

Fees and Mutual Fund Investing: *The Facts*



Insights into the Value of Advice
Newly Revised

Thanks for taking the time to learn more about your mutual fund investments.

Mutual funds were introduced in Canada in 1932, providing investors with an easy way to diversify their savings in stocks, bonds and other securities without having to be experts. Today, half of all adult Canadians invest in mutual funds, and they do so for the very same reasons they did when funds were introduced: convenience, security, affordability, diversification and expert management.

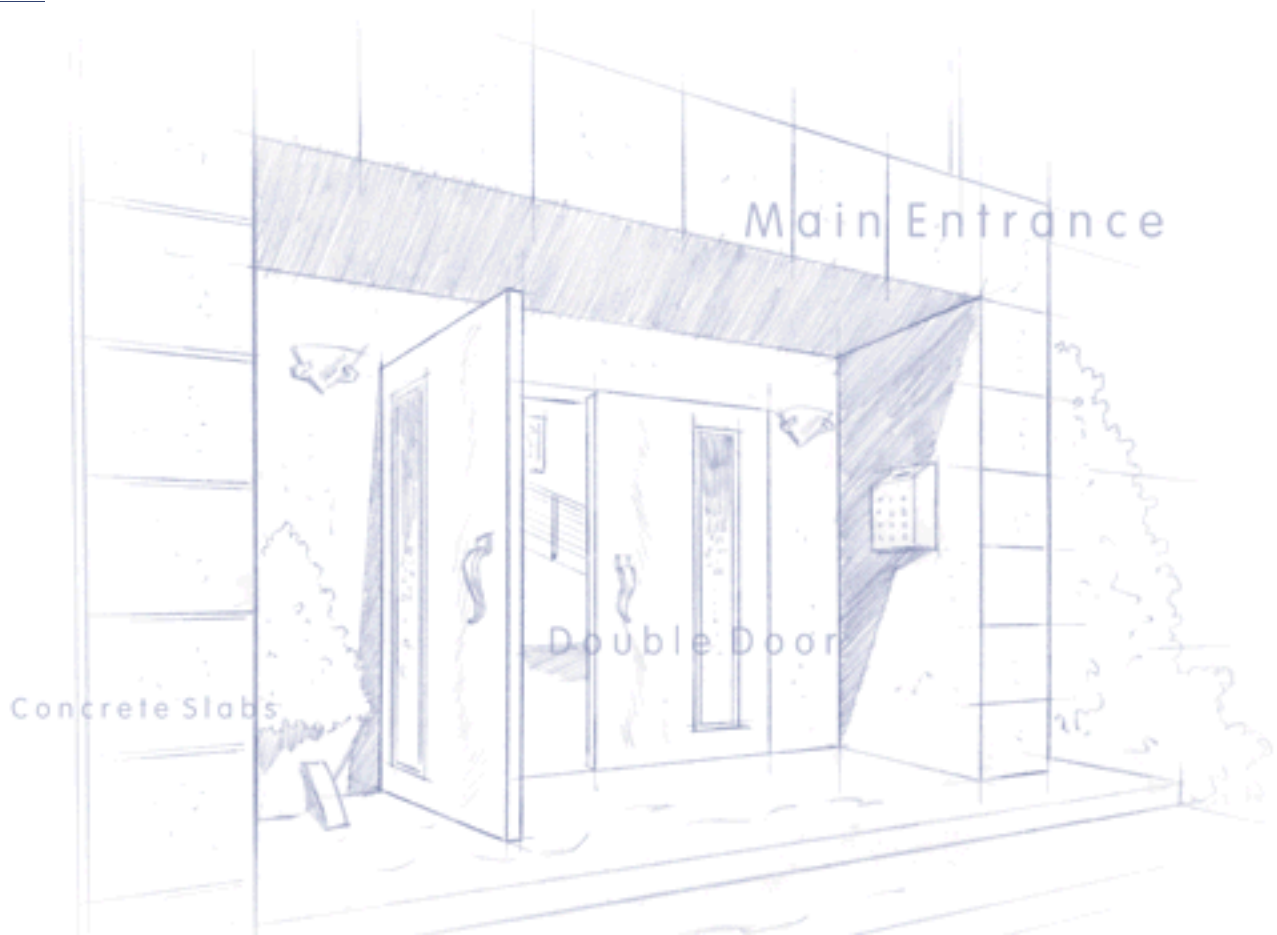
One thing that has changed dramatically since 1932 is the amount of information investors have to cope with. At Mackenzie alone, we have a website with thousands of pages of information on our funds. Add this to the business headlines and opinion pieces we see in newspapers, and it's easy to see how some of the basic, important questions – the questions that start with, “Can someone just tell me...” – get lost in the shuffle.

One of those important questions is, “What am I paying to invest in mutual funds, and what am I getting in return?”

This booklet will elaborate on the above question, with illustrations and tips. We hope you find it useful, and invite you to discuss it with your financial advisor as you move toward your financial goals.

C O N T E N T S

3	Building an investment portfolio is like building a home
5	Understanding mutual fund fees
6	What is an MER?
6	The four things that make up an MER
7	Why do MERs vary from fund to fund?
8	How are MERs calculated and stated?
9	A closer look at the fixed rate administration fee
11	Understanding fees paid to your financial advisor
12	How is your financial advisor paid?
13	Commissions
16	Service fees
17	What's in it for you?
18	The fund advantage
19	What you get from your financial advisor
20	Why do financial advisors and mutual fund companies still get paid when I lose money?
23	Insights into the value of advice
24	What about index investing? I'll save money on commissions and enjoy superior returns... right?
25	What are index funds and ETFs?
28	Global equity: The value of active management
28	A more exact analysis of active versus passive
29	Extra value: A smoother ride
31	Conclusion



Main Entrance

Double Door

Concrete Slabs

Building an investment portfolio
is like building a home

In many ways, building an investment portfolio is a lot like building a home. If designed skillfully, both provide comfort, protection, security and eventually, a solid return on investment.

And just as the ongoing care, upkeep and improvements to your home over time help grow its value, the ongoing improvements and additions to your portfolio help you realize your financial and lifestyle goals and pave the way towards a good retirement.



Some people are very comfortable managing their investments. They have identified their financial goals and have the time, knowledge and motivation to research, construct and track their investment portfolios.

However, if you're like most Canadians, you don't have the time or expertise to navigate through a growing range of investment options, or make the decisions without help. In this case, seeking the help of a financial professional might prove to be the most important decision you'll ever make.

Let's return to the example of building a house for a moment. Just as you would expect to know what you get for fees paid to a builder, you should also understand the fees associated with mutual funds.

In the next two sections of this booklet, we'll focus on the two types of mutual fund fees you typically pay.

First, we'll cover fees you pay to mutual fund companies that create and manage funds. Second, we'll cover the fees you pay to your investment advisor who works with you to develop a financial plan, and buys and sells funds for you.

Finally, and most importantly, we'll cover the benefits you receive for paying these fees, from your advisor and your mutual fund company.

Understanding mutual fund fees

What is an MER? (management expense ratio)

Each year, a fund company will add up the costs associated with running a mutual fund and report those costs as a percentage of the assets in the fund. This is called the Management Expense Ratio (MER).

The four things that make up an MER*

1. Management fee. This covers the costs of paying the mutual fund company who decides how, and in which securities, the fund will invest. In many cases, it also covers compensation to the investment dealer and the financial advisor who sell you the fund.

2. Fixed rate administration fee. This covers expenses incurred by the funds for services, such as record keeping, reporting to investors, administration, legal costs and the cost of paying a custodian that holds the fund assets and protects investor interests. (See “A closer look at the fixed rate administration fee” on page 9 for more information).

3. GST and other taxes. These are collected on the management fee and certain operating costs within the fund and are therefore included in the MER.

4. Other fund costs. A list of items that collectively make up a very small proportion of MER. Included are borrowing costs, fees and expenses of the Mackenzie Fund’s Independent Review Committee (IRC), and any new regulatory requirements and new third-party administrative charges.

While MERs vary with each type of fund, you can always find out what they are by asking your financial advisor or by looking in the fund’s management report of fund performance (MRFP).

* Mackenzie is proposing to replace the current method of charging operating expenses to the Fund with a fixed rate administration fee. If approved by investors on August 7, 2007, the fixed rate fee will apply retroactive to August 1, 2007.

Why do MERs vary from fund to fund?

Generally, MERs are lower for bond and money market funds and higher for equity funds. Why? Equity funds generally have higher research costs. In addition, international and global funds may have higher custody fees and may also use subadvisors to assist with research and security selection in other countries.

How do they vary?

Type of fund	Median MER
Canadian money market funds	0.72%
Canadian bond funds	1.45%
Canadian balanced funds	2.17%
Canadian equity funds	2.37%
Global equity funds	2.42%

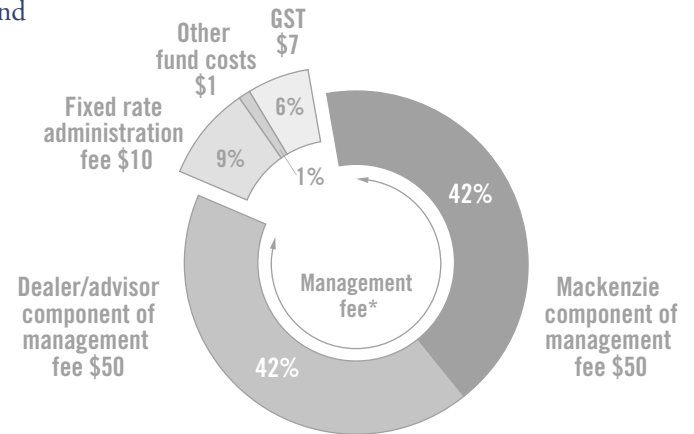
Source: Globe HySales. Median MER of the largest 25 funds by assets in each category at March 31, 2007.

How are MERs calculated and stated?

An MER is expressed as a percentage of the fund's total assets. For example, if you invested \$5,000 in a Canadian equity fund with a 2.36% MER, you would pay \$118 in fees for management, administration and taxes for a given year.

The fund returns you see listed in the newspaper or on your statements are what you get after the fund has paid the MER.

The following chart illustrates how the fees you pay are calculated, and put to work.



The 2% management fee represents 82% of the total 2.36% MER. The advisor's dealer firm is paid compensation out of management fee revenue,

*50% of Mackenzie management fees are paid out to dealers in some form of compensation: trailers, commissions, co-op marketing. This information is based on figures contained in calendar-year 2006 Mackenzie MRFPs.

A closer look at the fixed rate administration fee*

Here are the kinds of services you're paying for, and what you get:

Transfer agency

Each time you and your financial advisor decide to buy or sell fund units, a transfer agent processes the transactions and maintains records of those transactions. The transfer agent also processes and pays dividends and distributions to investors on behalf of the mutual fund company. Transfer agents specialize in these activities, leaving fund companies and financial advisors free to focus on maximizing your returns.

Fund administration

Administration fees generally cover the time and costs incurred by employees and external service providers who work on the funds, including fund administration, daily valuation and accounting, bookkeeping, legal and finance.

* Subject to investor approval.

Custodian services

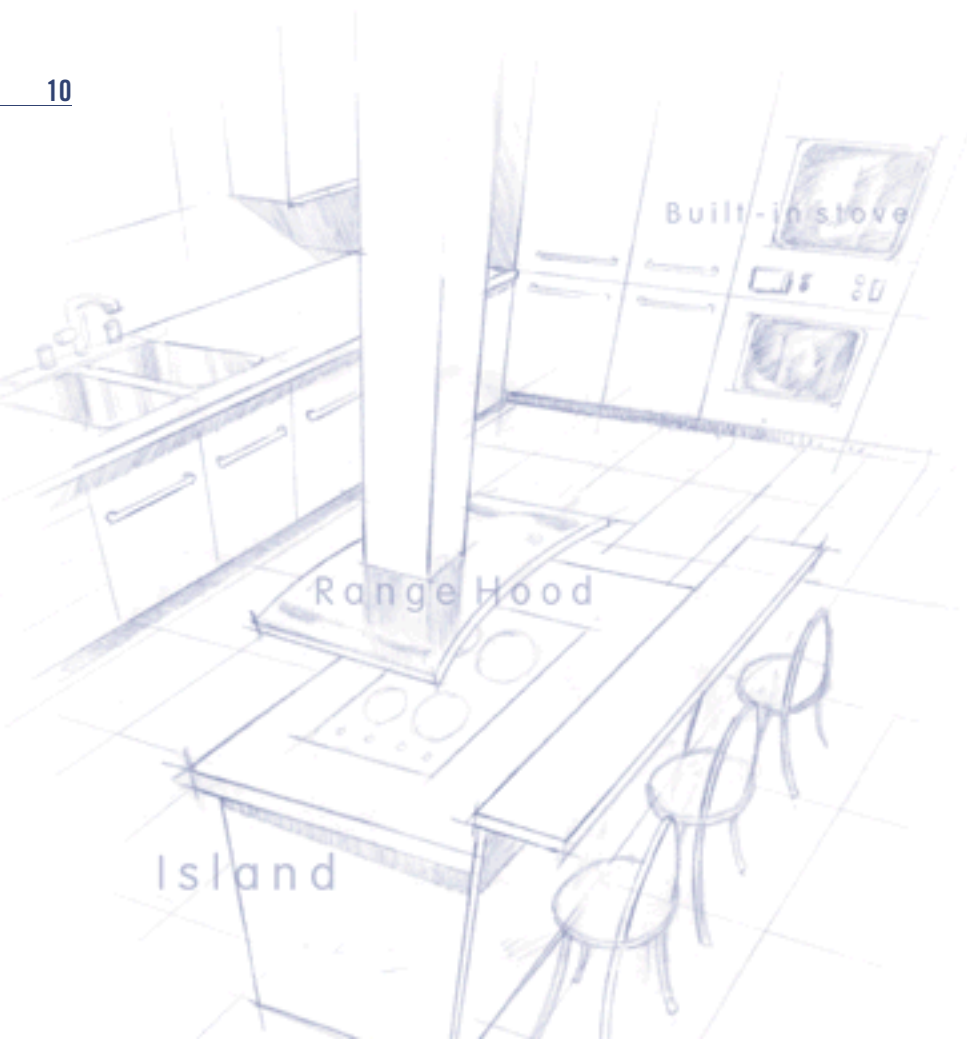
In Canada, securities law requires that an independent custodian hold a fund's assets, maintaining them separately to protect investor assets. This virtually ensures that the entire current market value of your investment is protected against business failure. Thus, if any fund company were to fail in Canada, the current value of your holdings with that company would essentially be safe in the hands of the independent custodian.

Production, printing and mailing costs

Producing, printing and mailing account statements, prospectuses, management reports of fund performance (MRFP), financial statements and other important information to investors is an expensive but essential undertaking. It's also required by law. That's why Mackenzie is continually exploring new ways to help minimize these costs.

Save trees and time

One way Mackenzie strives to reduce mailing costs is through eDelivery. Instead of getting your account information in the mail, you can choose to receive it electronically. Simply go to [InvestorAccess on mackenziefinancial.com](https://investoraccess.mackenziefinancial.com) and change your Preferences from paper mail to electronic mail. Another way Mackenzie reduces mailing costs is through opt-in forms. To get printed copies of fund financial statements and management reports of fund performance (MRFP), investors need to complete opt-in forms. This ensures that only investors who want paper copies get them.



Understanding fees paid to your financial advisor

How is your financial advisor paid?

There are various compensation models operating in the investment industry, but the most common, by far, is a combination of commissions and service fees. That is, financial advisors receive one-time commissions and ongoing fees based on the investment assets they oversee. These ongoing fees, which are a part of an advisor's compensation, are generally included in the management expense ratio (MER) you pay to the mutual fund company.

In return for commissions and fees, the advisor develops financial strategies that reflect your goals, helps you choose the appropriate mutual funds, tracks the progress of your investments and suggests changes to your portfolio as your financial needs change.

In the following section, we'll explain sales commissions (known as **loads**) and service fees (**trailers**), and what you need to know about each.

Why is it necessary to have a variety of compensation models? The simplest reason is that financial advisors provide different types of services. There are more than 40,000 financial advisors across Canada who distribute Mackenzie funds, including salaried, commission-based and fee-for-service providers. To accommodate different compensation models, Mackenzie offers different versions of the same funds.

Commissions (fees known as loads)

What is a load?

A load is a one-time fee. Loads can be front-end (also known as sales charges) or back-end (also known as deferred sales charges).

Front-end loads (Sales charges)

If a mutual fund has a front-end load, you pay a fee that is usually taken from your total purchase amount. This fee generally ranges from 0% to 5% of the amount invested. You can negotiate this fee with your financial advisor.

Front-end: how it works

Let's say you buy \$1,000 worth of units front-end in a fund and agree on a fee of 2%. Your advisor's firm receives \$20 (the advisor receives a pre-determined proportion of that amount) and \$980 is deposited into the fund.

Back-end loads (Deferred sales charges or DSC)

When you purchase a fund back-end, the mutual fund company pays your advisor's firm a fee on your behalf, typically 5% for an equity fund. There is no fee until you withdraw your money. And the amount, if any, of this fee that you pay back to the mutual fund company depends on how long you stay invested in the fund. Since most mutual funds are managed to generate performance over the long term, you are encouraged by the back-end arrangement to stay invested for a set period of time (usually between five and seven years). If you sell your units before the end of that period, you pay a fee that typically declines each year that you stay invested. If you stay invested for the full schedule, no fee applies when you sell your units.

Back-end: how it works

If you purchase a fund with a back-end load, or deferred sales charge (DSC), your entire \$1,000 investment is put to work immediately and your advisor's firm receives a fee from the mutual fund company of about \$50, of which your advisor receives a pre-determined proportion.

Back-end load flexibility with Mackenzie Funds

Over the course of your life, there's a strong chance your risk profile, investment goals, and market conditions will change. That's why Mackenzie offers two valuable options for those who buy mutual funds with a back-end load arrangement.

Different funds, same schedule

If your investment goals change, you may switch your investment to another Mackenzie fund and maintain the existing schedule.

10% free option

To give you added flexibility, Mackenzie and most fund companies offer what is called a *10% free* option. This means that if you purchase your fund using a back-end arrangement, you can sell up to 10% of your units annually without incurring a sales charge. So once a year, you gain instant liquidity for such things as home repairs, a child's education and other planned or unforeseen needs. You may also move that money to new funds to help diversify your portfolio to meet your changing needs, or lock in profit.

Most Mackenzie equity funds carry a 5.5% fee for redemptions in the first year following purchase. This fee declines to zero after seven years.

The following is an example of redemption charges that apply to most equity funds offered by Mackenzie.

First year	5.5%
Second year	5.0%
Third year	5.0%
Fourth year	4.0%
Fifth year	4.0%
Sixth year	3.0%
Seventh year	2.0%
Thereafter	nil

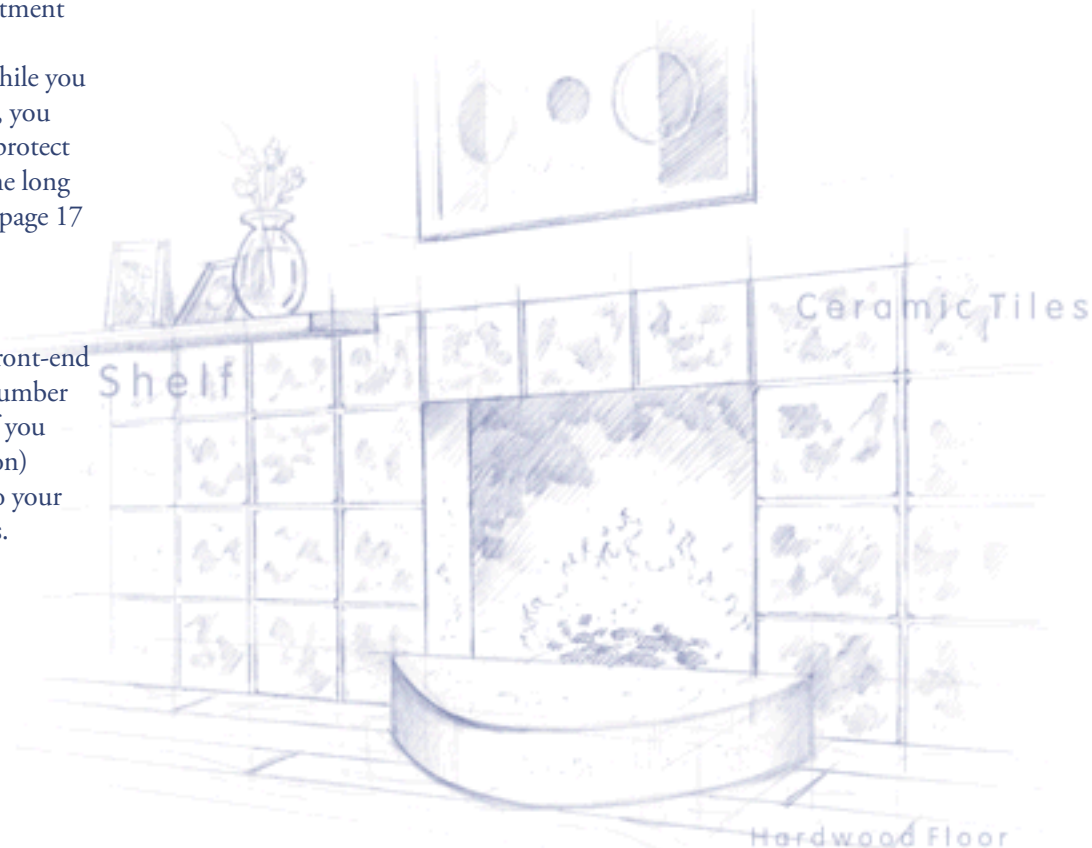
Low-load: In 2005, Mackenzie introduced a new low-load option on virtually all Mackenzie funds that offer a back-end load. This is a three-year declining redemption schedule that is often suited for investors who have a shorter investment horizon.

No loads

Some mutual fund companies offer no-load funds, which do not require you to pay any commission. However, there is usually a trade-off to consider. No-load funds are not always supported with the investment advice you would receive from your financial advisor. This means that while you may save paying a sales commission, you don't get the expert advice that can protect and maximize your investment in the long run. (See "What's in it for you?" on page 17 for more information)

How do I choose the right load?

Whether you purchase funds with front-end or back-end loads depends on the number of investment years that lie ahead of you (often called your investment horizon) and the flexibility you desire. Talk to your financial advisor about your options.



Service fees (known as trailers)

What is a trailer?

A trailer is compensation that your financial advisor receives from the mutual fund company. The amount of this trailing commission varies, usually from 0.25% to 1% of assets per year, and details can be found in the fund's prospectus.

Why are trailers paid?

The trailing commission compensates your advisor for providing you with ongoing advice about the mutual fund investment. Trailers are not an additional fee; they are paid out of the overall management fee built into the cost of the fund.

Required reading: the mutual fund prospectus

The prospectus is a legal document that sets out the ground rules for investing in a mutual fund.

The prospectus includes a fund's investment objectives and associated fees and costs you will incur when you invest. Different funds have different sales charges and other fees, and the prospectus will fully itemize those fees.

When you first purchase units in a mutual fund, you'll automatically receive a copy of a fund prospectus. You can also get one in advance from your financial advisor or by visiting the fund company's website.

Having trouble understanding all the terminology in a prospectus? Don't worry, you're not alone — prospectuses are extremely comprehensive. But they are important, so make sure you discuss your questions with your advisor.

What's in it for you?

The fund advantage

The preceding pages explained how fund fees work: fund MERs cover the cost of the fund company's investment management and the financial advisor's various services. Let's take a closer look at what you get from a mutual fund investment.

- **Access to investment opportunities around the world** that are researched, purchased for the fund and monitored by knowledgeable investment professionals within a well-regulated environment.
 - **Proven investment management expertise** from world-class professionals supported by a disciplined approach to investing.
 - **Performance** potential as professional investment managers work on your behalf to beat their benchmarks' returns over the long term.
 - **Cost efficiencies** that allow you to invest in a sophisticated range of domestic and foreign securities and markets easily and affordably. It would be extremely costly, time-consuming and, in some cases, impossible for you to access a similar portfolio of investments on a stand-alone basis.
- **Flexibility** in offering relatively low initial or monthly purchase amounts.
 - **Liquidity** that allows you to readily redeem your shares at current prices (plus any fees and charges payable upon redemptions) at any time.
 - **Technology** to provide you with timely, accurate reporting on your investments.
 - **Investment and financial planning tools** for both you and your financial advisor. Fund companies have a vested interest in helping advisors and clients invest effectively. For this reason, firms like Mackenzie provide informative brochures, newsletters and online planning tools, including investment calculators. Visit mackenziefinancial.com.

What you get from your financial advisor

- **Investment discipline.** Money is an emotional issue, and perhaps the single greatest benefit to using a financial advisor is their independent, impartial advice.
- **Consolidated information.** Advisors consolidate massive amounts of financial information to help investors stick to the basics (such as diversification) and watch the details (such as avoiding overlap in fund holdings).
- **Experience.** Imagine what it's like to spend your working day listening to clients talk about their evolving financial situations. Over time, advisors develop a base of experience that enables them to steer clients through various life stages and business cycles. Whether it's saving for retirement or a child's university years; whether you're starting a business or dissolving one – your advisor can help.
- **Referrals.** An advisor can put you in touch with other financial services providers, such as tax and estate specialists.
- **The value of time.** An advisor enables busy people to focus on their careers and families.
- **Balancing risk and reward.** Advisors add value in many ways that do not show up in client portfolio statements. For example, they can prevent clients from taking on undue risk or point out the clients' self-destructive investment habits. The flipside of controlling risk is ensuring that clients do take some risks so they are positioned to participate in good opportunities, particularly in equities.
- **Tax efficiency.** Advisors can help clients maximize their investment returns by keeping them abreast of tax rules and learning about tax-efficient products offered by fund companies.

Why do financial advisors and mutual fund companies still get paid when I lose money?

It's easy to see why investors sometimes ask this question, but there are some important considerations behind the fees you pay to financial advisors and mutual fund companies.

The fixed costs don't change

Financial advisors and mutual fund companies provide the same services to investors in up markets as they do in down markets. And they also must meet many fixed cost obligations that come up monthly.

World events do change

Mutual fund managers and financial advisors strive to help your investment portfolio perform well. However, performance can be affected by many factors including business and world events that are beyond the control of your advisor or mutual fund company.

For example, in 1973 and 1974, the Standard & Poor's (S&P) 500 market index lost a total of 37% of its value and declined for 24 consecutive months. Like investors, financial advisors and mutual fund companies were hurt by the decline, but most resolved to stay in business. The bear market ended and markets returned to their former strength.

Softer landings

Even in down markets when most investments are underperforming, it's important to remember that mutual fund companies and investment advisors can help provide a softer landing for your portfolio.

Historically, markets have always bounced back, but in the meantime your advisor and fund company are providing you with the impetus to stay the course and avoid hasty decisions that could cause serious damage to your investment portfolio.

Think long term

An advisor or fund manager may decide to sell or invest in a stock based on the best information available and sometimes, despite that person's professional training and expertise, hindsight confirms it would have been best to do the opposite. For an advisor or mutual fund manager, these situations are the toughest part of the job. If you're wondering whether financial services professionals should get paid when you lose money, look at any fund or investment portfolio with a strong, long-term track record. You'll see periods of underperformance, with few exceptions. That's why it's important to assess long-term performance when evaluating a fund manager or financial advisor.



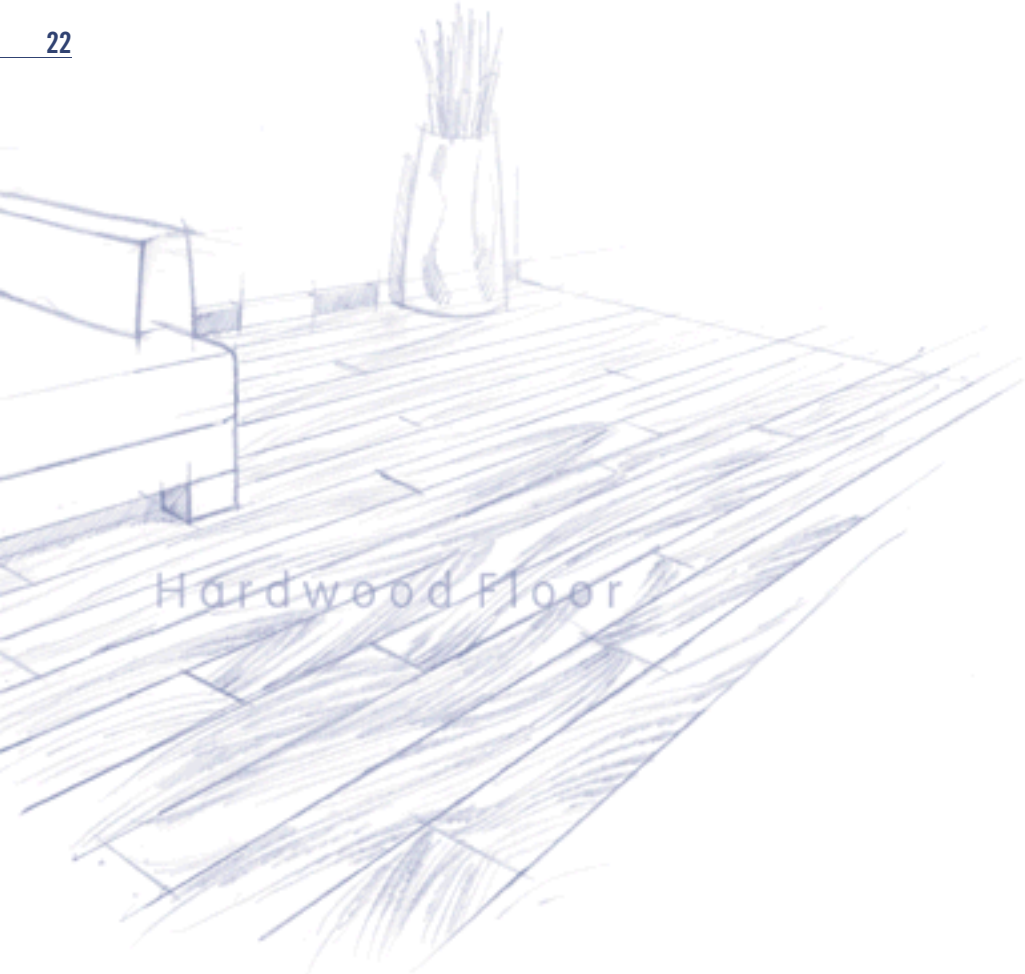
Advisor and fund company interests are aligned with yours

Investors are not the only ones to feel the negative effects of market downturns. Financial advisors and fund companies see their income fall as the total value of the assets they manage declines.

For advisors, this is partly because they receive trailer fees that are based on a percentage of the total value of the assets managed by the fund. As the value of assets invested in the units or shares of the fund company fall, the value of the trailer fees paid to advisors declines accordingly.

The same is true for fund companies. As assets decline, the company's management fee revenue decreases.

It's clearly in the best interests of both advisors and fund companies to see their investors' portfolios perform.

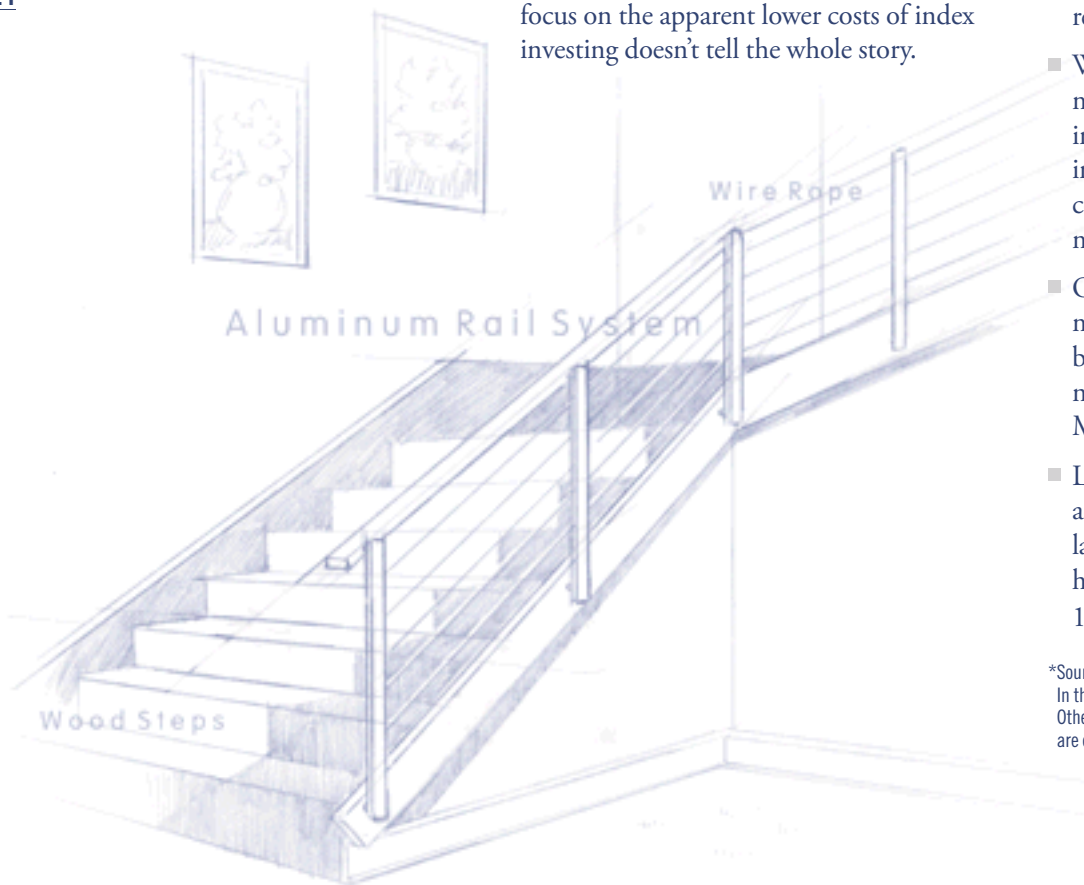


Hardwood Floor

Insights into the value of advice

What about index investing? I'll save money on commissions and enjoy superior returns... right?

We often hear about alternatives to actively managed mutual funds, such as index funds and exchange-traded funds. But the focus on the apparent lower costs of index investing doesn't tell the whole story.



- Active management offers the potential to outperform an index. Because of fees, an index fund investor will always get a return slightly less than that of the index.
- When comparing the returns of active management versus index investing, investors must consider all costs of index investing. An apples-to-apples comparison shows the true value of active management.
- Over the long term, 66% of global equity managed assets outperformed their benchmark index over 10 years.* That number increased to 89% when index MERs and costs of advice are added in.
- Lower volatility is part of the value of active management. Each of the ten largest Canadian equity mutual funds has lower volatility than the index over 10 years.*

*Source: Globe HySales. For the 10-year period ended March 31, 2007. In this booklet, we use "end period assets" to calculate returns. Other institutions may use "starting period assets." Both methods are commonly used to analyze performance.

What are index funds and ETFs?

An index fund is a mutual fund whose portfolio mirrors a specific index. For example, a Canadian equity index fund aims to hold the same stocks as the S&P/TSX Composite Index – a Canadian equity index. Other types of index funds might aim to hold the same components as a bond index, a foreign market index, or a small-capitalization stock index.

An exchange-traded fund (ETF) is similar to an index fund in that it tracks an index. Unlike an index fund, ETFs can trade like stocks on an exchange. Management expense ratios on ETFs tend to be lower than those on index funds.

What's in an index?

A market index is a way to measure how a market is performing. Today, numerous indexes exist. There are indexes for foreign markets, specific countries, bonds, small-cap, mid-cap, income trusts, technology, energy and so on. Each index measures how that particular market is performing.

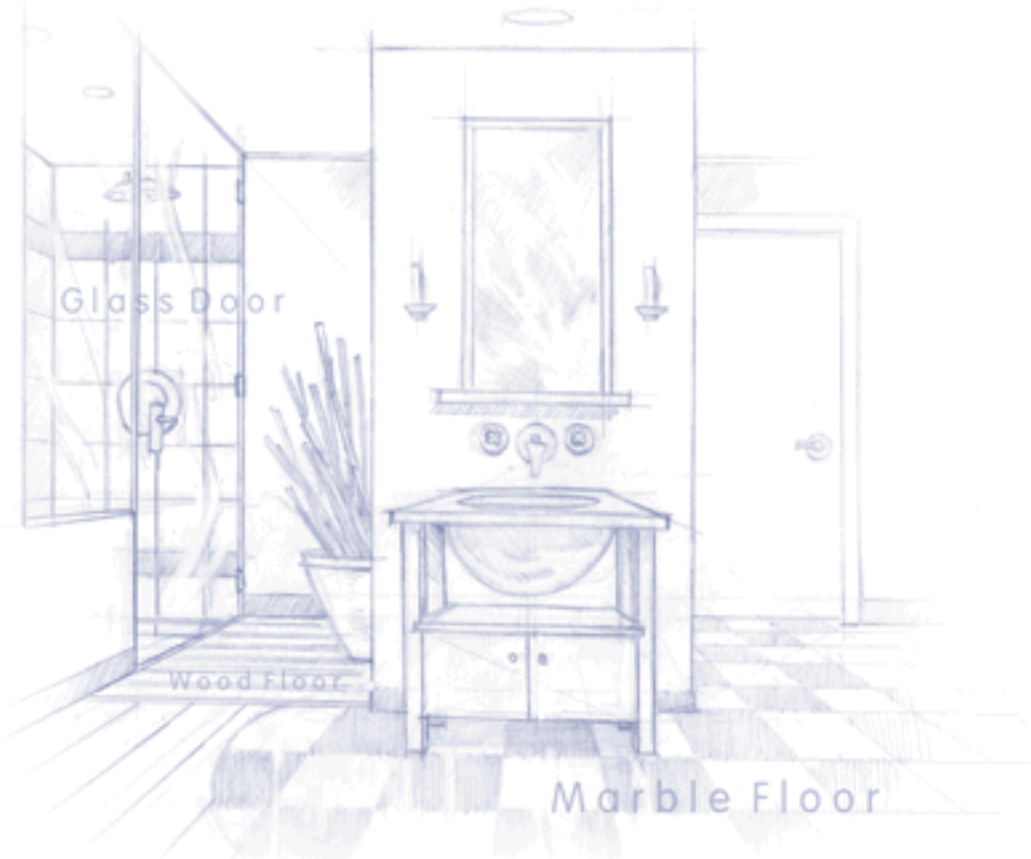
Most stock indexes have preset criteria to determine if the stock of a company is qualified for inclusion. However, a governing board or committee usually makes the final decisions as to which stocks are added or removed. Typically, the largest stocks make the index. As market conditions change, so do the components of the index.

When you buy funds based on an index, you're typically buying the largest stocks – not necessarily high-quality companies with excellent long-term prospects.

Investors typically choose index funds for two reasons: First, because they're under the impression that they will at least match the market's performance and second, because they find the lower fees attractive. While an index fund may be less expensive to administer, they are not cost-free. The index fund will still charge fees. **In other words, the best an index fund investor can hope to do is earn slightly less than the index itself.**

It's important to remember that while managed funds come with higher fees, they typically also come with professional advice. This advice could help insulate your investments in volatile markets and increase your portfolio's value in strong ones.

Actively managed funds tend to outperform index funds when the markets go down. Why? In part, because active managers have a lot more control over their portfolios. They may shed underperforming or falling stocks before the situation becomes worse. Index funds, on the other hand, are required to continue to hold a stock as long as it remains in the index. Also, index funds are compelled to ride the momentum all the way up, and then all the way down. Active managers, however, can avoid momentum stocks altogether and in so doing, manage risk and add value. They can also diversify risk by holding cash and/or foreign content, if applicable.



When actively managed funds are compared to their benchmark indices, it's an apples-to-oranges comparison. The returns reported on actively managed funds are after expenses. A market index, being a statistical measure, has no such expenses.

Most products that track the index, such as index funds and ETFs, actually underperform the index by between 0.1% and 1% per year, depending on cost structure and tracking error.

The other difference in cost structures relates to the compensation of your personal financial advisor. Not all index investors are do-it-yourselfers. Like investors in actively managed funds, many use fee-based financial advisors. These advisors may charge an annual fee based on your assets – typically 1% to 2%.

A typical mutual fund investor who purchases front-end load units pays his advisor through the fees that make up the MER in the form of trailing commissions. As discussed, the posted rates of return for mutual funds take these expenses into account. For an apples-to-apples comparison, index investors who use fee-based advisors need to subtract the annual fee from their stated returns.

Active management

- Provides the potential to outperform the market
- Tends to outperform in down markets due to manager's ability to adjust fund holdings and asset mix, including cash
- Allows for risk management within a portfolio
- Factors in the cost of professional advice

vs.

Passive management

- Involves lower fees
- Requires no portfolio manager decision making
- Allows for no selection or risk management. Portfolio simply mirrors the index
- May involve fees that are often ignored in comparisons

Global equity: The value of active management

When it comes to global equity funds, actively managed funds have outperformed their benchmark index. The chart below shows the percentage of March 31, 2007 assets in the global equity category that have outperformed the MSCI World Index over five-, 10- and 15-year periods. For instance, 66% of assets in actively managed global equity funds have outperformed the MSCI World (Cdn \$) over 10 years. When you factor in the MER for the index plus a 1% fee for advice, 89% of global equity assets outperformed.

Active Management Beats Global Equity Index			
	% of Actively Managed Assets in Global Equity Category Outperforming:		
	MSCI World Index	MSCI World Index less MER*	MSCI World Index less MER + Advice fee**
Return 5 Year	65%	71%	86%
Return 10 Year	66%	71%	89%
Return 15 Year	55%	55%	88%

Source: Globe HySales
As of March 31, 2007. No transaction charge was applied to the passive investment. End period assets used.

* index return reduced by 40 basis points, which is the MER charged for Global ETF available on the New York Stock Exchange

**index return reduced by 140 basis points which is the equivalent to the MER charged for Global Equity ETF plus a 1% fee for advice

A more exact analysis of active versus passive

In a study published in the Journal of Financial Planning, author Christopher Carosa analyzed investment return data from January 1975 through June 2004 in the U.S. equity market.

Instead of using a hypothetical equal weighting of all mutual funds, he used asset-weighted performance since this better reflects the results experienced by actual investors. And instead of using a certain fixed period, Carosa used rolling 12-month periods. After all, investors tend to buy throughout the year.

His conclusion? Even when looking at short-term investment returns in rolling 12-month periods from January 1975 through June 2004 and using asset-weighted performance, U.S. equity funds have historically beat the S&P 500 roughly two-thirds of the time.

Source: Journal of Financial Planning Passive Investing: The Emperor Exposed? Vol. 18, No. 10; Pg. 58; ISSN: 1040-3981

Extra value: A smoother ride

One thing to consider when judging the performance of an investment is how it got you to where you currently are. Are there large up-and-down swings in value or is the ride relatively smooth? The statistic used to measure the variability of your returns is called standard deviation, and the rule is, the lower the standard deviation, the easier it is to sleep at night.

The table on this page ranks the 10 largest Canadian equity funds by their standard deviation, using 10 years of data. All the funds have shown less volatility than their benchmark, the S&P/TSX Total Return Index. This illustrates how fund managers prove their worth by managing portfolio risk for investors.

The rolling 3-year period story

Volatile investments, such as equity indexes, tend to encourage the wrong kind of investor behavior when it comes to long-term investments. If your investments are down slightly for one year, that's part of being in the stock market. If they are

down for two years, it's frustrating. And if they are down significantly for three years, investors start to lose hope in equities as an investment category. They capitulate and sell their holdings. (*continued*)

Largest Canadian equity funds have lower volatility vs. index

Fund	10-year standard deviation	Assets \$ Millions
Mackenzie Ivy Canadian	8.5 LOWER RISK	\$4,147
CI Canadian Investment	10.7	\$6,556
Trimark Select Canadian Growth	10.8	\$3,539
Trimark Canadian Endeavour	12.5	\$1,980
Investors Retirement Growth Port. C	12.7	\$2,596
MD Equity	13.4	\$2,758
RBC Canadian Equity	13.8	\$4,771
Investors Canadian Equity C	14.2	\$1,919
AGF Canadian Stock	15.5	\$2,402
Investors Summa C	16.6	\$1,908
S&P/TSX Total Return Index	16.9 HIGHER RISK	—

Source: Globe HySales.

For the 10-year period ended March 31, 2007, 10 of the 10 largest Canadian equity mutual funds have lower volatility compared to the S&P/TSX Total Return Index. Mackenzie Ivy Canadian is the least volatile fund.

The standard deviation measures the range of a fund's performance. The higher the standard deviation, the wider the range, indicating a greater potential for volatility.

With that as background, we decided to compare the performance pattern of a conservative global equity fund with that of the MSCI World Total Return Index (\$Cdn).

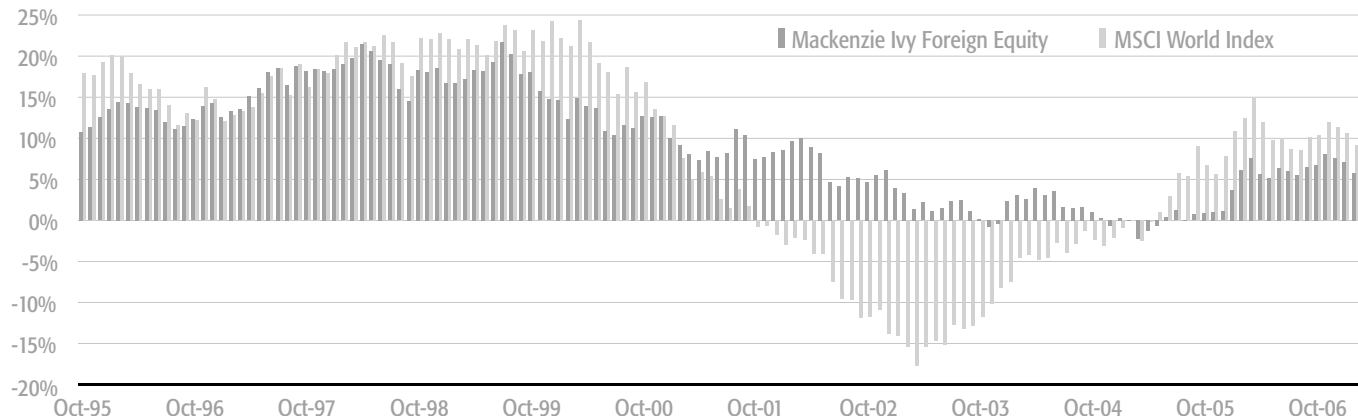
Mackenzie Ivy Foreign Equity Fund has a history of protecting capital even in tough markets. The chart shows rolling three-year returns of the fund and the index since its inception in October 1992. So, the graph shows the three years from October '92 - October '95, November '92 - November '95, and so on. There were 138 three-year periods in total to March 31, 2007.

Overall, the index had 43 negative periods out of 138, or a 31% chance of having a negative three-year return. Ivy Foreign Equity also had some negative periods, but they were far fewer and far less severe (see chart): seven negative periods out of 138, or a 5% chance.

If the index is a percentage point or two ahead over the very long term, do these short-term, three-year periods matter? We would argue that they do, because they affect investor behaviour. According to Prospect Theory by Nobel Prize winner Daniel Kahneman and the late Amos Tversky, people in the real world do

not count gains and losses equally. They give financial losses twice the weight of gains in their decision making. If you were down 11%, three years in a row, how likely would you be to stick to your original investment plan?

Rolling 3-year periods for Mackenzie Ivy Foreign equity Fund and MSCI World Index to March 31, 2007



Conclusion

In this brochure, we have compared the building of a home to building an investment portfolio. Just as you would expect to pay fees to your builders and architects for their expertise, so too do you pay fees to the people that manage and advise you on mutual funds.

From the rolling three-year period story and other examples, you can see that the value you get from professional management and advice is well worth the cost. On the upside, you have the potential to outperform. On the downside, you face far less volatility.

Mutual funds remain arguably the most efficient and flexible option for investors who want to participate in the rewards historically enjoyed by long-term market investors.

The wide variety of mutual funds offered today means that your financial advisor can create a portfolio that's just right for you—whatever your income, investment goals or age.

At Mackenzie Investments, we have a broad line-up of funds that you can choose from. Whether you're looking for domestic or foreign, income or equity, general market or specialty, value or growth, tax-efficient or currency-hedged, you'll find it here. Just like the 1.5 million Canadians who already own Mackenzie mutual funds.

Thanks to a history of long-term performance and product innovation, Mackenzie is a favourite among investors and advisors alike. Our funds are sold through more than 40,000 independent financial advisors across Canada and our assets under management have surpassed the \$60 billion mark.

Talk to your financial advisor about Mackenzie mutual funds today. Because building financial independence doesn't mean you have to do it on your own.

Mackenzie Investments. Choose Wisely.

About Mackenzie Financial Corporation

Mackenzie Financial Corporation is an investment management and financial services corporation founded in 1967. Mackenzie's core business is the management of mutual funds on behalf of Canadian investors. The company manages more than \$64 billion for more than 1.5 million investors through its family of mutual, segregated and pension funds. Mackenzie funds are sold through more than 40,000 independent financial advisors across Canada.

Visit www.mackenziefinancial.com for more information.