

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

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## **Annual Management Report of Fund Performance**

*For the Year Ended March 31, 2023*

*This Annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You may obtain a copy of the annual financial statements, at no cost, by contacting us using one of the methods noted under Fund Formation and Series Information or by visiting the SEDAR website at [www.sedar.com](http://www.sedar.com).*

*Securityholders may also contact us using one of these methods to request a copy of the investment fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure. For more information, please refer to the Fund's Simplified Prospectus and Fund Facts, which may also be obtained, at no cost, using any of the methods outlined above.*

*For the Fund's current net asset values per security and for more recent information on general market events, please visit our website.*

### **A NOTE ON FORWARD-LOOKING STATEMENTS**

*This report may contain forward-looking statements that reflect our current expectations or forecasts of future events. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", "preliminary", "typical" and other similar expressions. In addition, these statements may relate to future corporate actions, future financial performance of a fund or a security and their future investment strategies and prospects. Forward-looking statements are inherently subject to, among other things, risks, uncertainties and assumptions that could cause actual events, results, performance or prospects to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and assumptions include, without limitation, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, the volatility of global equity and capital markets, business competition, technological change, changes in government regulations, changes in securities laws and regulations, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, outbreaks of disease or pandemics (such as COVID-19), and the ability of Mackenzie to attract or retain key employees. The foregoing list of important risks, uncertainties and assumptions is not exhaustive. Please consider these and other factors carefully and do not place undue reliance on forward-looking statements.*

*The forward-looking information contained in this report is current only as of the date of this report. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.*



**MACKENZIE**  
Investments

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE | For the Year Ended March 31, 2023

## Management Discussion of Fund Performance

June 5, 2023

This Management Discussion of Fund Performance presents the portfolio management team's view on the significant factors and developments that have affected the Fund's performance and outlook in the year ended March 31, 2023 (the "period"). If the Fund was established during the period, "period" represents the period since inception.

In this report, "Mackenzie" and "the Manager" refer to Mackenzie Financial Corporation, the manager of the Fund. In addition, net asset value ("NAV") refers to the value of the Fund as calculated for transaction purposes, on which the discussion of Fund performance is based.

Please read *A Note on Forward-Looking Statements* on the first page of this document.

### Investment Objective and Strategies

The Fund seeks a positive total return over a market cycle, regardless of general market direction, by employing a variety of fundamentally driven and systematically driven investment strategies. The Fund will invest in long and short positions in fixed income securities and instruments of corporate and government issuers anywhere in the world. The Fund may also engage in physical short sales, borrowing and/or investment in derivatives.

The Fund's aggregate exposure to its sources of leverage is calculated as the sum of the following sources of leverage, and must not exceed 300% of its net asset value: (i) the aggregate market value of securities sold short; (ii) the value of indebtedness under any borrowing arrangements for investment purposes; and (iii) the aggregate notional value of the Fund's specified derivatives positions, excluding any specified derivatives used for hedging purposes.

### Risk

The risks of the Fund remain as discussed in the Fund's Simplified Prospectus.

The Fund is suitable for medium- to long-term investors looking for a credit absolute return alternative mutual fund to hold as part of their portfolio, who can handle the volatility of bond markets and who have a low to medium tolerance for risk.

### Results of Operations

#### Investment Performance

The performance of all series in the current and previous periods is shown in the *Past Performance* section of the report. Performance will vary by series primarily because fees and expenses differ between series, or because securities of a series were not issued and outstanding for the entire reporting period. Please refer to the *Fund Formation and Series Information* section of this report for the varying management and administration fees payable by each series. The following comparison to market indices is intended to help investors understand the Fund's performance relative to the general performance of the markets. However, the Fund's mandate may be different from that of the indices shown.

During the period, the Fund's Series A securities returned -4.3% (after deducting fees and expenses paid by the series). This compares with the FTSE Canada 91-Day T-Bill Index return of 2.8%. All index and series returns are calculated on a total return basis in Canadian dollar terms. Investors cannot invest in an index without incurring fees, expenses and commissions, which are not reflected in the index returns.

In response to persistently high inflation, the U.S. Federal Reserve and the European Central Bank raised their policy rates significantly throughout the period. As a result, global fixed income yields rose sharply. Volatility in fixed income markets was heightened by the magnitude of central bank policy actions and by geopolitical tensions. Concerns that higher interest rates could cause a recession were reflected

in rising yields for high-yield bonds, with spreads (the difference in yield between high-yield and investment grade bonds) near the long-term average. This also led to higher yields for term loans and wider loan spreads (the margin by which the interest rate, which fluctuates according to a loan's market price, exceeds the floating reference rate).

The Fund underperformed the index, with net long exposure to fixed income assets that were sensitive to interest rates and credit spreads detracting from performance. The Fund held put options on term loans and corporate bond exchange-traded funds to mitigate credit risk, which also detracted from performance.

Conversely, variable exposure in the credit momentum strategy to selected asset classes that were sensitive to credit spreads and interest rates contributed to performance.

Over the period, the portfolio management team decreased the Fund's net exposure to bonds and increased the Fund's cash position. Exposure to Canada increased, while exposure to the United States decreased.

### Leverage

Leverage occurs when the Fund borrows money or securities, or uses derivatives, to generate investment exposure that would otherwise not be possible. The Fund's aggregate exposure to its sources of leverage is calculated as the sum of the following: (i) the market value of short holdings; (ii) the amount of cash borrowed for investment purposes; and (iii) the notional value of the Fund's derivatives positions, excluding any derivatives used for hedging purposes. This exposure must not exceed 300% of the Fund's NAV.

The leverage of the Fund results from the combined impact of each of its strategies: protected high-yield, dynamic leverage, long/short credit and credit momentum. The protected high-yield strategy seeks exposure to a diversified collection of non-investment grade bonds and applies an options overlay to mitigate the risk associated with this asset class. The dynamic leverage strategy uses leverage to increase exposure when the portfolio management team sees positive credit fundamentals, attractive valuations and acceptable market risk sentiment. The long/short credit strategy takes long and short positions in corporate bonds based on company- and industry-specific factors. The proprietary credit momentum strategy uses primarily derivatives such as swaps and futures to systematically adjust the Fund's exposure to investment grade and high-yield bonds, floating-rate loans and emerging market debt.

During the period, the Fund's aggregate exposure to sources of leverage ranged from 51% to 135% of the Fund's NAV. The low end of the range occurred in March 2023, when the portfolio used fewer derivatives and the total size of short positions in the long/short credit strategy had decreased. The high end of the range occurred in July 2022, when the Fund used total return swaps for incremental investment grade and high-yield bond exposure. The primary sources of leverage were physical short positions in fixed income securities, futures, options, forward currency contracts and swaps. Including the notional value of derivatives used for hedging, the low and high amounts of leverage ranged from 181% to 285%.

### Net Assets

The Fund's net assets decreased by 5.5% during the period to \$120.3 million. This change was composed primarily of \$3.9 million in net losses (including any interest and/or dividend income) from investment performance, after deducting fees and expenses, and a decrease of \$3.1 million due to net securityholder activity (including sales, redemptions and cash distributions).

### Fees and Expenses

The management expense ratio ("MER") for each series during the year ended March 31, 2023, was generally similar to the MER for the year ended March 31, 2022. Total expenses paid vary from period to period mainly as a result of changes in average assets in each series. The MERs for all series are presented in the *Financial Highlights* section of this report.

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## Recent Developments

The portfolio management team expects volatility and uncertainty in fixed income markets to persist for the rest of 2023. By the end of the period, inflation in Canada and the United States was easing but remained elevated. The team expects central banks to continue to assess the impact of interest rates on inflation and economic growth before setting future policy. Furthermore, the team believes that the Federal Reserve could pause rate increases in 2023, while rate cuts are unlikely as long as the global economy is resilient and inflation remains elevated.

The team is cautious about prospects for high-yield bonds as economic uncertainty challenges credit fundamentals. The team believes issuer selection and sound credit research remain important in assessing investment opportunities and continues to find attractive risk-reward opportunities in higher-quality investments.

Effective March 31, 2023, KPMG LLP was appointed as the auditor of the Fund.

## Related Party Transactions

### Management and Administration Services

For each applicable series, the Fund paid management fees and administration fees to the Manager at the annual rates specified under *Fund Formation and Series Information* in this report and as more fully described in the Prospectus. In return for the administration fees, the Manager pays all costs and expenses (other than certain specified fund costs) required to operate the Fund that are not included in management fees. See also *Management Fees*.

### Other Related Party Transactions

At March 31, 2023, the Fund held an investment of \$2.1 million (1.7% of the Fund's NAV) in Northleaf Private Credit II LP, a private fund managed by Northleaf Capital Partners, a company affiliated with the Manager. This represents US\$1.5 million as part of a total commitment to invest US\$1.9 million. In making the investment, the Manager relied on a positive recommendation previously issued by the Mackenzie Funds' Independent Review Committee.

At March 31, 2023, the Fund held an investment of \$0.9 million (0.7% of the Fund's NAV) in Sagard Credit Partners II, LP, a private fund managed by Sagard Holdings Inc., a company affiliated with the Manager. This represents US\$0.6 million as part of a total commitment to invest US\$1.9 million. In making the investment, the Manager relied on a positive recommendation previously issued by the Mackenzie Funds' Independent Review Committee.

Investment funds managed by Mackenzie and its affiliates may invest in the Fund. All these investments are made on a prospectus-exempt basis in accordance with the investment objectives of those funds. At March 31, 2023, funds managed by Mackenzie owned 79.8% of the Fund's NAV, and funds managed by The Canada Life Assurance Company and Canada Life Investment Management Ltd. owned 13.9% of the Fund's NAV. All related party transactions are based on the NAV per security on each transaction day. As a result of these investments, the Fund may be subject to large transaction risk as discussed in the Prospectus. Mackenzie manages this risk to reduce the possibility of any adverse effect on the Fund or on its investors, through such processes as requiring advance notice of large redemptions.

During the period, the Fund received \$0.004 million in income distributions from investments in exchange-traded funds ("ETFs") managed by Mackenzie to offset fees paid within those ETFs. There is no assurance that these distributions will continue in the future.

The Manager relied on an approval provided by the Mackenzie Funds' Independent Review Committee to appoint KPMG LLP as the auditor of the Fund, effective March 31, 2023.

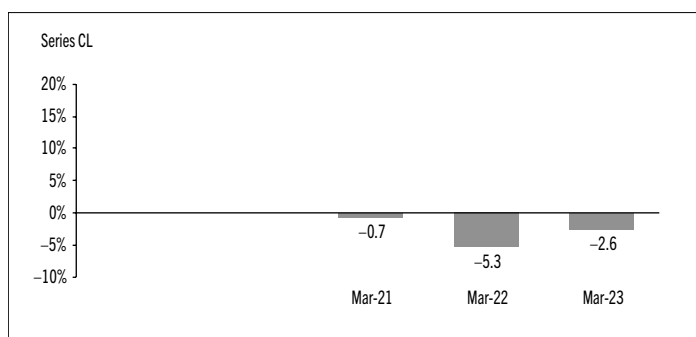
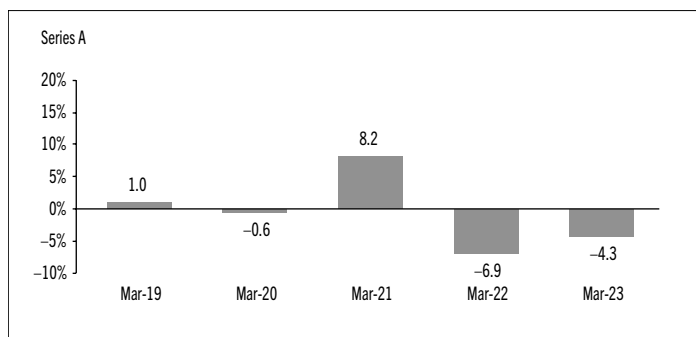
## Past Performance

The Fund's past performance information is presented in the following charts and table. It assumes all distributions made by the Fund in the periods presented are reinvested in additional securities of the relevant series of the Fund. The charts and table do not take into account sales, redemption, distribution or optional charges, or income taxes payable by any investor that would have reduced returns. The past performance of the Fund is not necessarily an indication of how it will perform in the future.

If you hold this Fund outside of a registered plan, income and capital gains distributions paid to you increase your income for tax purposes whether paid to you in cash or reinvested in additional securities of the Fund. The amount of reinvested taxable distributions is added to the adjusted cost base of the securities that you own. This would decrease your capital gain or increase your capital loss when you later redeem from the Fund, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation.

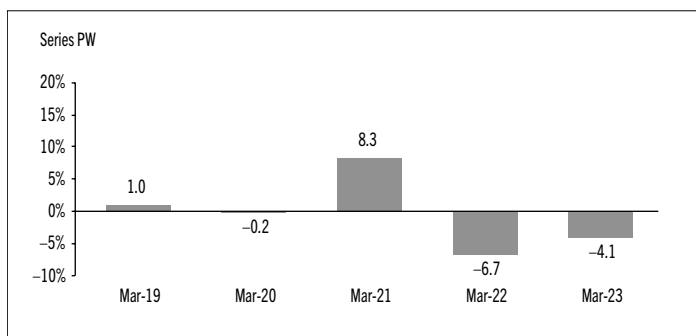
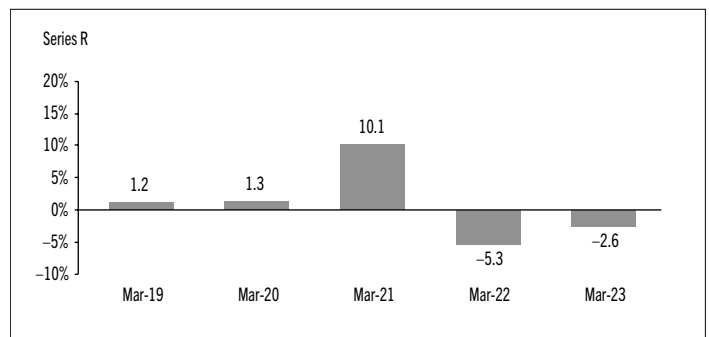
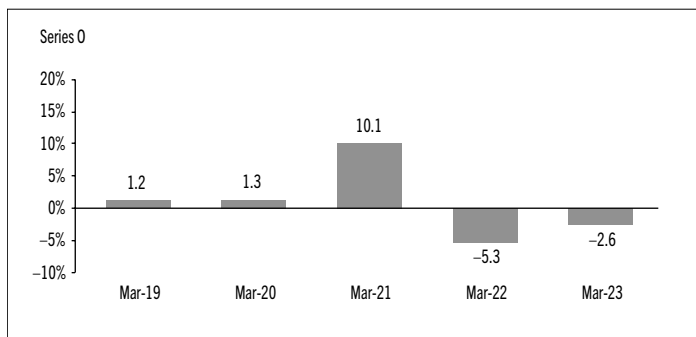
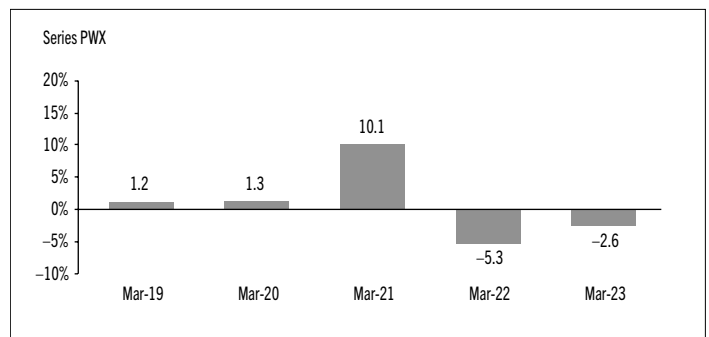
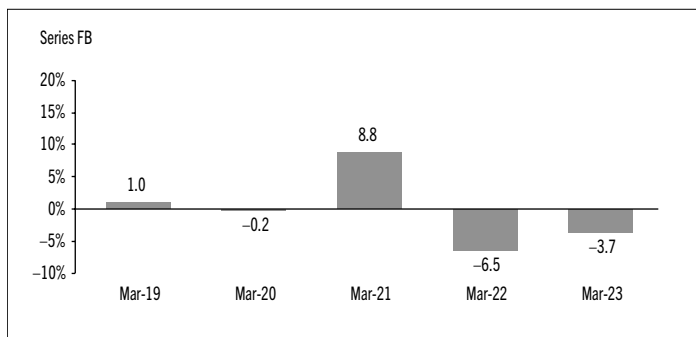
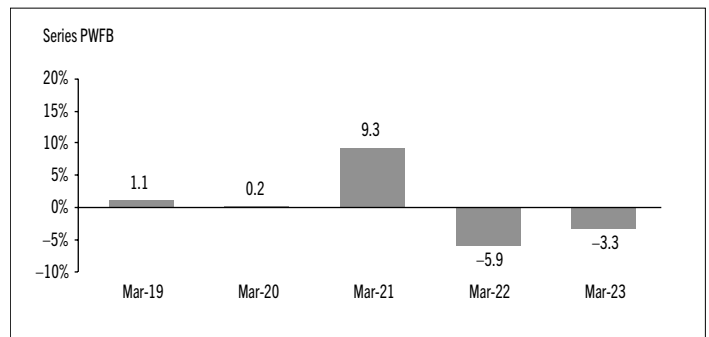
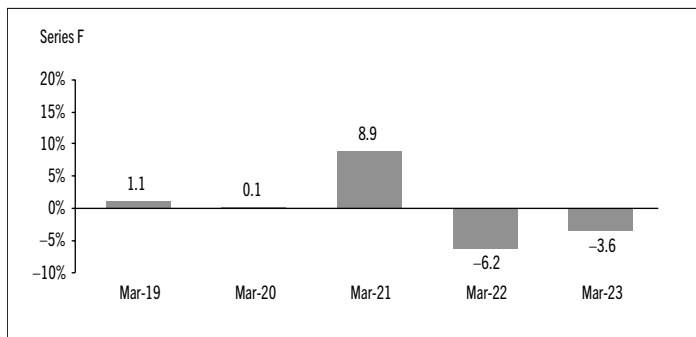
## Year-by-Year Returns

The following bar charts present the performance of each series of the Fund for each of the fiscal periods shown. The charts show, in percentage terms, how much an investment made on the first day of each fiscal period, or on the series inception or reinstatement date, as applicable, would have increased or decreased by the last day of the fiscal period presented. Series inception or reinstatement dates can be found under *Fund Formation and Series Information*.

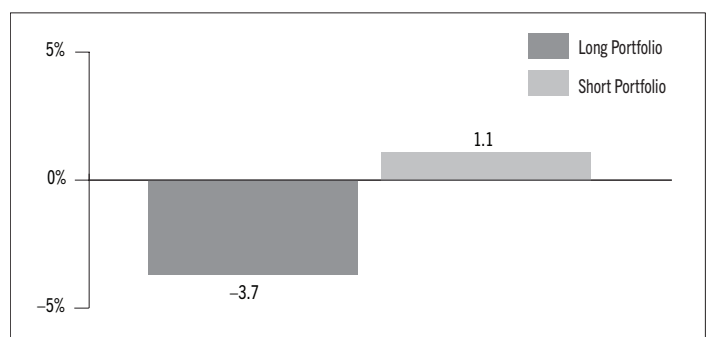


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The following bar chart presents the performance of the Fund's long and short portfolio positions for the period ended March 31, 2023, before deducting fees and expenses and before the effect of other assets (liabilities).



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## Annual Compound Returns

The following table compares the historical annual compound total returns for each series of the Fund with the relevant index or indices shown below for each of the periods ended March 31, 2023. Investors cannot invest in an index without incurring fees, expenses and commissions, which are not reflected in these performance figures.

All index returns are calculated in Canadian dollars on a total return basis, meaning that all dividend payments, interest income accruals and interest payments are reinvested.

Percentage Return: <sup>1</sup>	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception <sup>2</sup>
Series A	-4.3	-1.2	n/a	n/a	-0.8
Series CL	-2.6	n/a	n/a	n/a	-4.0
Series F	-3.6	-0.5	n/a	n/a	-0.1
Series FB	-3.7	-0.7	n/a	n/a	-0.3
Series O	-2.6	0.5	n/a	n/a	1.0
Series PW	-4.1	-1.0	n/a	n/a	-0.6
Series PWFB	-3.3	-0.2	n/a	n/a	0.2
Series PWX	-2.6	0.5	n/a	n/a	1.0
Series R	-2.6	0.5	n/a	n/a	1.0
FTSE Canada 91-Day T-Bill Index	2.8	1.1	n/a	n/a	Note 3

*The FTSE Canada 91-Day T-Bill Index is an index of Government of Canada treasury bills with maturities of less than 91 days.*

- (1) The percentage return differs for each series because the management fee rate and expenses differ for each series.
- (2) The return since inception for each series will differ when the inception date differs and is only provided when a series has been active for a period of less than 10 years.
- (3) The return of the FTSE Canada 91-Day T-Bill Index since inception for Series CL is 1.4%, and for all other series is 1.3%.

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## Summary of Investment Portfolio at March 31, 2023

PORTFOLIO ALLOCATION	% OF NAV		
	Long	Short	Net
Bonds	87.6	(2.5)	85.1
<i>Bonds</i>	78.9	(2.2)	76.7
<i>Futures*</i>	8.4	(0.2)	8.2
<i>Purchased options**</i>	0.3	–	0.3
<i>Written options**</i>	–	(0.1)	(0.1)
Cash and short-term investments	9.6	–	9.6
Equities	0.5	–	0.5
<i>Equities</i>	0.5	–	0.5
<i>Purchased options†</i>	–	–	–
Other assets (liabilities)	2.8	–	2.8
Private funds	2.4	–	2.4
Swaps††	(0.1)	–	(0.1)
Exchange-traded funds/notes	0.4	(0.7)	(0.3)

REGIONAL ALLOCATION	% OF NAV		
	Long	Short	Net
United States	39.0	(2.3)	36.7
Canada	36.3	(0.7)	35.6
Cash and short-term investments	9.6	–	9.6
Australia	4.5	–	4.5
Other assets (liabilities)	2.8	–	2.8
China	2.0	–	2.0
Luxembourg	1.6	–	1.6
United Kingdom	1.4	–	1.4
Other	1.4	(0.2)	1.2
Netherlands	0.9	–	0.9
Switzerland	0.9	–	0.9
France	0.8	–	0.8
Spain	0.6	–	0.6
Brazil	0.5	–	0.5
Mexico	0.4	–	0.4
India	0.3	–	0.3
Finland	0.2	–	0.2

SECTOR ALLOCATION	% OF NAV		
	Long	Short	Net
Corporate bonds	74.0	(2.2)	71.8
Cash and short-term investments	9.6	–	9.6
Bond futures	8.4	(0.2)	8.2
Foreign government bonds	4.2	–	4.2
Other assets (liabilities)	2.8	–	2.8
Private funds	2.4	–	2.4
Mortgage backed	0.7	–	0.7
Financials	0.5	–	0.5
Other	0.2	(0.1)	0.1
Exchange-traded funds/notes	0.4	(0.7)	(0.3)

BOND CREDIT RATING‡	% OF NAV	
	Long	Short
AAA	0.1	–
AA	5.0	–
A	4.8	–
BBB	8.9	–
BB	28.4	–
B	17.2	–
Less than B	4.8	–
Unrated	7.5	–

\* Notional values represent 8.1% of NAV for long bond futures and –10.3% of NAV for short bond futures.

\*\* Notional values represent 44.5% of NAV for purchased bond options and –39.6% of NAV for written bond options.

† Notional values represent 10.3% of NAV for purchased equity options.

†† Notional values represent 9.4% of NAV for total return swaps.

‡ Credit ratings and rating categories are based on ratings issued by a designated rating organization.

TOP 25 LONG POSITIONS	% OF NAV
<b>Issuer</b>	
Cash and short-term investments	17.7
United States Treasury 1.88% 02-28-2027	4.2
The Bank of Nova Scotia F/R 09-15-2023	2.4
Northleaf Private Credit II LP <sup>(1)</sup>	1.7
Enbridge Inc. 5.37% 09-27-2077 Callable 2027	1.6
Weatherford International Ltd. 8.63% 04-30-2030	1.4
Parkland Corp. of Canada 4.50% 10-01-2029	1.4
The Toronto-Dominion Bank F/R 01-31-2025	1.4
Royal Bank of Canada F/R 11-24-2080 Callable 2025	1.4
Gray Television Inc. 5.38% 11-15-2031	1.0
Rogers Communications Inc. F/R 03-15-2082	1.0
Vidéotron Ltée 3.13% 01-15-2031	1.0
VistaJet Malta Finance PLC 6.38% 02-01-2030	0.9
TransCanada Trust F/R 05-18-2077 Callable 2027	0.9
Inter Pipeline Ltd. F/R 11-19-2079 Callable 2029	0.9
Vermilion Energy Inc. 6.88% 05-01-2030	0.9
Secure Energy Services Inc. 7.25% 12-30-2026	0.9
Pembina Pipeline Corp. F/R 01-25-2081	0.8
Superior Plus LP 4.25% 05-18-2028	0.8
Bank of Montreal F/R 11-26-2080	0.8
Ford Credit Canada Co. 2.96% 09-16-2026	0.7
Keyera Corp. F/R 06-13-2079 Callable 2029	0.7
Sagard Credit Partners II LP <sup>(1)</sup>	0.7
New Red Finance Inc. 4.00% 10-15-2030	0.7
Algonquin Power & Utilities Corp. F/R 01-18-2082	0.7

Top long positions as a percentage of total net asset value **46.6**

TOP 25 SHORT POSITIONS	% OF NAV
<b>Issuer/Underlying Fund</b>	
SPDR Bloomberg Convertible Securities ETF	(0.6)
Bombardier Inc. 7.88% 04-15-2027	(0.3)
Bombardier Inc. 6.00% 02-15-2028	(0.3)
TRI Pointe Group Inc. 5.70% 06-15-2028	(0.2)
Griffon Corp. 5.75% 03-01-2028 Callable 2023	(0.2)
Credit Acceptance Corp. 6.63% 03-15-2026	(0.2)
Eco Material Technologies Inc. 7.88% 01-31-2027	(0.2)
Coty Inc. 4.75% 01-15-2029	(0.2)
Bread Financial Holdings Inc. 7.00% 01-15-2026	(0.2)
WR Grace Holdings LLC 5.63% 08-15-2029	(0.2)
Avis Budget Car Rental LLC 4.75% 04-01-2028	(0.1)
Paramount Global 4.20% 05-19-2032	(0.1)
The Hertz Corp. 5.00% 12-01-2029	(0.1)
Murphy Oil Corp. 5.88% 12-01-2027	(0.1)
Bombardier Inc. 7.50% 03-15-2025	(0.1)
iShares iBoxx \$ High Yield Corporate Bond ETF Written Put Option @ \$64.00 Exp. 06-16-2023	(0.1)
iShares iBoxx \$ High Yield Corporate Bond ETF	(0.1)

Top short positions as a percentage of total net asset value **(3.3)**

(1) The issuer of this security is related to the Manager.

For the prospectus and other information about the underlying fund(s) held in the portfolio, visit [www.mackenzieinvestments.com](http://www.mackenzieinvestments.com) or [www.sedar.com](http://www.sedar.com).

The investments and percentages may have changed since March 31, 2023, due to the ongoing portfolio transactions of the Fund. Quarterly updates of holdings are available within 60 days of the end of each quarter except for March 31, the Fund's fiscal year-end, when they are available within 90 days.

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## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for each of the fiscal periods presented below. If during the period a fund or series was established or reinstated, "period" represents the period from inception or reinstatement to the end of that fiscal period. Series inception or reinstatement dates can be found under *Fund Formation and Series Information*.

### THE FUND'S NET ASSETS PER SECURITY (\$)¹

Series A	Mar. 31 2023	Mar. 31 2022	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019
<b>Net assets, beginning of period</b>	<b>8.91</b>	<b>9.76</b>	<b>9.67</b>	<b>10.10</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.43	0.43	0.35	0.29	0.45
Total expenses	(0.16)	(0.18)	(0.19)	(0.20)	(0.02)
Realized gains (losses) for the period	(0.72)	(0.10)	0.18	0.26	(2.35)
Unrealized gains (losses) for the period	0.01	(0.56)	0.11	(0.55)	2.01
<b>Total increase (decrease) from operations²</b>	<b>(0.44)</b>	<b>(0.41)</b>	<b>0.45</b>	<b>(0.20)</b>	<b>0.09</b>
<b>Distributions:</b>					
From net investment income (excluding Canadian dividends)	(0.20)	(0.17)	(0.58)	(0.37)	–
From Canadian dividends	–	–	–	–	–
From capital gains	–	–	(0.13)	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions³</b>	<b>(0.20)</b>	<b>(0.17)</b>	<b>(0.71)</b>	<b>(0.37)</b>	<b>–</b>
<b>Net assets, end of period</b>	<b>8.33</b>	<b>8.91</b>	<b>9.76</b>	<b>9.67</b>	<b>10.10</b>
<b>Series CL</b>	<b>Mar. 31 2023</b>	<b>Mar. 31 2022</b>	<b>Mar. 31 2021</b>	<b>Mar. 31 2020</b>	<b>Mar. 31 2019</b>
<b>Net assets, beginning of period</b>	<b>9.05</b>	<b>9.87</b>	<b>10.00</b>	<b>n/a</b>	<b>n/a</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.44	0.43	0.07	n/a	n/a
Total expenses	(0.02)	(0.01)	–	n/a	n/a
Realized gains (losses) for the period	(0.54)	(1.29)	(0.20)	n/a	n/a
Unrealized gains (losses) for the period	0.01	(0.57)	0.02	n/a	n/a
<b>Total increase (decrease) from operations²</b>	<b>(0.11)</b>	<b>(1.44)</b>	<b>(0.11)</b>	<b>n/a</b>	<b>n/a</b>
<b>Distributions:</b>					
From net investment income (excluding Canadian dividends)	(0.31)	(0.29)	(0.07)	n/a	n/a
From Canadian dividends	(0.01)	–	–	n/a	n/a
From capital gains	–	–	–	n/a	n/a
Return of capital	–	–	–	n/a	n/a
<b>Total annual distributions³</b>	<b>(0.32)</b>	<b>(0.29)</b>	<b>(0.07)</b>	<b>n/a</b>	<b>n/a</b>
<b>Net assets, end of period</b>	<b>8.50</b>	<b>9.05</b>	<b>9.87</b>	<b>n/a</b>	<b>n/a</b>

Series F	Mar. 31 2023	Mar. 31 2022	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019
<b>Net assets, beginning of period</b>	<b>8.98</b>	<b>9.82</b>	<b>9.73</b>	<b>10.11</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.44	0.43	0.36	0.27	0.02
Total expenses	(0.10)	(0.11)	(0.12)	(0.13)	(0.01)
Realized gains (losses) for the period	(0.80)	(0.42)	0.37	0.08	0.01
Unrealized gains (losses) for the period	0.01	(0.56)	0.11	(0.52)	0.09
<b>Total increase (decrease) from operations²</b>	<b>(0.45)</b>	<b>(0.66)</b>	<b>0.72</b>	<b>(0.30)</b>	<b>0.11</b>
<b>Distributions:</b>					
From net investment income (excluding Canadian dividends)	(0.25)	(0.22)	(0.65)	(0.39)	–
From Canadian dividends	–	–	–	–	–
From capital gains	–	–	(0.14)	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions³</b>	<b>(0.25)</b>	<b>(0.22)</b>	<b>(0.79)</b>	<b>(0.39)</b>	<b>–</b>
<b>Net assets, end of period</b>	<b>8.41</b>	<b>8.98</b>	<b>9.82</b>	<b>9.73</b>	<b>10.11</b>
<b>Series FB</b>	<b>Mar. 31 2023</b>	<b>Mar. 31 2022</b>	<b>Mar. 31 2021</b>	<b>Mar. 31 2020</b>	<b>Mar. 31 2019</b>
<b>Net assets, beginning of period</b>	<b>8.95</b>	<b>9.79</b>	<b>9.70</b>	<b>10.10</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.44	0.43	0.36	0.31	0.02
Total expenses	(0.11)	(0.14)	(0.14)	(0.15)	(0.01)
Realized gains (losses) for the period	(0.64)	(0.36)	0.51	0.52	–
Unrealized gains (losses) for the period	0.01	(0.56)	0.11	(0.59)	0.09
<b>Total increase (decrease) from operations²</b>	<b>(0.30)</b>	<b>(0.63)</b>	<b>0.84</b>	<b>0.09</b>	<b>0.10</b>
<b>Distributions:</b>					
From net investment income (excluding Canadian dividends)	(0.24)	(0.20)	(0.64)	(0.39)	–
From Canadian dividends	–	–	–	–	–
From capital gains	–	–	(0.13)	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions³</b>	<b>(0.24)</b>	<b>(0.20)</b>	<b>(0.77)</b>	<b>(0.39)</b>	<b>–</b>
<b>Net assets, end of period</b>	<b>8.38</b>	<b>8.95</b>	<b>9.79</b>	<b>9.70</b>	<b>10.10</b>

- (1) These calculations are prescribed by securities regulations and are not intended to be a reconciliation between opening and closing net assets per security. This information is derived from the Fund's audited annual financial statements. The net assets per security presented in the financial statements may differ from the net asset value per security calculated for fund pricing purposes. An explanation of these differences, if any, can be found in the *Notes to Financial Statements*.
- (2) Net assets and distributions are based on the actual number of securities outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of securities outstanding over the fiscal period.
- (3) Distributions were paid in cash/reinvested in additional securities of the Fund, or both.



# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE | For the Year Ended March 31, 2023

## THE FUND'S NET ASSETS PER SECURITY (\$)¹ (cont'd)

	Mar. 31 2023	Mar. 31 2022	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019
<b>Series O</b>					
<b>Net assets, beginning of period</b>	9.12	9.94	9.82	10.12	10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.45	0.43	0.34	0.31	0.02
Total expenses	(0.02)	(0.01)	(0.02)	(0.01)	–
Realized gains (losses) for the period	(0.45)	(1.20)	(0.03)	0.72	–
Unrealized gains (losses) for the period	0.01	(0.57)	0.11	(0.59)	0.09
<b>Total increase (decrease) from operations²</b>	(0.01)	(1.35)	0.40	0.43	0.11
<b>Distributions:</b>					
From net investment income (excluding Canadian dividends)	(0.31)	(0.29)	(0.72)	(0.43)	–
From Canadian dividends	(0.01)	–	–	–	–
From capital gains	–	–	(0.16)	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions³</b>	(0.32)	(0.29)	(0.88)	(0.43)	–
<b>Net assets, end of period</b>	8.56	9.12	9.94	9.82	10.12
<b>Series PW</b>					
<b>Net assets, beginning of period</b>	8.92	9.76	9.70	10.10	10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.43	0.42	0.36	0.23	0.02
Total expenses	(0.15)	(0.16)	(0.18)	(0.17)	(0.01)
Realized gains (losses) for the period	(0.86)	(0.55)	0.59	0.35	–
Unrealized gains (losses) for the period	0.01	(0.56)	0.11	(0.44)	0.09
<b>Total increase (decrease) from operations²</b>	(0.57)	(0.85)	0.88	(0.03)	0.10
<b>Distributions:</b>					
From net investment income (excluding Canadian dividends)	(0.21)	(0.19)	(0.62)	(0.39)	–
From Canadian dividends	–	–	–	–	–
From capital gains	–	–	(0.13)	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions³</b>	(0.21)	(0.19)	(0.75)	(0.39)	–
<b>Net assets, end of period</b>	8.35	8.92	9.76	9.70	10.10
<b>Series PWFB</b>					
<b>Net assets, beginning of period</b>	9.01	9.83	9.73	10.11	10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.43	0.43	0.36	0.31	0.02
Total expenses	(0.08)	(0.08)	(0.09)	(0.13)	(0.01)
Realized gains (losses) for the period	(0.18)	(0.37)	0.51	0.63	(0.01)
Unrealized gains (losses) for the period	0.01	(0.56)	0.11	(0.59)	0.08
<b>Total increase (decrease) from operations²</b>	0.18	(0.58)	0.89	0.22	0.08
<b>Distributions:</b>					
From net investment income (excluding Canadian dividends)	(0.27)	(0.25)	(0.67)	(0.40)	–
From Canadian dividends	–	–	–	–	–
From capital gains	–	–	(0.14)	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions³</b>	(0.27)	(0.25)	(0.81)	(0.40)	–
<b>Net assets, end of period</b>	8.44	9.01	9.83	9.73	10.11

	Mar. 31 2023	Mar. 31 2022	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019
<b>Series PWX</b>					
<b>Net assets, beginning of period</b>	9.12	9.94	9.82	10.12	10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.44	0.43	0.37	0.30	0.02
Total expenses	(0.02)	(0.01)	(0.02)	(0.01)	–
Realized gains (losses) for the period	(0.66)	(0.37)	0.45	0.42	0.01
Unrealized gains (losses) for the period	0.01	(0.57)	0.11	(0.58)	0.09
<b>Total increase (decrease) from operations²</b>	(0.23)	(0.52)	0.91	0.13	0.12
<b>Distributions:</b>					
From net investment income (excluding Canadian dividends)	(0.31)	(0.30)	(0.72)	(0.43)	–
From Canadian dividends	(0.01)	–	–	–	–
From capital gains	–	–	(0.16)	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions³</b>	(0.32)	(0.30)	(0.88)	(0.43)	–
<b>Net assets, end of period</b>	8.56	9.12	9.94	9.82	10.12
<b>Series R</b>					
<b>Net assets, beginning of period</b>	9.12	9.94	9.82	10.12	10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.44	0.43	0.37	0.28	0.02
Total expenses	(0.02)	(0.01)	(0.02)	(0.01)	–
Realized gains (losses) for the period	(0.72)	(0.34)	0.51	0.02	0.01
Unrealized gains (losses) for the period	0.01	(0.57)	0.11	(0.54)	0.09
<b>Total increase (decrease) from operations²</b>	(0.29)	(0.49)	0.97	(0.25)	0.12
<b>Distributions:</b>					
From net investment income (excluding Canadian dividends)	(0.31)	(0.30)	(0.72)	(0.43)	–
From Canadian dividends	(0.01)	–	–	–	–
From capital gains	–	–	(0.16)	–	–
Return of capital	–	–	–	–	–
<b>Total annual distributions³</b>	(0.32)	(0.30)	(0.88)	(0.43)	–
<b>Net assets, end of period</b>	8.56	9.12	9.94	9.82	10.12



# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE | For the Year Ended March 31, 2023

## RATIOS AND SUPPLEMENTAL DATA

	Mar. 31 2023	Mar. 31 2022	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019
<b>Series A</b>					
Total net asset value (\$000) <sup>1</sup>	124	310	850	84	18
Securities outstanding (000) <sup>1</sup>	15	35	87	9	2
Management expense ratio (%) <sup>2</sup>	1.77	1.76	1.74	1.89	1.99
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	1.77	1.76	1.74	1.89	1.99
Trading expense ratio (%) <sup>3</sup>	0.16	0.10	0.15	0.06	0.01
Portfolio turnover rate (%) <sup>4</sup>	73.75	92.10	134.26	78.09	n/a
Net asset value per security (\$)	8.33	8.91	9.75	9.67	10.10
<b>Series CL</b>					
Total net asset value (\$000) <sup>1</sup>	16,738	6,518	1	n/a	n/a
Securities outstanding (000) <sup>1</sup>	1,970	720	–	n/a	n/a
Management expense ratio (%) <sup>2</sup>	0.02	0.04	–	n/a	n/a
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	0.02	0.05	–	n/a	n/a
Trading expense ratio (%) <sup>3</sup>	0.16	0.10	0.15	n/a	n/a
Portfolio turnover rate (%) <sup>4</sup>	73.75	92.10	134.26	n/a	n/a
Net asset value per security (\$)	8.50	9.05	9.86	n/a	n/a
<b>Series F</b>					
Total net asset value (\$000) <sup>1</sup>	5,477	6,352	5,805	1,647	1
Securities outstanding (000) <sup>1</sup>	651	707	592	169	–
Management expense ratio (%) <sup>2</sup>	1.03	1.03	1.06	1.27	1.22
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	1.03	1.04	1.09	1.27	1.22
Trading expense ratio (%) <sup>3</sup>	0.16	0.10	0.15	0.06	0.01
Portfolio turnover rate (%) <sup>4</sup>	73.75	92.10	134.26	78.09	n/a
Net asset value per security (\$)	8.41	8.98	9.81	9.73	10.11
<b>Series FB</b>					
Total net asset value (\$000) <sup>1</sup>	3	1	1	1	1
Securities outstanding (000) <sup>1</sup>	–	–	–	–	–
Management expense ratio (%) <sup>2</sup>	1.25	1.27	1.25	1.48	1.41
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	1.27	1.28	1.36	1.48	1.41
Trading expense ratio (%) <sup>3</sup>	0.16	0.10	0.15	0.06	0.01
Portfolio turnover rate (%) <sup>4</sup>	73.75	92.10	134.26	78.09	n/a
Net asset value per security (\$)	8.38	8.95	9.78	9.70	10.10
<b>Series O</b>					
Total net asset value (\$000) <sup>1</sup>	1,901	1,026	11	1	2,523
Securities outstanding (000) <sup>1</sup>	222	112	1	–	249
Management expense ratio (%) <sup>2</sup>	0.03	0.04	0.04	0.02	–
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	0.04	0.05	0.05	0.02	–
Trading expense ratio (%) <sup>3</sup>	0.16	0.10	0.15	0.06	0.01
Portfolio turnover rate (%) <sup>4</sup>	73.75	92.10	134.26	78.09	n/a
Net asset value per security (\$)	8.56	9.12	9.93	9.82	10.12

	Mar. 31 2023	Mar. 31 2022	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019
<b>Series PW</b>					
Total net asset value (\$000) <sup>1</sup>	32	98	72	67	1
Securities outstanding (000) <sup>1</sup>	4	11	7	7	–
Management expense ratio (%) <sup>2</sup>	1.57	1.54	1.61	1.83	1.77
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	1.57	1.55	1.73	1.83	1.77
Trading expense ratio (%) <sup>3</sup>	0.16	0.10	0.15	0.06	0.01
Portfolio turnover rate (%) <sup>4</sup>	73.75	92.10	134.26	78.09	n/a
Net asset value per security (\$)	8.35	8.92	9.76	9.70	10.10
<b>Series PWFB</b>					
Total net asset value (\$000) <sup>1</sup>	1	1	1	1	13
Securities outstanding (000) <sup>1</sup>	–	–	–	–	1
Management expense ratio (%) <sup>2</sup>	1.04	1.06	1.03	1.26	1.20
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	1.05	1.07	1.15	1.26	1.20
Trading expense ratio (%) <sup>3</sup>	0.16	0.10	0.15	0.06	0.01
Portfolio turnover rate (%) <sup>4</sup>	73.75	92.10	134.26	78.09	n/a
Net asset value per security (\$)	8.44	9.01	9.83	9.73	10.11
<b>Series PWX</b>					
Total net asset value (\$000) <sup>1</sup>	1	1	1	1	1
Securities outstanding (000) <sup>1</sup>	–	–	–	–	–
Management expense ratio (%) <sup>2</sup>	0.02	0.04	–	0.02	–
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	0.04	0.05	0.12	0.02	–
Trading expense ratio (%) <sup>3</sup>	0.16	0.10	0.15	0.06	0.01
Portfolio turnover rate (%) <sup>4</sup>	73.75	92.10	134.26	78.09	n/a
Net asset value per security (\$)	8.56	9.12	9.93	9.82	10.12

- (1) This information is provided as at the end of the fiscal period shown.
- (2) Management expense ratio ("MER") is based on total expenses, excluding commissions and other portfolio transaction costs, income taxes and withholding taxes, for the stated period and is expressed as an annualized percentage of daily average net assets during the period, except as noted. In the period a series is established, the MER is annualized from the date of inception to the end of the period. Where the Fund directly invests in securities of another fund (including exchange-traded funds or "ETFs"), the MERs presented for the Fund include the portion of MERs of the other fund(s) attributable to this investment. Any income distributions received from ETFs managed by the Manager, with the intention of offsetting fees paid within those ETFs but which are not considered to be duplicative fees under regulatory requirements, are treated as waived expenses for MER purposes. The Manager may waive or absorb operating expenses at its discretion and stop waiving or absorbing such expenses at any time without notice.
- (3) The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs incurred as an annualized percentage of daily average net assets during the period. Where the Fund invests in securities of another fund (including ETFs), the TERs presented for the Fund include the portion of TERs of the other fund(s) attributable to this investment.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund. The portfolio turnover rate is not provided when the Fund is less than one year old. The value of any trades to realign the Fund's portfolio after a fund merger, if any, is excluded from the portfolio turnover rate.

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

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## RATIOS AND SUPPLEMENTAL DATA (cont'd)

Series R	Mar. 31 2023	Mar. 31 2022	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019
Total net asset value (\$000) <sup>1</sup>	95,991	112,947	127,985	117,121	46,020
Securities outstanding (000) <sup>1</sup>	11,217	12,385	12,888	11,925	4,549
Management expense ratio (%) <sup>2</sup>	0.02	0.04	–	0.02	–
Management expense ratio before waivers or absorptions (%) <sup>2</sup>	0.02	0.05	–	0.02	–
Trading expense ratio (%) <sup>3</sup>	0.16	0.10	0.15	0.06	0.01
Portfolio turnover rate (%) <sup>4</sup>	73.75	92.10	134.26	78.09	n/a
Net asset value per security (\$)	8.56	9.12	9.93	9.82	10.12

## Management Fees

The management fee for each applicable series is calculated and accrued daily as a percentage of its NAV. The Fund's management fees were used by the Manager to pay for the costs of managing the investment portfolio of the Fund and/or the underlying fund(s), as applicable, including providing investment analysis and recommendations, making investment decisions, making brokerage arrangements for the purchase and sale of the investment portfolio, and providing other services. The Manager also used the management fees to fund sales commissions, trailing commissions and any other compensation (collectively "distribution-related payments") to registered dealers and brokers whose clients invest in the Fund.

The following dealers affiliated with the Manager may be entitled to distribution-related payments from the Manager on the same basis as unrelated registered brokers and dealers: IPC Securities Corporation, Investors Group Securities Inc., IPC Investment Corporation and Investors Group Financial Services Inc.

The Manager used approximately 42% of the total management fee revenues received from all Mackenzie funds during the period to fund distribution-related payments to registered dealers and brokers. In comparison, such distribution-related payments for the Fund represented on average 3% of the management fees paid by all applicable series of the Fund during the period. The actual percentage for each series may be higher or lower than the average depending on the level of trailing commissions and sales commissions paid for that series.

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE | For the Year Ended March 31, 2023

## Fund Formation and Series Information

The Fund may have undergone a number of changes, such as a reorganization or a change in manager, mandate or name. A history of the major changes affecting the Fund in the last 10 years can be found in the Fund's Simplified Prospectus.

Date of Formation: January 31, 2019

The Fund may issue an unlimited number of securities of each series. The number of issued and outstanding securities of each series is disclosed under *Financial Highlights*.

**Series Offered by Mackenzie Financial Corporation** (180 Queen Street West, Toronto, Ontario, M5V 3K1; 1-800-387-0614; [www.mackenzieinvestments.com](http://www.mackenzieinvestments.com))

Series A are offered to retail investors investing a minimum of \$500.

Series CL securities are offered exclusively to mutual funds and segregated funds managed by The Canada Life Assurance Company and its subsidiaries.

Series F securities are offered to retail investors who are enrolled in a dealer-sponsored fee-for-service or wrap program, who are subject to an asset-based fee rather than commissions on each transaction and who invest at least \$500; they are also available to employees of Mackenzie and its subsidiaries, and directors of Mackenzie.

Series FB securities are offered to retail investors investing a minimum of \$500. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor.

Series O securities are offered only to investors investing a minimum of \$500,000 who have an account with Mackenzie Private Wealth Counsel; certain institutional investors; investors in a qualified group plan, and certain qualifying employees of Mackenzie and its subsidiaries.

Series PW securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000.

Series PWFB securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor.

Series PWX securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor.

Series R securities are offered only to other funds managed by Mackenzie on a non-prospectus basis in connection with fund-of-fund arrangements.

Each series is available for purchase under the sales charge purchase option. The charges under the sales charge purchase option are negotiated by investors with their dealers. For further details on this purchase option, please refer to the Fund's Simplified Prospectus and Fund Facts.

Series	Inception/ Reinstatement Date	Management Fee	Administration Fee
Series A	February 26, 2019	1.35%	0.24%
Series CL	February 10, 2021	n/a	n/a
Series F	February 26, 2019	0.75%	0.15%
Series FB	February 26, 2019	0.85%	0.24%
Series O	February 26, 2019	— <sup>(1)</sup>	n/a
Series PW	February 26, 2019	1.25%	0.15%
Series PWFB	February 26, 2019	0.75%	0.15%
Series PWX	February 26, 2019	— <sup>(2)</sup>	— <sup>(2)</sup>
Series R	February 26, 2019	n/a	n/a

(1) This fee is negotiable and payable directly to Mackenzie by investors in this series.

(2) This fee is payable directly to Mackenzie by investors in this series through redemptions of their securities.