

Investment Guide



Values, Growth and Performance
Through socially responsible investing

Finding Value in Integrity

Growing your investments while making a difference

If it didn't compromise your investment goals, would you only invest in companies that share your values and beliefs on social issues and the environment? The answer is obvious, especially in this era of global warming. But few of us have the time or expertise to research all the activities of a corporation.

That's why a growing number of people have decided to make a positive statement by investing in socially responsible mutual funds.

What is Socially Responsible Investing?

Simply put, socially responsible investing allows you to incorporate environmental, social and corporate governance issues into your financial decisions. Socially responsible investing, also called SRI, is not a new idea. By the mid 1800s some members of the British aristocracy had adopted "sin screens" to ensure that their investments weren't tainted by cigarette or alcohol revenues. But another century would go by before the first mutual funds began to withhold investments from companies with poor records on the environment or questionable business practices.

In 1987, Gro Harlem Brundtland, then the Prime Minister of Norway and Chair of the World Commission on Environment and Development, brought SRI into focus when she defined "sustainability" as "meeting the needs of the present without compromising the ability of future generations to meet their own needs."

It is a concept that has been followed ever since by the World Business Council for Sustainable Development. And increasingly companies are responding by including social and environmental issues in their corporate plans. As a result, you'll now find that many of the world's largest firms meet the requirements for inclusion in SRI mutual funds.

This investment approach is now clearly in the mainstream and is rapidly expanding. In fact, nearly \$500 billion in assets held by pension funds and other Canadian institutions are reviewed for their adherence to environmental and social guidelines. In the U.S., that number has grown to \$2.3 trillion, or one out of every ten dollars under professional management.

On the long road to sustainability – SRI Milestones

	Greenhouse effect established 1830	U.S.-based Pioneer Fund excludes alcohol, tobacco and gambling 1928	First Earth Day 1970	
Quakers refuse unethical business 1652	Victorians decline investments in alcohol and tobacco 1840	Texas and Persian Gulf oilfields developed 1920	Killer fog of soot descends on London 1952	Pax World Mutual Fund screens for environmental and social issues 1971

Investing in a Brighter Future

What is the right choice?

Does investing with your conscience mean that you are limiting returns on your investments?

Critics say that basing investment decisions on core values and beliefs reduces your universe of investment options and limits potential returns. Proponents argue that companies that protect the environment, make useful products and treat their employees well tend to do better over the long term.

Who is right? Socially responsible mutual funds do not make investments in speculative companies based solely on values and beliefs. In fact, you'll find many prominent companies included in SRI funds. Many recognizable companies are committed to social, environmental and governance issues because it can impact their bottom lines as well contributing to a better future.

Additionally, SRI funds may lower volatility in a portfolio. For instance, it's not uncommon for companies with questionable social environmental records to be involved in multimillion-dollar lawsuits resulting in losses and an impact on the company's stock price.

Did you know?

One of the easiest ways to participate in SRI is through a mutual fund that invests in companies with a positive track record on various environmental, social and governance issues. This could include oil and gas companies that reforest the land after development or a financial corporation that decides to recycle nearly all its waste, from papers to computers. Visit www.socialinvestment.ca/mutualfunds.htm for a list of SRI funds in Canada.

SRI Investments in U.S. reach \$40 billion 1984	Sunoco first to adopt corporate code of conduct 1993	U.S. SRI assets \$2 trillion; \$6 billion in Canada 1999	U.S. SRI assets \$2.3 trillion; \$500 billion in Canada 2006
First Socially Responsible Alternatives Fund for green energy 1982	Domini Social Index created in the U.S. 1990	Kyoto Protocol 1997	Jantzi Social Index launched in Canada 2000
			Environment tops Canadian list of concerns 2007

Passing the Performance Test

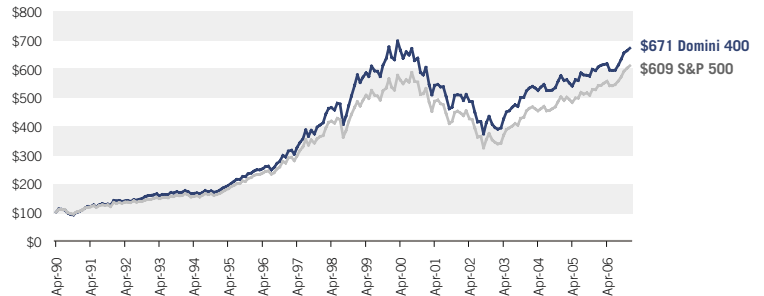
Socially Responsible Investing need not sacrifice investment returns

One of the most compelling measures of the success of SRI is underscored in the performance of the indices that track companies with a strong record on social issues and the environment. The Domini 400 Social Index, a 400-company U.S. index modeled on the Standard & Poor's 500 with social screens across nine areas, is the oldest index of its kind, and has consistently outperformed the S&P 500 since inception in 1990.

The performance of SRI investing in Canada and globally shows a similar trend. Over a seven-year period to December 31, 2006 the Jantzi Social Index, which tracks 60 Canadian companies with a history of ethical practices, increased an average of 8.58% annually compared to 8.11% for the S&P/TSX Composite Index. From a global perspective, the trend is similar. Going back to its inception in 1993, the Dow Jones Sustainability Index has outperformed the MSCI World Index returning an average compound annual return of 13.4% versus the MSCI's average return of 12.4%.

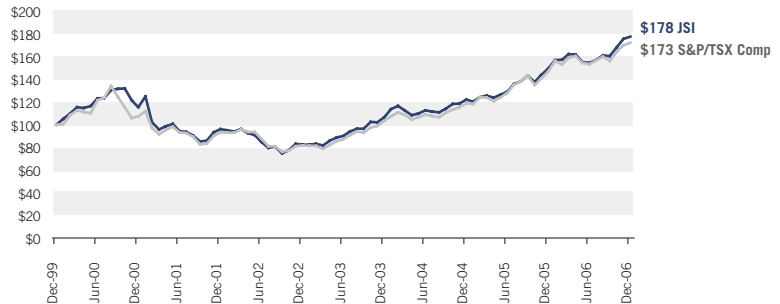
In the U.S. companies that adhere to various social and environmental guidelines have outperformed those that have not

Value of \$100 invested in the Domini 400 Social Index versus S&P 500 Index since April 1, 1990.



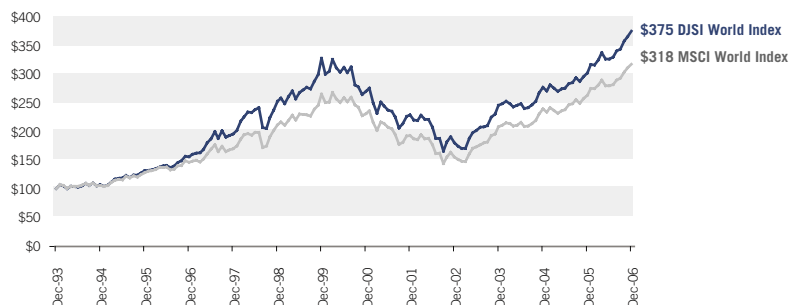
In Canada, the trend is similar to that of the U.S.

Value of \$100 invested in the Jantzi Social Index versus S&P/TSX Composite Index since January 1, 2000.



Globally, SRI investing has also outperformed

Value of \$100 invested in the Dow Jones Sustainability Index versus MSCI World Index since January 1, 1994.



Source: State Street Global Advisors and Datastream.
All data to December 31 2006.

Ethics in a Competitive Environment

Great companies offer growth with a social conscience

For decades the bottom line was all about financial results. Today a growing number of prominent corporations have developed “triple bottom lines,” a measurement of business performance that takes into account financial, environmental and social considerations.

The trend is growing. Half the companies in the Fortune 500 now publish social responsibility reports, more than 1,000 adhere to voluntary codes of conduct for labour practices and hundreds have signed international agreements sponsored by the UN and World Bank requiring transparent governance, and ethical social and environmental behaviour.

Research shows that as companies shift to a triple-bottom-line, doing so helps improve society and adds value to their relationships with customers, employees and shareholders. Former Alcan CEO Travis Engen neatly summed this up, saying his company’s future profits “depend on the economic, environmental and social sustainability of our communities across the world.”

SRI and Investing Fundamentals

Doing the research first

The difference between funds that practice socially responsible investing and those that do not can be found in the additional tests a company must pass. These can vary depending on the manager and the type of SRI fund, but companies must meet specific environmental, social or corporate governance related guidelines before they can be included in the portfolio. But above all, they must have sound fundamentals and outstanding management and growth prospects.

“People are going to want, and be able, to find out about the citizenship of a brand, whether it is doing the right things socially, economically and environmentally.”

Mike Clasper
President of Business Development
Procter & Gamble (Europe)

Looking for Great Companies

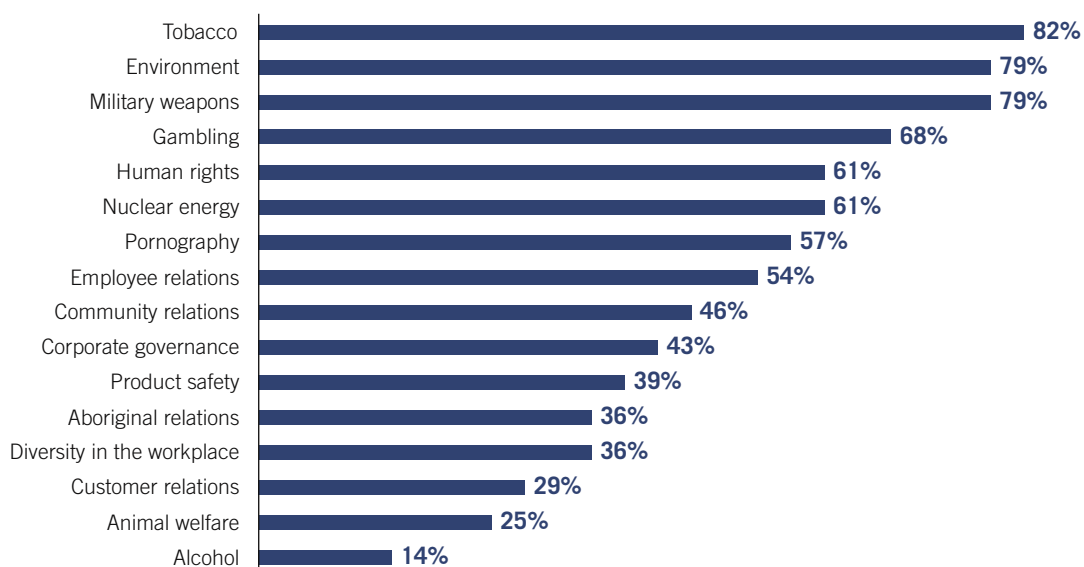
Many people expect to find small, specialized companies in socially responsible mutual funds. So you might be surprised to learn that many hold some of the world's most recognized companies. A broad cross section can be included, from an international oil company with a good environmental record, to a manufacturer promising to recycle waste or a bank dedicated to corporate transparency and community improvement.

To be included in a SRI fund, a company not only has to have strong financials, it should have high standards in a number of areas, including:

- ✓ Demonstrate open and effective corporate governance.
- ✓ Promote sound environment practices.
- ✓ Have outstanding health and safety standards.
- ✓ Good employment conditions.
- ✓ Offer community and social development programs.
- ✓ Respect for the rights of indigenous people.

Before making the final investment decision, SRI fund managers review companies based on a number of criteria, from a company's record on the environment to labour standards. The following criteria are some of the most commonly reviewed in Canada.

MOST COMMON SRI CRITERIA USED BY ASSET MANAGEMENT FIRMS*



Source: Canadian Socially Responsible Investment Review 2006 www.socialinvestment.ca

*Defined as an asset management firm reporting that they reviewed companies for compliance with environmental, social and governance factors on behalf of their clients.

How three corporations meet the SRI challenge



Centrica The UK-based power generation company leaves a smaller carbon footprint by focusing on natural gas and renewable resources. Natural gas is one of the cleanest forms of energy. In addition, the company generates 5.5% of its electricity from renewable resources and plans to invest an additional £750 million in renewable energy projects.



Philips Electronics Not only does Philips produce consumer electronics (TVs, VCRs, DVD players), it is also the leading manufacturer of high-power LED and compact fluorescent lights, which last longer and emit as much light as an incandescent lamp while using a fraction of the energy. For example, Philips' energy efficient streetlights, which use 50% less energy than traditional ones, are being adopted by several cities across Europe.



PSA Peugeot Citroen SA. Peugeot is the top selling auto brand in its home country of France, and has developed a diesel-electric hybrid engine that is 25% more efficient, produces 10% less carbon dioxide emissions and is cheaper than typical gasoline-electric hybrid engines. The company also teamed up with BMW to produce small, high-tech gasoline engines for its compact and mid-sized cars and is working with Ford to develop state-of-the-art diesel engines for a variety of vehicles from trucks to super-minis and executive cars.

Let your money talk

A recent poll by GlobeScan* suggests that 73% of investors want financial advisors to include SRI information in their discussions. If you think ethical investing is something you want to do, here are few things you should consider with your financial advisor.

- ✓ Most of us have a clear idea of the type of responsible behaviour we expect from the companies we invest in. Ask your financial advisor if the fund managers consider a company's social and environmental record before they invest.
- ✓ If it turns out that your beliefs and core values aren't in harmony with your investments, let your advisor know that there are some businesses that you just don't want to invest in.
- ✓ Ask for alternatives. SRI mutual funds that meet a wide range of investor objectives are available.
- ✓ Performance is all important, so make sure the financials underpinning your investments are based on strong fundamentals as well sustainability.

"I think that over the next five to ten years, green practices will become embedded in how companies conduct all of their business."

Pamela Flaherty
Sr. Executive Vice-President of Global
Community Relations, Citigroup
December 2006, Hemisphere Magazine

MACKENZIE ALL-ACCESS SERVICE

To help save you time, we've made fund and account information available for you to access whenever you need through three convenient options:

ONLINE Get all of the information you require 24 hours a day, 7 days a week by logging into InvestorAccess at ***mackenziefinancial.com***. InvestorAccess is a secure connection that only you can access.

For technical support, please call Client Services at
1 800 387 0614.

TOUCH TONE PHONE You also have convenient and direct access to all your fund and account information by calling the Mackenzie AccessLine at
416 922 9143 or
1 800 440 0577.

FAX Request a fax transmission through the Mackenzie AccessLine at
416 922 9143 or
1 800 440 0577.

GENERAL INQUIRIES

For all of your general inquiries and account information please call:

ENGLISH 416 922 3217
1 800 387 0614

BILINGUAL 1 800 387 0615

ASIAN INVESTOR SERVICES 1 888 465 1668

FAX 416 922 5660
1 866 766 6623

E-MAIL service@mackenziefinancial.com

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.