

MACKENZIE FINANCIAL CORPORATION

Mackenzie provides investment advisory services utilizing proprietary investment research and experienced investment professionals. We distribute our services through independent financial advisors utilizing a wide range of investment solutions to meet investor needs.

HIGHLIGHTS

- Total sales for the company were \$12.7 billion versus \$11.7 billion in 2006, an increase of 8.3%.
- As of December 31, 2007, total assets under management were \$63.3 billion, up 2.8% from the prior year-end. Institutional, sub-advised, and other assets under management increased to \$16.7 billion, up 11.9% from the prior year. Average assets under management were \$63.5 billion, up 16.7% from the prior year.
- We introduced a number of new investment solutions in 2007. Investors were given more choice in the growing fixed-income sector where Mackenzie launched four new funds: Mackenzie Universal Global Infrastructure Fund, Mackenzie Founders Income & Growth Fund, Mackenzie Cundill Global Dividend Fund, and Mackenzie Universal Global Property Income Fund. We continued to expand our foreign product offerings with the launch of Mackenzie Cundill Emerging Markets Value Class and Mackenzie Cundill International Class.

REPORT ON OPERATIONS

In 2007, Mackenzie and its subsidiaries continued to focus on business growth, product innovation, client effectiveness, and employee development. Average assets under management, a key driver in our business model, increased by 16.7% over the prior year. Growth in assets under management was muted in the traditional mutual fund business with the increased volatility experienced in the domestic and global equity markets in the second half of the year. We continued to see expansion in the sub-advised portion of our institutional business.

Our product lineup evolved again this year with many changes to increase portfolio manager flexibility, to add additional hedged classes to existing funds, to expand our domestic and foreign income-oriented investment solutions, and to simplify the lineup for advisors and investors.

In response to the increasing need for retirement solutions, we created and launched the Mackenzie Destination+^P Funds, a family of target-date funds with a guaranteed maturity amount built into the product if investors remain in the investment until the target date maturity.



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

We remained focused on the effectiveness of our service capabilities within the different lines of the business.

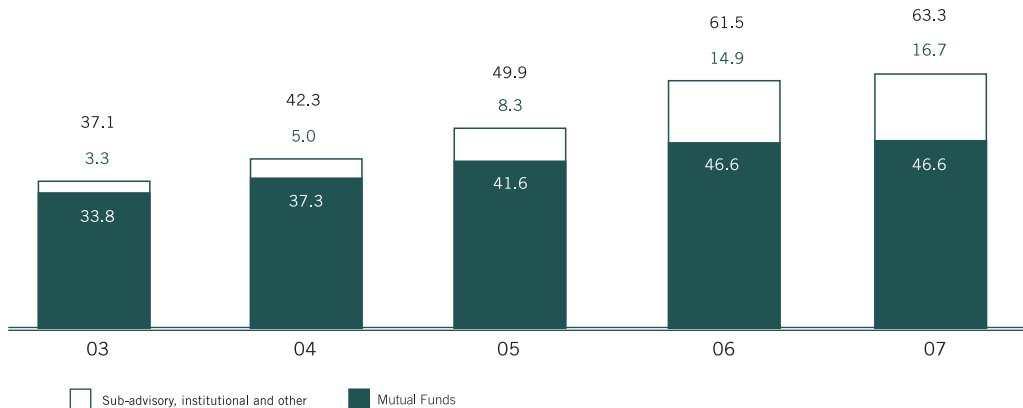
The quality and depth of investment research, and the experience of Mackenzie’s portfolio managers and sub-advisors have all contributed to the company’s ability to provide clients with high-quality investment products.


INVESTMENT MANAGEMENT

Under the Mackenzie master brand, we deploy a sub-branding strategy that includes the Cundill*, Ivy*, Maxxum*, Sentinel*, Focus*, 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*, Destination^P, and Star* 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.

Total Assets under Management

As at December 31 (\$ billions)





The strength of Mackenzie's distribution network is built on our long-standing and expanding relationships with financial advisors and representatives across the breadth of our distribution channels.

DISTRIBUTION

The strength of Mackenzie's 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 continue to look for opportunities to expand into the sub-advised, institutional and high net worth businesses outside Canada.

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. Advisors also benefit from ongoing education programs through Mackenzie University, which delivers leading business management and product training programs.

PRODUCT FOCUS

Mackenzie’s product capabilities continued to expand during the year with the introduction of innovative new solutions designed to provide clients with additional choice and diversification. This determination to stay at the forefront of our business sector through innovation was highlighted by the company’s decision to introduce target-date retirement products and increase the choice of global income-oriented funds.

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.

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.

This past year marked the 40th anniversary of Mackenzie Financial Corporation working in partnership with financial advisors, and 25 years of

service at MRS. We celebrated these anniversaries in a year that also saw milestone anniversaries for products that have been important to our business growth: the mutual fund has been in Canada for 75 years and 50 years for the Registered Retirement Savings Plan.

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.