Mackenzie Floating Rate Income Fund

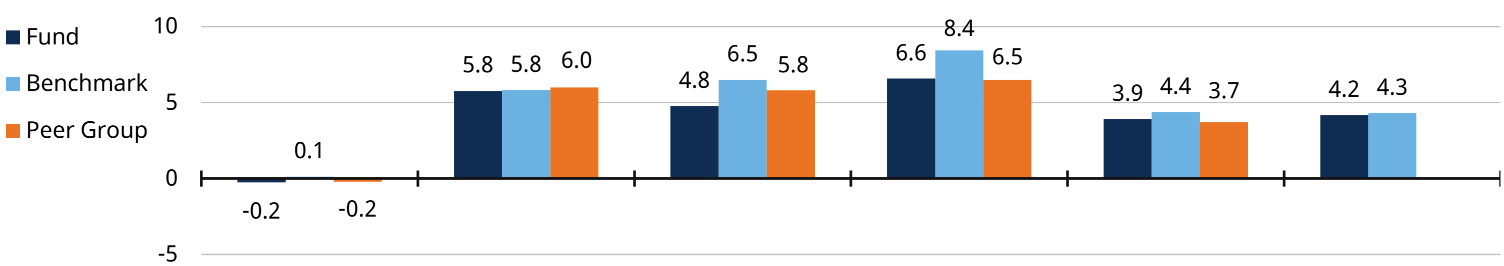
Fund snapshot

Inception date	05/09/2013
AUM (millions in CAD)	431.1
Management fee	0.65%
MER	0.90%
Benchmark	Morningstar LSTA Leveraged Loan (Hgd to CAD)
CIFSC category	Floating Rate Loans
Risk rating	Low to Medium
Lead portfolio manager	Konstantin Boehmer
Investment exp. since	2003

Strategy overview

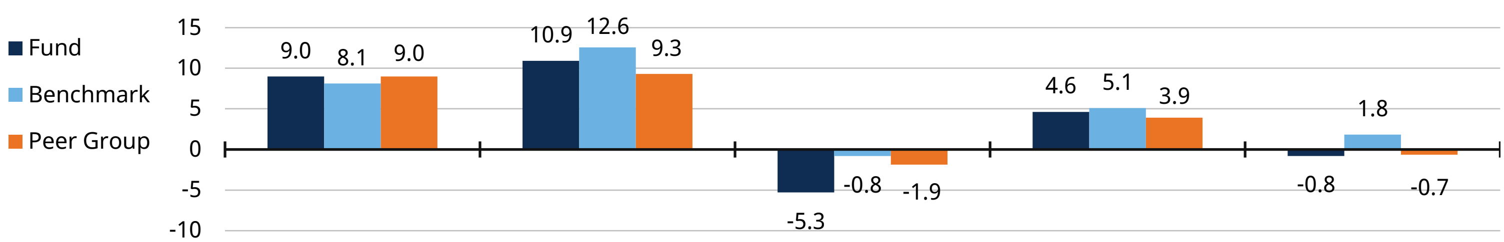
- Aims to deliver attractive risk-adjusted returns by investing primarily in senior secured floating rate loans and seeking credit exposure that is isolated from interest rate risk.
- The investment philosophy focuses on higher quality non-investment grade securities, middle market borrowers and relative value opportunities within a company's capital structure while limiting the downside risk.
- Fundamental credit analysis, portfolio construction, rigorous bottom-up selection and scrutiny in deal structures are the primary sources of alpha generation.
- The neutral currency exposure is 100% hedged back to CAD, although some open currency exposure (generally no more than 10% to 15%) can be used by the managers tactically to mitigate the overall risk in the portfolio.

Trailing returns %



	3 Mth	1yr	3Yr	5Yr	10Yr	SI
Excess return	-0.3	0.0	-1.7	-1.8	-0.5	-0.1
% of peers beaten	52	56	25	37	67	NA

Calendar returns %



	2024	2023	2022	2021	2020
Excess return	0.9	-1.7	-4.5	-0.5	-2.6
% of peers beaten	62	67	22	68	50

Portfolio characteristics

Ratios & metrics	Portfolio	Benchmark
Fund Avg Yield	9.8	7.5
Fund Mod. Dur	0.3	0.1
Fund Rating	B	B
Average Price	95.3	143.9
Average Coupon	8.4	7.3
Average Term	4.7	-

Asset allocation

Asset	Portfolio	Benchmark
Investment Grade Corporates/Government	0.5	-
Sovereign and EM	0.2	-
High Yield	8.4	-
Loans	92.7	-
Cash & Equivalent	-3.4	-
Other	1.6	-

Performance metrics (3 year trailing)

Metrics	Portfolio	Benchmark
Standard Dev.	3.7	3.8
Sharpe Ratio	0.2	0.7
Tracking Error	1.4	-
Information Ratio	-1.3	-
Alpha	-1.5	-
Beta	0.9	-
Upside Capture (%)	83.6	-
Downside Capture (%)	109.1	-

Geographic allocation

Country	Weight
Canada	10.4
US	84.3
Europe	8.5
Other	-3.2

Maturity breakdown

Bucket	Portfolio	Benchmark
0 to 3	13.8	-
3 to 7	83.2	-
7 to 12	0.2	-
12+	2.8	-

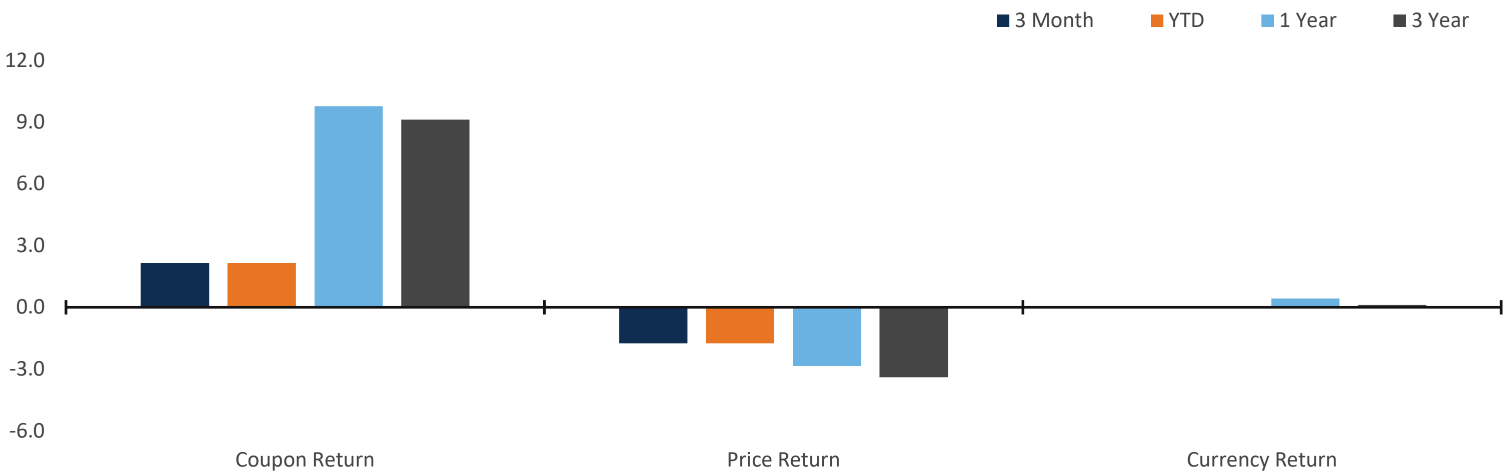
Currency exposure

Currency	Gross	Net
CAD	1.3	94.1
USD	96.5	5.9
Other	2.2	-

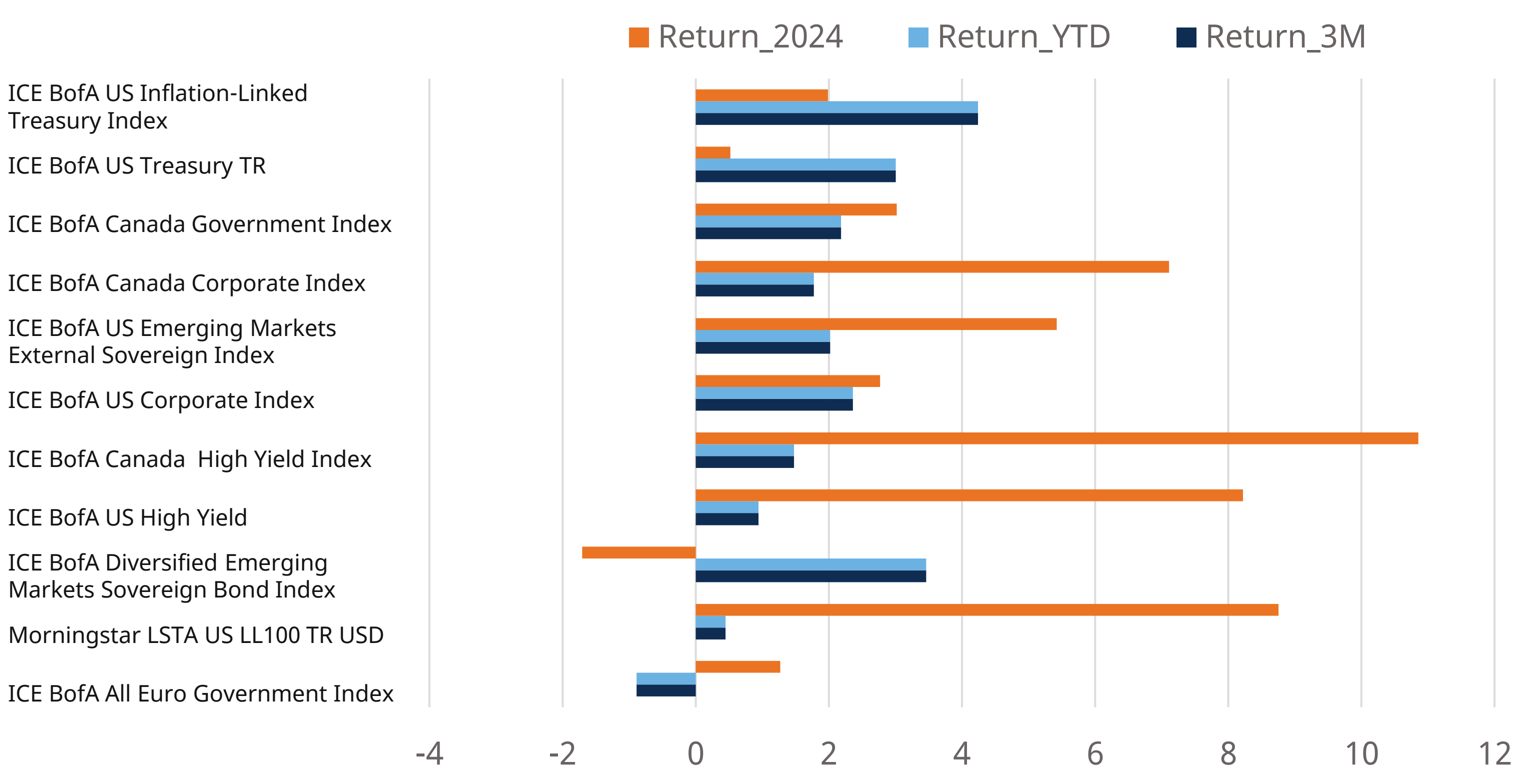
Credit breakdown

Rating	Portfolio	Benchmark
AAA	-	-
AA	-3.4	-
A	0.1	0.2
BBB	4.9	2.5
BB	24.4	25.0
B	56.7	65.8
CCC & Below	9.5	5.7
NR	9.1	0.9

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.”

Floating Rate Income Fund

Market dynamics feel overly negative and very fluid as we write this commentary. We are in the midst of significant risk-off markets stemming from escalating trade wars and weakening consumer confidence. Loan returns were positive in Q1 but have turned negative in the first trading week of April. Loan prices are now below 95, down a couple of points from March 31st . Primary market issuance for leveraged credit has slowed for all types of deals as issuers and investors wait for more clarity on the macro picture, pushing companies to the sidelines for now. So far, there is no panic in credit markets but that can change quickly depending on investor sentiment and the economic backdrop.

On a brighter note, CLOs are still pricing in the market despite a major pullback in new loans and HY issuance and this is another data point confirming the resiliency of the CLO market. Tier 1 managers are pricing new issue in the 140+ bps range for AAA, up from 115-120 in Feb. The secondary market has widened accordingly with AAA widening by ~ 35 bps.

The outlook is path dependent based on the conclusion of these trade wars and whether the US economy avoids a recession. Macro risks have resurfaced in a stunning way. Inflation concerns never really went away and now are becoming a bigger concern.

Commentary

Moreover, this lack in stability will potentially lead to easing consumer demand and corporate spending. It's our view that a recession would invite rate cuts by the FED which would be positive for credits markets including loans. Markets are now pricing in aggressive rate cuts by the end of 2025. Importantly, rate cuts are not necessarily negative for loans – if cuts stimulate the economy and fuel risky assets higher, then loans will generally follow.

Contributors

-Higher carry
-Exposure to high yield bonds
-Underweight Household Products, Beverages, and Retail
-Overweight Distributors, Container & Packaging, and Paper & Forest products

Detractors

-Hedging Cost
-Overweight CCCs
-Overweight Bs and underweight BB & BBBs
-Overweight Chemicals & Building products

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.

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 March 31, 2025 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.

This document may contain forward-looking information which reflect our or third party current expectations or forecasts of future events. Forward-looking information is inherently subject to, among other things, risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed herein. These risks, uncertainties and assumptions include, without limitation, general economic, political and market factors, interest and foreign exchange rates, the volatility of equity and capital markets, business competition, technological change, changes in government regulations, changes in tax laws, unexpected judicial or regulatory proceedings and catastrophic events. Please consider these and other factors carefully and not place undue reliance on forward-looking information. The forward-looking information contained herein is current only as of March 31, 2025. There should be no expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.

The content of this commentary (including facts, views, opinions, recommendations, descriptions of or references to, products or securities) is not to be used or construed as investment advice, as an offer to sell or the solicitation of an offer to buy, or an endorsement, recommendation or sponsorship of any entity or security cited. Although we endeavour to ensure its accuracy and completeness, we assume no responsibility for any reliance upon it.

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 Floating Rate Loans category and reflect the performance of the Mackenzie Floating Rate Income 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 Floating Rate Loans category funds for Mackenzie Floating Rate Income Fund for each period are as follows: one year - 76 ; three years - 74 ; five years - 74 ; ten years - 50 .

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.

All information is historical and not indicative of future results. Current performance may be lower or higher than the quoted past performance, which cannot guarantee results. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes. Performance may not reflect any expense limitation or subsidies currently in effect. Short-term trading fees may apply. To obtain the most recent month-end performance, visit Morningstar.com.

This material is for informational and educational purposes only. It is not a recommendation of any specific investment product, strategy, or decision, and is not intended to suggest taking or refraining from any course of action. It is not intended to address the needs, circumstances, and objectives of any specific investor. Mackenzie Investments, which earns fees when clients select its products and services, is not offering impartial advice in a fiduciary capacity in providing this sales and marketing material. This information is not meant as tax or legal advice. Investors should consult a professional advisor before making investment and financial decisions and for more information on tax rules and other laws, which are complex and subject to change.