

Mackenzie Sentinel Corporate Bond Fund – Departure of Dan Bastasic

Mackenzie Financial Corporation Announcement

Mackenzie Financial Corporation (“Mackenzie”) announced today the departure of Dan Bastasic, co-lead of the Sentinel fixed income team, and lead manager of the Mackenzie Sentinel Corporate Bond Fund (the “Fund”), which is held in a number of Meritage Portfolios®.

Putnam Investments, an affiliate of Mackenzie, has assumed portfolio management responsibilities on the Fund. The announcement triggers a due diligence process to assess the impact of the departure on the Fund itself and the Meritage Portfolios®.

The review includes a comprehensive analysis of the quantitative and qualitative factors of this change, and an independent validation of the analysis by Aon Hewitt.

The commitment of the Meritage Portfolios® has always been to offer the best blend of the best funds available in the industry. From over 5,000 funds available to investors, 23 were carefully selected based on their potential return, sustained performance over time and the synergy of their portfolio managers’ investment approaches.

Due Diligence Process

1. Complete review of the new manager’s track record, according to the Select Rating System criteria:
 - Value added by the manager
 - Complete downside risk analysis
 - Returns per unit of risk
 - Other observations: holding-based style consistency, correlation with the other fixed income funds already in Meritage Portfolios®, downside and upside capture ratios, validation of management team continuity and additional qualitative data provided by Aon Hewitt.
2. Analysis and comparisons with alternative fixed income funds within a comparable universe.
3. Review of the entire process by Aon Hewitt, analysis of the fund and its new manager and detailed recommendation to the Meritage Portfolios® Investment Committee.