	Portfolio	Benchmark
Corporate	49.4	-
Provincial + Municipal	1.8	-
Federal	47.6	-
Cash & Equival. + WC	1.2	-

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	6.1	6.4
Sharpe Ratio	-0.6	-0.8
Tracking Error	2.1	-
Information Ratio	0.8	-
Alpha	1.1	-
Beta	0.9	-
Upside Capture (%)	95.5	-
Downside Capture (%)	79.7	-

Geographic allocation

Region	Weight
North America	86.4
Europe	15.3
LATAM & Caribbean	5.1
Other	-6.8

Maturity breakdown

Bucket	Portfolio	Benchmark
0 to 3	24.6	-
3 to 7	32.3	-
7 to 12	32.2	-
12+	10.9	-

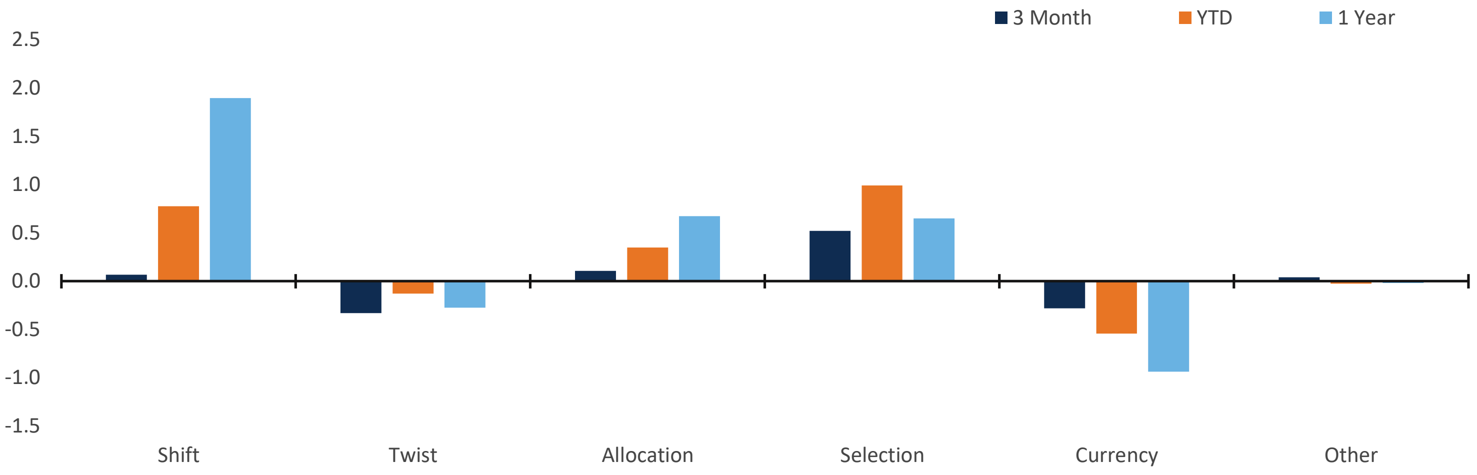
Currency exposure

Currency	Gross	Net
CAD	24.3	92.0
USD	48.8	4.5
Other	26.9	3.5

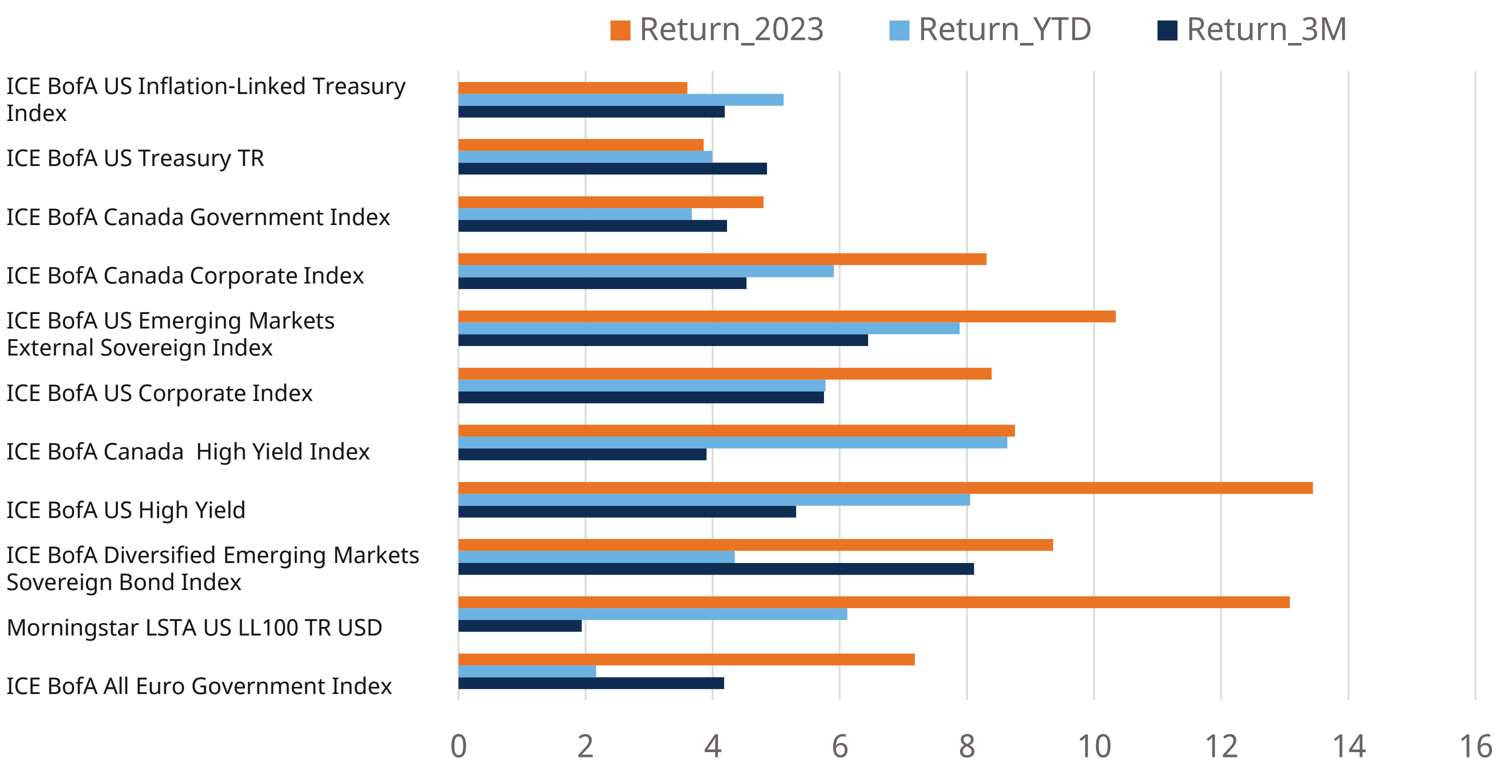
Credit breakdown

Rating	Portfolio	Benchmark
AAA	23.55	12.9
AA	20.63	49.9
A	15.01	23.5
BBB	19.43	13.7
BB	15.77	-
B	5.6	-
CCC & Below	-	-
NR	-	-

Attribution



Market Overview



Commentary

Coming into the third quarter, we focused on four key macro themes impacting macro fixed income and cross-asset markets: Biden's ability to recover after June's poor debate performance, uncertainty over the Fed's willingness to cut rates, markets not properly pricing the BoJ's July meeting outcome, and concerns over cross-asset volatility. The volatility event around late July/early August was significant but not unexpected, driven by the BoJ's surprising policy rate hike and the Fed opting not to cut rates on July 31st. Powell's late-August Jackson Hole speech indicated a desire for a larger rate cut in September, leading to a debate about the reasons behind the 50bp cut.

Heading into the fourth quarter, several macro events have caused the market to rethink the narrative. The US east and gulf coast dockworkers strike is on hold, but sticky wages and services prices suggest too much easing was priced into the curve. China is attempting to reflate its economy, and the risk of strife in the Middle East could impact oil production and prices. The US economy appears strong, with Q3 real GDP estimates around 2.5-3.0% and preliminary Q4 estimates not far below. September's booming non-farm payrolls report has solidified the view that lower yields may not be sustainable.

The Canadian fixed income outlook is fascinating as Canadian duration has been bid most of the year, with the expectation that Canada's economy will underperform, and the Bank of Canada will continue to ease rates aggressively. The median Canadian consumer is faring worse than the median US consumer, and this outlook is likely to continue due to a weaker housing market, more indebted households, worse productivity metrics, and a higher structural unemployment rate. The BoC's policy rate typically does not sway far from the Fed's, but we could be entering a period of significant policy differential.

Japan is likely to continue bucking the global easing trend despite the upcoming election. The BoJ is expected to move further towards normalizing rates, with a potential 25bp hike this year. Domestic inflation and output data support this move, and recent commentary from PM Ishiba is seen as election fodder.

China's recent stimulus measures are significant, both from a policy and optics perspective. The stimulus includes cutting short-term policy rates, economic policy announcements, helicopter money to 14% of households, and forward guidance on further rate cuts and fiscal stimulus. This suggests senior leaders are aware of the economic malaise and plan to act. Additional fiscal measures are expected, potentially providing support to the consumer and recalibrating market sentiment, particularly in higher beta risk assets.

The US election is a major upcoming macro event. The race for the White House is too close to call, with Harris' momentum stalling and Trump being a strong finisher. The outcome remains uncertain, with key swing states playing a crucial role. A split Congress is likely, leading to increased Executive Order action from the Oval Office. For markets, a Trump outcome could drive concerns over China, global tariffs, and Fed independence. A Trump win may not translate into a stronger USD, and could lead to more right-of-center nominees for policy seats and judges. A balanced Congress could mitigate concerns over fiscal spending and Treasury issuance.

For global macro and fixed income markets, the election outcome will be significant, with potential impacts on sectoral perspectives and policy directions. The Fed's future leadership and policy stance will also be crucial factors to watch.

Looking ahead to the fourth quarter, expectations for additional rate cuts by the Fed and other central banks should create a supportive environment for spread sectors as well as for government bonds poised to benefit from further policy easing. However, geopolitical risks and the upcoming U.S. elections could introduce increased volatility in fixed income markets.

Credit spreads remain tight, and we prefer to be invested in high-grade (low beta) Corporate Bonds at the short end of the curve. We prefer the Canadian curve over the US curve in this sector. Continued rate cuts are the base case for Canada and so there is still further potential for significant price appreciation of these securities. We remain negative on the long end of the Canadian market with 30y Canadian bonds offering almost no additional yield to 2-year bonds, but substantially more price risk.

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 September 30, 2024 including changes in share value and reinvestment of all distributions and does 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.

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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 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 September 30, 2024 . 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 Fixed Income category funds for Mackenzie Global Sustainable Bond Fund for each period are as follows: one year - 477 ; three years - 345 ; five years - 246 ; ten years - 106 .

Morningstar data is shown as of the most recent reporting period by each fund family. Allocations may not equal 100% and will vary overtime. Assets contained within “Other” category are not classified by Morningstar. All information presented in this tool is for informational purposes only and is not intended to be investment advice. The information is not meant to be an offer to sell or a recommendation to buy any investment product. Unless otherwise noted, performance is shown before sales charge. For more fund information, click the POS Documents link.

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