

Speaking Notes

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Mackenzie Financial Corp.**

Annual Meeting of the Shareholders

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10AM**

Thank you very much Jeff and good morning everyone.

This is the third year I have had the honour and privilege of presenting the Mackenzie story.

Our journey began six years ago when, under new leadership, Jeff Carney and team built a bold vision and strategy to restore Mackenzie to pre-eminence.

I joined Mackenzie mid-way through 2016 to execute on this winning strategy and to lead this outstanding team.

We have pivoted many times over the past three years to adapt our strategy to an ever-changing environment - an Always-On-Strategy Approach. But the foundational strategy remains intact, and we are singularly focused on execution each and every day. The strategy is working - and working well.

2018 was a pivotal year for us. A year we clearly demonstrated that we were back and committed to becoming a growth company that is transforming the industry.

Our success has been (and will be) defined by:

- a relentless commitment to optimizing our business processes and operations to better serve advisors and investors; and
- continuous product innovation and investment management excellence.

We are well positioned and structured to capitalize on future opportunities.

And, while having the right strategy is critically important, it is our people who have made this possible.

I can honestly say that this is the best and most dynamic team I've worked with in my career. I want to thank them for all their hard work and dedication.

This morning, I'd like to cover three topics:

- summarize our highlights from 2018;
- provide you with a sense of where we're going in 2019 and beyond; and
- share some insights on the key trends that are shaping our industry.

Momentum started to build during the latter part of 2016.

2017 - our 50th anniversary - was a breakout year for Mackenzie.

And 2018 was just as impressive as our momentum accelerated.

We experienced the highest mutual fund gross sales in our history at \$10.0 billion (2017 now being our second highest in history).

We had our best mutual fund retail net sales in twenty years at \$1.0 billion, our 9th consecutive quarter of being positive after 40 consecutive quarters of net redemptions.

The first quarter of 2019 represented our 10th consecutive quarter of positive retail net sales, with \$220 million of inflows - a strong showing in a challenging RRSP season.

More importantly, we have gained significant market share in each of the past three years, particularly in 2018 when the Canadian mutual fund industry as a whole was in net outflows.

2018 was also a banner year for our ETF business.

We ranked third in net creations out of over thirty ETF providers in Canada at \$1.8 billion.

We passed the \$3 billion mark in assets under management less than three years after we launched our first ETFs – the third fastest in the industry.

And we added another \$228 million in net creations in the first quarter of this year.

Our investment performance is at its strongest levels in over five years.

At the end of 2018, 47 percent of our total mutual fund assets under management were in four or five-star Morningstar funds, and 17 of our largest 20 F-Series mutual funds rated four or five-star. And, once again, we won numerous Lipper and Funddata awards for investment excellence, culminating in Phil Taller being recognized by Investment Executive as the Manager of the Year in all of Canada.

Environics has been tracking the performance of leading brands among financial advisors for more than twenty years. We have made significant gains among advisors, particularly over the past three years.

Environics now rates us among the top two in the industry. Advisors who currently work with us are more likely to recommend Mackenzie to other advisors than those who work with almost any other brand.

In fact, we are now rated among the very best in the industry – ranked no lower than second in any category for:

- our easy-to-use product shelf;
- the performance and solid track record of our solutions;

- the support, customer service and insight we provide to advisors; and
- the quality of our wholesaler team and the support they provide.

Advisors recognize Mackenzie as one of the best partners in the industry. And they are trusting us with their clients and their business.

We continued to enhance the advisor and investor experience during 2018 with a number of product launches and technology innovations.

First, we launched Canada's inaugural liquid alternative mutual fund, Mackenzie's Multi-Strategy Absolute Return Fund (or MSARF).

To do so, we were granted exemptive relief from the regulators nine months before the actual rules were effective. This enabled us to be the first in the country to provide advisors with a new investment strategy to improve the retirement journey for Canadians.

Second, we launched a series of mutual funds of ETFs (named ETF Portfolios) to provide Canadian investors a means to access cost effective multi-asset solutions that deploy processes and techniques used by the most sophisticated pension plans in Canada and globally.

These Mackenzie mutual funds combine our active, smart beta, and passive ETFs with dynamic asset allocation and active currency management.

And third, we launched Precision, new software available to advisors free of charge to compare clients' current and alternative portfolios, providing access to every mutual fund and ETF available in Canada.

In less than one year, more than three thousand advisors now use this proprietary technology.

As I've said, our greatest strength and competitive edge is our people. How does one describe the culture that exists at Mackenzie?

Clearly it is very engaged, with our 2018 Gallup Employee Survey score increasing once again to our highest ever - a world-class 85th percentile ranking.

The culture I've come to know and love here at Mackenzie is also one of professionalism, team-work, integrity and respect, while having some fun along the way.

But what most exemplifies and personifies our winning culture is the Mackenzie Charitable Foundation.

Celebrating its 20th anniversary this year, the Charitable Foundation is embraced by all Mackenzie-ites.

It is entirely governed and run by our employee volunteers.

We have gifted more than \$10 million to dozens of smaller charitable organizations across Canada that do such incredibly impactful and heart-warming work for the disadvantaged and those in need.

Our Charitable Foundation represents the absolute best of Mackenzie and for me the proudest part of being CEO.

At Mackenzie, we are focused on supporting the advancement of gender equality. The asset management industry is one of the most challenged when it comes to gender diversity. We are working hard to become a leader in this area. It is simply the right thing to do and makes such good business sense for all our stakeholders.

Here are a few of our woman leadership initiatives:

- The Mackenzie Global Women's Leadership mutual fund and ETF ranked in the first quartile of the global equity peer group during its first year, with several hundred advisors already directing their clients' investments into these funds.
- The female athletes who we sponsor, skiers Georgia Simmerling and Brittany Phelan, are exceling.
- We were also the lead sponsor of True Patriot Love's first ever All-Women Arctic Expedition in support of military veterans. Just last month, our very own Libby McCreedy and Fate Saghir were among eighteen civilians and veterans traversing on snow shoe over two weeks through the Akshayuk Pass in Baffin Island.
- Finally, Mackenzie is the Founding Sponsor of The Women's Collection, Canada's first technology-driven, female-focused financial literacy and investment platform.

And inside Mackenzie, as signatory of the UN Women Empowerment Principles, we are committed to progressing our women leadership and diversity initiatives and targets. This is the highest priority for us and – again - we want to lead by example.

I'm especially proud of our new advertising campaign - Better Together- which is a great reflection of our culture. The idea behind Better Together hinges on the concept that when people work together in harmony, great things can happen. It is powerful, single minded and applies to our industry, our clients, our community, and most of all...how we work together as an organization.

Great Happens Together.

2018 provided us with much to be proud. But where to from here?

The global asset management industry is growing. It is expected that the current \$100 trillion US in AUM will grow to nearly \$145 trillion US by 2025, with China leading the way. And we are about to go through the largest wealth transfer in history.

The overall opportunity is significant for those firms who position themselves for success. We believe we are amongst those very few who will.

We plan to do so by continuing to refine our multi-channel and go-to-market strategies in a more segmented manner.

We want to understand even better the increasingly diverse needs of the retail channels in Canada by expanding our traditional wholesaling resources powered by big data and digital technology.

Our primary focus remains on advisors across the country along with newer, emerging channels such as robo-advisors. Our Canadian retail business is by far our largest, with accelerating market share gains.

We will sell into the institutional channels in a very targeted way, with a handful of institutional-quality strategies distributed to consultants and pension plan sponsors in Canada, the US, Europe, and Asia.

We see tremendous opportunity in the institutional space.

We will be focused on delivering innovative solutions and strong competitive investment performance.

And cost efficiency and productivity will be top of mind.

We have a very scalable fixed cost structure with our mutual fund and ETF platforms fully built out. This represents a powerful competitive advantage, providing us with significant capacity and operating leverage.

Finally, we plan to continue to foster a high performance, diverse and inclusive culture - the cornerstone of our strategy.

What makes me especially excited about our future is how well we are positioned to capitalize on the key trends that will shape our industry.

As I mentioned last year, there are six (in no particular order):

Socially Responsible Investing (or Environmental, Social, Governance Investing). A day doesn't go by without reference in the media of this being a fast-growing part of the Canadian retail industry.

We responded swiftly by launching three SRI funds - global balanced, women leadership, and global environmental equity. It is still early days, but all are performing well with over 700 advisors using them.

Alternative Investments. With new rules effective this year permitting shorting and leveraging within mutual funds in Canada, some experts believe the liquid alternative space could grow to \$100 billion.

As mentioned, we were the first to introduce a liquid alternative mutual fund last year. In February we added three additional funds to our lineup. Overall, our liquid alternative offerings now account for more than \$1 billion in AUM.

ETFs. ETFs in Canada are growing faster than mutual funds and are now one-tenth the size in total. In the US, ETFs are approaching one-third the size of mutual

funds. ETFs have a lot of runway to grow even faster in Canada, but not to the detriment of mutual funds, which will also grow going forward.

We have one of the fastest growing ETF platforms in Canada and our mutual fund platform's growth is accelerating. We believe equally in both and approach the market as such.

Quantitative investing. When I started at Mackenzie, we had only a modest amount invested in this manner.

Today, with our quantitative teams in Boston and Toronto, our smart beta and passive ETFs, and our award-winning partner - TOBAM - in Paris, our quantitative assets now total over \$4 billion, and provide effective portfolio building blocks alongside our award-winning fundamental teams.

Multi-asset, the largest and deepest pool in Canada. Our array of multi-asset mutual fund offerings - Balanced, Symmetry, Monthly Income, and ETF Portfolios - lead the way in total sales for us year in and year out.

And last but not least - China.

China deserves its own separate slide. It is simply too big to ignore.

China has the world's largest population that is fast aging and high saving, and a middle class the size of the entire US population.

China will account for nearly 50 per cent of all global flows over the next decade and is expected to represent the second largest retirement market in the world (behind the US) in only a few more years. And the Chinese stock market is already the second largest next to the US. Truly remarkable.

Our minority interest in China Asset Management Corporation (CAMC) provides us with direct on-the-ground participation in this exponential growth.

- In 2018, despite a 25 per cent decline in the Chinese equity markets, CAMC's assets under management actually increased.
- CAMC continues to be ranked number one in the industry in long-term equity mutual funds, number one in ETFs and number two in institutional AUM.
- And CAMC now has over a staggering 50 million retail clients.

So, as you can see, we have much to be proud of in 2018 and even more to be excited about as we face the future with confidence and a sense of purpose. Advisors and investors can continue to depend on us as a solutions-based firm committed to ongoing product innovation and one that's well positioned to take advantage of the trends that are shaping our industry.

I am thrilled to be leading Mackenzie at this dynamic time - one full of opportunity but also one not without challenges. I count myself very fortunate to be working with such outstanding colleagues and to be able to rely on the close partnership of my management team and the unwavering support and counsel from Jeff Orr, Jeff Carney, and the entire IGM Board.

Thank you very much.

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