



MACKENZIE FINANCIAL CORPORATION

Mackenzie provides investment advisory services utilizing proprietary investment research and experienced investment professionals. We distribute our services through multiple distribution channels focused on the provision of independent financial planning through a wide range of investment solutions to meet investor needs.



Charles R. Sims
President and Chief Executive Officer
Mackenzie Financial Corporation

HIGHLIGHTS

- Total sales for the company were \$11.6 billion versus \$12.3 billion in 2008, a decrease of 5.3%.
- As of December 31, 2009, total assets under management were \$63.6 billion, up 16.3% from the prior year-end. Institutional, sub-advised, and other assets under management increased to \$23.0 billion, up 21.8% from the prior year. Average assets under management were \$57.6 billion, down 3.6% from the prior year.
- Mackenzie broadened its investment choices for Canadians by adding several new funds in the fixed income category and created a line of All-Canadian fund offerings.

REPORT ON OPERATIONS

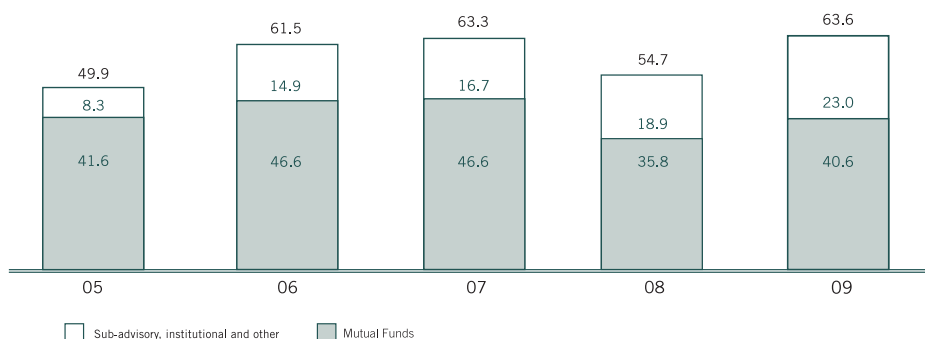
In 2009, Mackenzie and its subsidiaries continued to focus on business growth, product innovation, client effectiveness, strategic partnerships and employee development. In January, we completed the legal entity amalgamation with Saxon Funds Management Ltd. and Mackenzie became the manager of the Saxon funds.

Our product lineup evolved again this year with many changes to increase portfolio manager flexibility, to add additional options for investors looking for fixed income and pure Canadian offerings and to simplify the lineup for advisors and investors.

We remained focused on the effectiveness of our service capabilities within the different lines of the business. In September, Mackenzie formed Mackenzie Global Advisors, a new division within the organization to centralize sales and client service and focus on the institutional investment marketplace.

Total Assets under Management

As at December 31 (\$ billions)



The quality and depth of investment research, and the experience of Mackenzie's portfolio managers and sub-advisors have all contributed to the company's ability to provide clients with high-quality investment products.

INVESTMENT MANAGEMENT

Under the Mackenzie master brand, we deploy a sub-branding strategy that includes the Cundill*, Ivy*, Maxxum*, Sentinel*, Focus*, Saxon*, and Universal* sub-brands, to highlight the diverse investment styles and objectives offered within our diversified product lineup. We also provide asset allocation, target-date, and target-risk solutions through the Keystone*, Symmetry*, and Mackenzie Destination Fund(s)* sub-brands. The quality and depth of investment research, and the talent of Mackenzie's portfolio managers and sub-advisors have all contributed to our ability to provide clients with consistent long-term investment performance results. Eighty percent of Mackenzie fund assets were rated 3, 4 or 5 Star by Morningstar as of December 31, 2009.

DISTRIBUTION

The strength of Mackenzie's retail distribution network is built on our long-standing and expanding relationships with financial advisors and representatives across the breadth of our distribution channels. These relationships allow the company's products to be efficiently distributed through retail brokers, financial advisors, insurance agents, banks, and financial

institutions, giving the company one of the broadest retail distribution platforms of any investment company in Canada. We expanded our sub-advised, institutional and high net worth businesses with the addition of the Saxon entities. In September, Mackenzie announced the alignment of its institutional businesses into Mackenzie Global Advisors bringing together Cundill Investment Research Ltd. and Howson Tattersall Investment Counsel with the investment brands of Maxxum, Universal, Ivy and Sentinel to offer an extensive range of investment strategies to meet the diverse investment objectives of pension plan sponsors, foundations, trusts and other institutional investors.

SERVICE

We are committed to consistently deliver high-quality service to our clients, while striving to improve both the level of service and cost efficiency.

Mackenzie products are distributed widely through the financial advice channel and the company is proud of the partnership it has established with financial advisors over its history. Through the dedicated efforts of our employees, these relationships continue to grow as Mackenzie now reaches more than 30,000 advisors and 1.4 million investors across Canada. In addition to the timely and accurate reporting of fund performance and account activity, company representatives regularly meet with advisors to gain insight and assist advisors in delivering investment products that help clients reach their financial goals. Coming out of the recession, Mackenzie communicated regularly with important

informational updates and educational tools to help advisors keep their clients on track with their financial plans. Advisors benefit from ongoing education programs through Mackenzie University, which delivers leading business management and product training programs.

PRODUCT FOCUS

Our product lineup continued to evolve, with new initiatives focused primarily in the fixed income and Canadian equity areas. Three new fixed income funds were introduced: Mackenzie Sentinel Short-Term Government Bond Fund, Mackenzie Sentinel North American Corporate Bond Class, and Mackenzie Sentinel Strategic Income Class. Mackenzie also introduced the Mackenzie All-Sector Canadian Equity Fund and launched the Mackenzie Saxon family of mutual funds for investors working through an advisor.

In November, The Canadian Shield Fund completed a \$127 million initial public offering. The fund aims to generate superior risk-adjusted absolute returns in Canadian dollars and to preserve the Fund's capital in all market environments.

INVESTING IN COMMUNITIES

Mackenzie's commitment to quality and excellence extends to community involvement and is focused in three areas: the Mackenzie Charitable Giving Fund*, corporate philanthropy, and employee volunteerism through the Mackenzie Financial Charitable Foundation, a registered charity managed by Mackenzie employee volunteers.

The company is dedicated to providing clients with high-quality, innovative investment solutions and strives to maintain strong long-term investment performance across its multiple product offerings. We are proud of our track record, our people and our business.