Mackenzie INVESTMENTS

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 $12.3 billion versus $12.7 billion in 2007, a decrease of 3.1%.
- As of December 31, 2008, total assets under management were $54.7 billion, down 13.6% from the prior year-end. Institutional, sub-advised, and other assets under management increased to $18.9 billion, up 12.8% from the prior year. Average assets under management were $59.8 billion, down 5.9% from the prior year.
- We introduced a number of new investment solutions in 2008. Investors were given more choice with the implementation of the Destination* products, a series of target-date products with the added feature of principal protection. Mackenzie also revamped the Symmetry* lineup by adding the Symmetry One portfolios, and launched the Mackenzie Guaranteed Investment Funds, a new line of segregated policies offering the protective features of an insurance policy combined with the benefits of an investment fund. We continued to expand our foreign product offerings with the launch of Universal Africa & Middle East Class and the Ivy American Class.

REPORT ON OPERATIONS

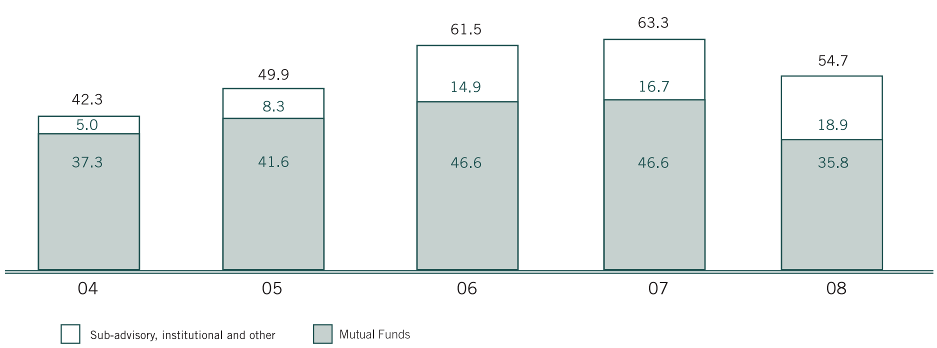
In 2008, Mackenzie and its subsidiaries continued to focus on business growth, product innovation, client effectiveness, and employee development. In January, we acquired the management contracts for the Canadian mutual fund assets of Putnam Investments Inc. and in September, Mackenzie acquired Saxon Financial Inc. and its subsidiaries ("Saxon"). The addition of these entities increased assets under management by $12.4 billion. This increase was more than offset by the negative impact on assets under management of the volatility experienced in the domestic and global equity markets in the second half of the year.

Our product lineup evolved again this year with many changes to increase portfolio manager flexibility, to add additional options for investors looking for regular tax efficient cash flow with the addition of the Tax-Free Savings Account, 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.

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.

Total Assets under Management
As at December 31 *($ billions)*



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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*, Destination*, 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.

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.

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.

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.

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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.