



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 \$12.2 billion versus \$11.6 billion in 2009, an increase of 4.5%.
- As of December 31, 2010, total assets under management were \$68.3 billion, up 7.5% from the prior year-end. Institutional, sub-advised, and other assets under management increased to \$24.9 billion, up 8.4% from the prior year. Average assets under management were \$64.1 billion, up 11.1% from the prior year.
- Mackenzie broadened its investment choices for Canadians by adding several new funds and remained focused on delivering above average investment performance over time in our mutual funds.
- The distribution model was adjusted in 2010. The company now has dedicated sales teams focused in the traditional retail wholesale channel working with financial advisors; the platform, sub-advisory and strategic partnership group; and our institutional team, focused on the needs of pension plan sponsors, foundations, trusts and other institutional investors.

REPORT ON OPERATIONS

In 2010, Mackenzie and its subsidiaries continued to focus on business growth, product innovation, client service effectiveness and strategic partnerships. With respect to business growth, sales were up 4.5% year over year and average assets under management were up 11.1%.

Our product lineup evolved again this year with many changes to increase portfolio manager flexibility, adjust pricing, and simplify the lineup for advisors and investors. New fund launches included Mackenzie Universal Gold Bullion Class, Mackenzie Founders Global Equity Class and Mackenzie All-Sector

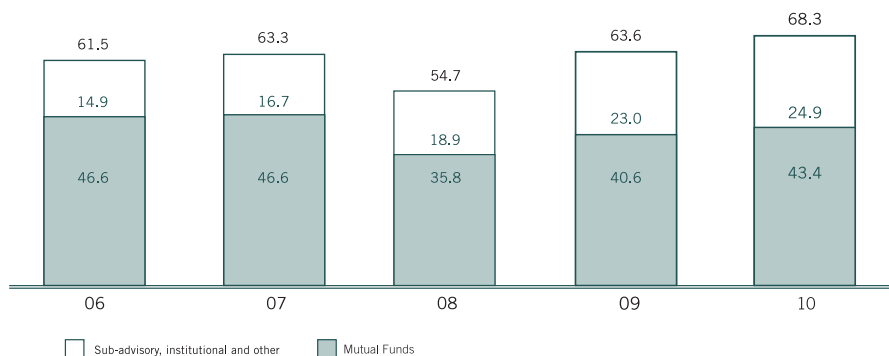
Canadian Balanced Fund. Also, we seamlessly transitioned to new leadership for our Sentinel, Cundill and Maxxum investment teams during the year.

Our client service call quality improved to fourth out of 14 firms ranked this year, the highest level we have achieved. We continued with investments in our target state service initiative with continued investment in technology and process refinement.

We expanded our relationship with existing strategic partners by offering a segregated fund offering in partnership with Canada Life. We continued to see opportunities to expand our relationships with our existing strategic partners.

Total Assets under Management

As at December 31 (\$ billions)



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 multi-manager asset allocation solutions through the Symmetry* sub-brand. 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. Seventy-six percent of Mackenzie fund assets were rated 3, 4 or 5 Star by Morningstar[†] as of December 31, 2010.

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. With the adjustments to our distribution model, we now have dedicated sales teams focused in the traditional retail wholesale channel working with financial advisors; the platform, sub-advisory and strategic partnership group; and our institutional team, focused on the needs of pension plan sponsors, foundations, trusts and other institutional investors.

SERVICE

We are committed to consistently delivering 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 benefit from ongoing education programs through Mackenzie University, which delivers leading business management and product training programs.

Mackenzie Financial Corporation 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.

PRODUCT FOCUS

Our product lineup continued to evolve with a number of fund launches during the year.

The Mackenzie Universal Gold Bullion Class was introduced in January, expanding Mackenzie's already strong natural resource fund lineup.

The Mackenzie All-Sector Canadian Balanced Fund was introduced in July, along with three new Saxon corporate funds: Mackenzie Saxon Balanced Class, Mackenzie Saxon Stock Class and Mackenzie Saxon Small Cap Class. Specifically designed for taxable investors, the corporate funds are designed to maximize after-tax returns by minimizing taxable distributions and investors have the flexibility to switch between more than 50 Mackenzie corporate funds on a tax-deferred basis.

The Mackenzie Founders Global Equity Class was added to Mackenzie's product shelf in November, combining the investment strategies of Cundill and Ivy investment teams with the tax advantages of Mackenzie corporate funds.

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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.