

# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## MANAGEMENT REPORT

### Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by Mackenzie Financial Corporation, as Manager of Mackenzie Canadian Short Term Income Fund (the "Fund"). The Manager is responsible for the integrity, objectivity and reliability of the data presented. This responsibility includes selecting appropriate accounting principles and making judgments and estimates consistent with International Financial Reporting Standards. The Manager is also responsible for the development of internal controls over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors (the "Board") of Mackenzie Financial Corporation is responsible for reviewing and approving the financial statements and overseeing the Manager's performance of its financial reporting responsibilities. The Board is assisted in discharging this responsibility by an Audit Committee, which reviews the financial statements and recommends them for approval by the Board. The Audit Committee also meets regularly with the Manager, internal auditors and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues.

Deloitte LLP is the external auditor of the Fund. It is appointed by the Board. The external auditor has audited the financial statements in accordance with Canadian generally accepted auditing standards to enable it to express to the securityholders its opinion on the financial statements. Its report is set out below.

On behalf of Mackenzie Financial Corporation,  
Manager of the Fund



Barry McInerney  
President and Chief Executive Officer



Terry Rountes  
Chief Financial Officer, Funds

June 7, 2018

## INDEPENDENT AUDITOR'S REPORT

To the Securityholders of Mackenzie Canadian Short Term Income Fund (the "Fund")

We have audited the accompanying financial statements of the Fund which comprise the statements of financial position as at March 31, 2018 and 2017, and the statements of comprehensive income, statements of changes in financial position and statements of cash flows for the periods then ended, as indicated in Note 1, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2018 and 2017, and its financial performance and its cash flows for the periods then ended, as indicated in Note 1, in accordance with International Financial Reporting Standards.



Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada  
June 7, 2018



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# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## STATEMENTS OF FINANCIAL POSITION

*In thousands (except per security figures)  
As at March 31*

	2018	2017		2018	2017
	\$	\$		\$	\$
<b>ASSETS</b>			<b>Net assets attributable to securityholders</b>		
<b>Current assets</b>			<b>per security (note 3)</b>		
Investments at fair value	287,550	291,614	Series A	2.00	2.04
Cash and cash equivalents	216	20,642	Series D	9.80	10.05
Accrued interest receivable	1,448	1,630	Series F	5.33	5.45
Dividends receivable	5	1	Series FB	9.88	10.10
Accounts receivable for investments sold	925	4,409	Series G	10.16	10.40
Accounts receivable for securities issued	951	604	Series I	5.11	5.23
Due from manager	14	–	Series J	9.74	9.97
Margin on futures contracts	806	530	Series M	10.13	10.37
Unrealized gains on derivative contracts	203	303	Series O	9.78	9.95
<b>Total assets</b>	<b>292,118</b>	<b>319,733</b>	Series PW	9.91	10.15
			Series PWF	9.80	10.04
			Series PWFB	9.77	–
			Series PWX	9.88	10.05
			Series PWX8	11.90	12.84
			Series SC	9.73	9.95
			Series LB	9.74	9.97
			Series LW	9.89	–
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable for investments purchased	3,371	4,864			
Accounts payable for securities redeemed	1,166	985			
Due to manager	18	–			
Unrealized losses on derivative contracts	1,222	200			
<b>Total liabilities</b>	<b>5,777</b>	<b>6,049</b>			
<b>Net assets attributable to securityholders</b>	<b>286,341</b>	<b>313,684</b>			
<b>Net assets attributable to securityholders</b>					
<b>per series (note 3)</b>					
Series A	22,560	36,936			
Series D	129	91			
Series F	21,681	23,254			
Series FB	272	123			
Series G	432	437			
Series I	947	1,196			
Series J	489	519			
Series M	400	424			
Series O	29,399	34,877			
Series PW	77,505	45,466			
Series PWF	19,279	7,971			
Series PWFB	330	–			
Series PWX	1,937	1,639			
Series PWX8	116	157			
Series SC	107,840	157,001			
Series LB	1,823	3,593			
Series LW	1,202	–			

The accompanying notes are an integral part of these financial statements.



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# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended March 31 (note 1)  
In thousands (except per security figures)

	2018	2017		2018	2017
	\$	\$		\$	\$
<b>Income</b>			<b>Increase (decrease) in net assets attributable to securityholders from operations per security</b>		
Dividends	411	63	Series A	–	0.06
Interest income	9,230	9,367	Series D	–	0.35
Other changes in fair value of investments			Series F	0.05	0.21
Net realized gain (loss)	1,826	4,142	Series FB	0.13	0.47
Net unrealized gain (loss)	(6,678)	2,081	Series G	0.02	0.37
Securities lending income	17	23	Series I	0.03	0.20
Fee rebate income	2	–	Series J	0.07	0.41
<b>Total income (loss)</b>	<b>4,808</b>	<b>15,676</b>	Series M	0.04	0.38
			Series O	0.15	0.48
<b>Expenses (note 6)</b>			Series PW	0.01	0.37
Management fees	3,001	3,250	Series PWF	0.11	0.42
Management fee rebates	(66)	(32)	Series PWFB	0.15	–
Administration fees	485	516	Series PWX	0.15	0.49
Interest charges	1	1	Series PWX8	0.17	0.55
Commissions and other portfolio transaction costs	45	30	Series SC	0.03	0.35
Independent Review Committee fees	1	2	Series LB	–	0.34
Other	4	2	Series LW	0.01	–
<b>Expenses before amounts absorbed by Manager</b>	<b>3,471</b>	<b>3,769</b>			
Expenses absorbed by Manager	–	–			
<b>Net expenses</b>	<b>3,471</b>	<b>3,769</b>			
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	<b>1,337</b>	<b>11,907</b>			
Foreign withholding taxes	5	–			
Foreign income taxes paid (recovered)	–	–			
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	<b>1,332</b>	<b>11,907</b>			
<b>Increase (decrease) in net assets attributable to securityholders from operations per series</b>					
Series A	(25)	1,976			
Series D	–	6			
Series F	180	854			
Series FB	3	3			
Series G	1	15			
Series I	7	41			
Series J	3	67			
Series M	2	16			
Series O	489	1,821			
Series PW	117	1,439			
Series PWF	221	288			
Series PWFB	2	–			
Series PWX	29	78			
Series PWX8	1	6			
Series SC	303	5,165			
Series LB	(2)	132			
Series LW	1	–			

The accompanying notes are an integral part of these financial statements.



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# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the periods ended March 31 (note 1)  
In thousands

	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Series A		Series D		Series F		Series FB		Series G	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	<b>36,936</b>	<b>73,308</b>	<b>91</b>	<b>135</b>	<b>23,254</b>	<b>18,651</b>	<b>123</b>	<b>24</b>	<b>437</b>	<b>426</b>
Increase (decrease) in net assets from operations	(25)	1,976	–	6	180	854	3	3	1	15
Distributions paid to securityholders:										
Investment income	(498)	(963)	(3)	(3)	(478)	(455)	(4)	(1)	(9)	(7)
Capital gains	(129)	(95)	(1)	–	(112)	(37)	(1)	–	(2)	(1)
Return of capital	–	–	–	–	–	–	–	–	–	–
Management fee rebates	–	–	–	–	–	–	–	–	–	–
Total distributions paid to securityholders	(627)	(1,058)	(4)	(3)	(590)	(492)	(5)	(1)	(11)	(8)
Security transactions:										
Proceeds from securities issued	5,038	8,206	101	191	27,966	15,272	190	169	32	23
Reinvested distributions	590	1,010	4	3	508	468	5	1	11	8
Value of securities redeemed	(19,352)	(46,506)	(63)	(241)	(29,637)	(11,499)	(44)	(73)	(38)	(27)
Total security transactions	(13,724)	(37,290)	42	(47)	(1,163)	4,241	151	97	5	4
<b>Total increase (decrease) in net assets</b>	<b>(14,376)</b>	<b>(36,372)</b>	<b>38</b>	<b>(44)</b>	<b>(1,573)</b>	<b>4,603</b>	<b>149</b>	<b>99</b>	<b>(5)</b>	<b>11</b>
<b>End of period</b>	<b>22,560</b>	<b>36,936</b>	<b>129</b>	<b>91</b>	<b>21,681</b>	<b>23,254</b>	<b>272</b>	<b>123</b>	<b>432</b>	<b>437</b>

	Securities		Securities		Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>										
<b>Securities outstanding – beginning of period</b>	<b>18,079</b>	<b>36,477</b>	<b>9</b>	<b>14</b>	<b>4,265</b>	<b>3,484</b>	<b>12</b>	<b>2</b>	<b>42</b>	<b>42</b>
Issued	2,496	4,038	10	19	5,203	2,822	18	17	3	2
Reinvested distributions	293	499	–	–	95	87	1	–	1	1
Redeemed	(9,569)	(22,935)	(6)	(24)	(5,492)	(2,128)	(4)	(7)	(4)	(3)
<b>Securities outstanding – end of period</b>	<b>11,299</b>	<b>18,079</b>	<b>13</b>	<b>9</b>	<b>4,071</b>	<b>4,265</b>	<b>27</b>	<b>12</b>	<b>42</b>	<b>42</b>

	Series I		Series J		Series M		Series O		Series PW	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	<b>1,196</b>	<b>928</b>	<b>519</b>	<b>2,005</b>	<b>424</b>	<b>433</b>	<b>34,877</b>	<b>40,415</b>	<b>45,466</b>	<b>37,634</b>
Increase (decrease) in net assets from operations	7	41	3	67	2	16	489	1,821	117	1,439
Distributions paid to securityholders:										
Investment income	(22)	(19)	(12)	(34)	(9)	(8)	(846)	(1,324)	(1,705)	(660)
Capital gains	(5)	(1)	(3)	(3)	(2)	(1)	(190)	(65)	(429)	(56)
Return of capital	–	–	–	–	–	–	–	–	–	–
Management fee rebates	–	–	–	–	–	–	–	–	(57)	(27)
Total distributions paid to securityholders	(27)	(20)	(15)	(37)	(11)	(9)	(1,036)	(1,389)	(2,191)	(743)
Security transactions:										
Proceeds from securities issued	73	520	–	–	–	–	1,897	1,826	58,888	17,050
Reinvested distributions	27	20	15	36	11	9	1,031	1,389	2,066	676
Value of securities redeemed	(329)	(293)	(33)	(1,552)	(26)	(25)	(7,859)	(9,185)	(26,841)	(10,590)
Total security transactions	(229)	247	(18)	(1,516)	(15)	(16)	(4,931)	(5,970)	34,113	7,136
<b>Total increase (decrease) in net assets</b>	<b>(249)</b>	<b>268</b>	<b>(30)</b>	<b>(1,486)</b>	<b>(24)</b>	<b>(9)</b>	<b>(5,478)</b>	<b>(5,538)</b>	<b>32,039</b>	<b>7,832</b>
<b>End of period</b>	<b>947</b>	<b>1,196</b>	<b>489</b>	<b>519</b>	<b>400</b>	<b>424</b>	<b>29,399</b>	<b>34,877</b>	<b>77,505</b>	<b>45,466</b>

	Securities		Securities		Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>										
<b>Securities outstanding – beginning of period</b>	<b>229</b>	<b>181</b>	<b>52</b>	<b>204</b>	<b>41</b>	<b>42</b>	<b>3,506</b>	<b>4,109</b>	<b>4,479</b>	<b>3,773</b>
Issued	14	100	–	–	–	–	192	183	5,818	1,690
Reinvested distributions	5	4	2	4	1	1	105	140	207	67
Redeemed	(63)	(56)	(4)	(156)	(3)	(2)	(796)	(926)	(2,682)	(1,051)
<b>Securities outstanding – end of period</b>	<b>185</b>	<b>229</b>	<b>50</b>	<b>52</b>	<b>39</b>	<b>41</b>	<b>3,007</b>	<b>3,506</b>	<b>7,822</b>	<b>4,479</b>

The accompanying notes are an integral part of these financial statements.

# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## STATEMENTS OF CHANGES IN FINANCIAL POSITION (cont'd)

For the periods ended March 31 (note 1)  
In thousands

	2018	2017	2018	2017	2018	2017	2018	2017
	Series PWF		Series PWFB		Series PWX		Series PWX8	
	\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>								
<b>Beginning of period</b>	7,971	9,532	–	–	1,639	1,575	157	28
Increase (decrease) in net assets from operations	221	288	2	–	29	78	1	6
Distributions paid to securityholders:								
Investment income	(530)	(160)	(4)	–	(50)	(59)	(4)	(4)
Capital gains	(154)	(10)	(2)	–	(11)	(3)	(1)	–
Return of capital	–	–	–	–	–	–	(7)	(7)
Management fee rebates	(9)	(5)	–	–	–	–	–	–
Total distributions paid to securityholders	(693)	(175)	(6)	–	(61)	(62)	(12)	(11)
Security transactions:								
Proceeds from securities issued	37,248	4,882	328	–	1,316	553	–	130
Reinvested distributions	433	156	6	–	60	62	6	6
Value of securities redeemed	(25,901)	(6,712)	–	–	(1,046)	(567)	(36)	(2)
Total security transactions	11,780	(1,674)	334	–	330	48	(30)	134
<b>Total increase (decrease) in net assets</b>	<b>11,308</b>	<b>(1,561)</b>	<b>330</b>	<b>–</b>	<b>298</b>	<b>64</b>	<b>(41)</b>	<b>129</b>
<b>End of period</b>	<b>19,279</b>	<b>7,971</b>	<b>330</b>	<b>–</b>	<b>1,937</b>	<b>1,639</b>	<b>116</b>	<b>157</b>

	Securities		Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>								
<b>Securities outstanding – beginning of period</b>	794	964	–	–	163	158	12	2
Issued	3,756	489	33	–	132	56	–	10
Reinvested distributions	44	16	1	–	6	6	1	–
Redeemed	(2,627)	(675)	–	–	(105)	(57)	(3)	–
<b>Securities outstanding – end of period</b>	<b>1,967</b>	<b>794</b>	<b>34</b>	<b>–</b>	<b>196</b>	<b>163</b>	<b>10</b>	<b>12</b>

	Series SC		Series LB		Series LW		Total	
	\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>								
<b>Beginning of period</b>	157,001	143,013	3,593	3,979	–	–	313,684	332,086
Increase (decrease) in net assets from operations	303	5,165	(2)	132	1	–	1,332	11,907
Distributions paid to securityholders:								
Investment income	(2,338)	(2,378)	(64)	(62)	(9)	–	(6,585)	(6,137)
Capital gains	(600)	(204)	(12)	(5)	(7)	–	(1,661)	(481)
Return of capital	–	–	–	–	–	–	(7)	(7)
Management fee rebates	–	–	–	–	–	–	(66)	(32)
Total distributions paid to securityholders	(2,938)	(2,582)	(76)	(67)	(16)	–	(8,319)	(6,657)
Security transactions:								
Proceeds from securities issued	37,144	63,935	1,547	908	1,347	–	173,115	113,665
Reinvested distributions	2,866	2,494	73	64	14	–	7,726	6,402
Value of securities redeemed	(86,536)	(55,024)	(3,312)	(1,423)	(144)	–	(201,197)	(143,719)
Total security transactions	(46,526)	11,405	(1,692)	(451)	1,217	–	(20,356)	(23,652)
<b>Total increase (decrease) in net assets</b>	<b>(49,161)</b>	<b>13,988</b>	<b>(1,770)</b>	<b>(386)</b>	<b>1,202</b>	<b>–</b>	<b>(27,343)</b>	<b>(18,402)</b>
<b>End of period</b>	<b>107,840</b>	<b>157,001</b>	<b>1,823</b>	<b>3,593</b>	<b>1,202</b>	<b>–</b>	<b>286,341</b>	<b>313,684</b>

	Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>						
<b>Securities outstanding – beginning of period</b>	15,772	14,613	361	406	–	–
Issued	3,772	6,472	155	93	135	–
Reinvested distributions	292	253	7	6	1	–
Redeemed	(8,747)	(5,566)	(336)	(144)	(15)	–
<b>Securities outstanding – end of period</b>	<b>11,089</b>	<b>15,772</b>	<b>187</b>	<b>361</b>	<b>121</b>	<b>–</b>

The accompanying notes are an integral part of these financial statements.

# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## STATEMENTS OF CASH FLOWS

For the periods ended March 31 (note 1)  
In thousands

	2018	2017
	\$	\$
<b>Cash flows from operating activities</b>		
Net increase (decrease) in net assets attributable to securityholders from operations	1,332	11,907
Adjustments for:		
Net realized loss (gain) on investments	(1,826)	(4,142)
Change in net unrealized loss (gain) on investments	6,678	(2,081)
Distributions received in-kind from underlying funds	(628)	(87)
Purchase of investments	(374,095)	(297,380)
Proceeds from sale and maturity of investments	377,040	340,262
Change in accrued interest receivable	182	422
Change in dividends receivable	(4)	(1)
Change in due from manager	(14)	–
Change in due to manager	18	–
Change in margin on futures contracts	(276)	(274)
<b>Net cash from operating activities</b>	<b>8,407</b>	<b>48,626</b>
<b>Cash flows from financing activities</b>		
Proceeds from redeemable securities issued	101,762	86,820
Payments on redemption of redeemable securities	(130,010)	(118,723)
Distributions paid net of reinvestments	(593)	(255)
<b>Net cash from financing activities</b>	<b>(28,841)</b>	<b>(32,158)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(20,434)</b>	<b>16,468</b>
Cash and cash equivalents at beginning of period	20,642	4,177
Effect of exchange rate fluctuations on cash and cash equivalents	8	(3)
<b>Cash and cash equivalents at end of period</b>	<b>216</b>	<b>20,642</b>
Cash	12	878
Cash equivalents	204	19,764
<b>Cash and cash equivalents at end of period</b>	<b>216</b>	<b>20,642</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	393	62
Foreign taxes paid	5	2
Interest received	9,214	9,703
Interest paid	1	1

The accompanying notes are an integral part of these financial statements.



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# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## SCHEDULE OF INVESTMENTS

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>BONDS</b>					
407 International Inc. 3.43% 06-01-2033 MTN	Canada	Corporate - Non Convertible	240,000	254	245
AerCap Ireland Capital Designated Activity Co. 3.30% 01-23-2023 Callable 2022	Netherlands	Corporate - Non Convertible	USD 320,000	397	402
AIMCo Realty Investors LP 2.27% 06-26-2024 Callable 2024	Canada	Corporate - Non Convertible	580,000	581	561
AIMCo Realty Investors LP 3.04% 06-01-2028 Callable 2028	Canada	Corporate - Non Convertible	30,000	30	30
Algonquin Power & Utilities Corp. 4.65% 02-15-2022	Canada	Corporate - Non Convertible	1,060,000	1,093	1,121
Allied Properties Real Estate Investment Trust 3.75% 03-13-2020	Canada	Corporate - Non Convertible	550,000	554	559
Allied Properties Real Estate Investment Trust 3.93% 11-14-2022	Canada	Corporate - Non Convertible	505,000	508	513
Allied Properties Real Estate Investment Trust 3.64% 04-21-2025 Callable 2025	Canada	Corporate - Non Convertible	790,000	791	772
AltaGas Ltd. 3.72% 09-28-2021 Callable	Canada	Corporate - Non Convertible	900,000	913	922
AltaGas Ltd. 3.98% 10-04-2027 Callable 2027	Canada	Corporate - Non Convertible	340,000	340	343
AltaLink LP 3.399% 06-06-2024 Callable 2024	Canada	Corporate - Non Convertible	300,000	320	311
Amneal Pharmaceuticals LLC Term loan B 1st Lien F/R 03-23-2025	United States	Term Loans	USD 170,000	218	219
Anheuser-Busch InBev Finance Inc. 3.30% 02-01-2023 Callable 2022	Belgium	Corporate - Non Convertible	USD 860,000	1,229	1,109
Anheuser-Busch InBev Finance Inc. 2.60% 05-15-2024 Callable 2024	Belgium	Corporate - Non Convertible	1,290,000	1,279	1,256
APT Pipelines Ltd. 4.245% 07-24-2019	Australia	Corporate - Non Convertible	1,200,000	1,207	1,225
Arch Merger Sub Inc. 8.50% 09-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 420,000	534	501
Artis Real Estate Investment Trust 3.753% 03-27-2019	Canada	Corporate - Non Convertible	800,000	804	808
Artis Real Estate Investment Trust F/R 02-07-2020	Canada	Corporate - Non Convertible	960,000	960	961
ASP AMC Merger Sub Inc. 8.00% 05-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 470,000	627	568
ATS Consolidated Inc. Term Loan B 1st Lien F/R 02-23-2025	United States	Term Loans	USD 70,000	88	91
Aviva PLC 4.50% 05-10-2021	United Kingdom	Corporate - Non Convertible	680,000	691	709
Bank of America Corp. 3.228% 06-22-2022	United States	Corporate - Non Convertible	370,000	375	375
Bank of America Corp. F/R 03-15-2023 Callable 2022	United States	Corporate - Non Convertible	1,040,000	1,040	1,027
Bank of America Corp. F/R 09-20-2025 Callable 2024	United States	Corporate - Non Convertible	750,000	750	755
Bank of Montreal 2.27% 07-11-2022	Canada	Corporate - Non Convertible	1,340,000	1,334	1,318
Bank of Montreal 2.70% 09-11-2024 DPNT	Canada	Corporate - Non Convertible	230,000	228	228
Bank of Montreal 3.32% 06-01-2026	Canada	Corporate - Non Convertible	1,220,000	1,234	1,233
Bank of Montreal F/R 12-15-2032 Callable 2027	Canada	Corporate - Non Convertible	USD 50,000	64	61
The Bank of Nova Scotia 1.90% 12-02-2021 DPNT	Canada	Corporate - Non Convertible	2,250,000	2,233	2,194
The Bank of Nova Scotia 1.83% 04-27-2022	Canada	Corporate - Non Convertible	2,680,000	2,649	2,593
The Bank of Nova Scotia 2.36% 11-08-2022	Canada	Corporate - Non Convertible	1,350,000	1,350	1,330
The Bank of Nova Scotia 2.29% 06-28-2024	Canada	Corporate - Non Convertible	2,830,000	2,797	2,742
The Bank of Nova Scotia F/R 04-12-2066 Callable 2022	Canada	Corporate - Non Convertible	USD 720,000	899	882
bcIMC Realty Corp. 3.00% 03-31-2027 Callable 2026	Canada	Corporate - Non Convertible	500,000	500	499
Bell Canada 3.35% 06-18-2019	Canada	Corporate - Non Convertible	1,790,000	1,832	1,813
Bell Canada 3.00% 10-03-2022 Callable	Canada	Corporate - Non Convertible	8,500,000	8,579	8,536
BMW Canada Inc. F/R 06-14-2019	Germany	Corporate - Non Convertible	900,000	900	906
Boardriders Inc. Term Loan B 1st Lien F/R 03-21-2024	United States	Term Loans	USD 220,000	278	281
Bruce Power LP 2.84% 06-23-2021	Canada	Corporate - Non Convertible	1,710,000	1,734	1,712
Bruce Power LP 3.00% 06-21-2024 Callable 2024	Canada	Corporate - Non Convertible	770,000	786	763
Bruce Power LP 3.97% 06-23-2026	Canada	Corporate - Non Convertible	120,000	123	125
Calpine Corp. 5.25% 06-01-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 10,000	13	12
Cameco Corp. 5.67% 09-02-2019	Canada	Corporate - Non Convertible	1,615,000	1,659	1,673
Camelot Finance LP Term Loan 1st Lien F/R 10-03-2023	United States	Term Loans	USD 326,715	429	424



**MACKENZIE**  
Investments

# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>BONDS (cont'd)</b>					
Can Am Construction Inc./Canada Term Loan B 1st Lien F/R 07-01-2024	Canada	Term Loans	USD 289,810	366	377
Canada Goose Inc. Term Loan 1st Lien F/R 12-22-2021	Canada	Term Loans	USD 350,000	438	446
Canada Housing Trust No. 1 F/R 03-15-2023	Canada	Federal Government	6,950,000	6,974	6,978
Canada Housing Trust No. 1 2.35% 06-15-2023	Canada	Federal Government	20,820,000	20,807	20,869
Canada Housing Trust F/R 09-15-2022	Canada	Federal Government	7,050,000	7,062	7,108
Canadian Commercial Mortgage Origination Trust 1 2.768% 11-12-2018	Canada	Mortgage Backed	476,165	476	477
Canadian Credit Card Trust II 1.829% 03-24-2020	Canada	Corporate - Non Convertible	1,450,000	1,450	1,435
Canadian Imperial Bank of Commerce F/R 01-17-2019	Canada	Corporate - Non Convertible	950,000	950	952
Canadian Imperial Bank of Commerce 2.30% 07-11-2022 DPNT	Canada	Corporate - Non Convertible	5,030,000	5,024	4,955
Canadian Imperial Bank of Commerce 2.47% 12-05-2022	Canada	Corporate - Non Convertible	3,330,000	3,339	3,298
Canadian Imperial Bank of Commerce 3.00% 10-28-2024 Callable 2019	Canada	Corporate - Non Convertible	960,000	974	966
Canadian Imperial Bank of Commerce 3.42% 01-26-2026 Callable 2021	Canada	Corporate - Non Convertible	1,840,000	1,889	1,862
Canadian Imperial Bank of Commerce F/R 04-04-2028 Callable 2023	Canada	Corporate - Non Convertible	480,000	480	482
Canadian Real Estate Investment Trust 2.95% 01-18-2023 Callable 2022	Canada	Corporate - Non Convertible	480,000	481	474
Canadian Western Bank 2.74% 06-16-2022 DPNT	Canada	Corporate - Non Convertible	320,000	320	317
Canadian Western Bank 2.92% 12-15-2022	Canada	Corporate - Non Convertible	540,000	540	537
Capital Power Corp. 4.28% 09-18-2024 Callable 2024	Canada	Corporate - Non Convertible	1,070,000	1,072	1,084
Cards II Trust 2.155% 10-15-2020	Canada	Corporate - Non Convertible	1,690,000	1,690	1,678
Careerbuilder LLC Term Loan 1st Lien F/R 07-31-2023	United States	Term Loans	USD 390,000	475	502
Central 1 Credit Union F/R 02-05-2021	Canada	Corporate - Non Convertible	900,000	900	898
Central 1 Credit Union 2.60% 11-07-2022	Canada	Corporate - Non Convertible	650,000	646	639
Chartwell Retirement Residences 3.79% 12-11-2023 Callable 2023	Canada	Corporate - Non Convertible	810,000	807	812
Chassis Inc. Term Loan B 1st Lien F/R 11-10-2023	United States	Term Loans	USD 169,575	211	220
CHIP Mortgage Trust 2.98% 11-15-2021	Canada	Corporate - Non Convertible	330,000	330	323
Choice Properties Real Estate Investment Trust 3.01% 03-21-2022 Callable 2022	Canada	Corporate - Non Convertible	560,000	560	560
Choice Properties Real Estate Investment Trust 3.56% 09-09-2024 Callable 2024	Canada	Corporate - Non Convertible	270,000	270	271
Citigroup Inc. 3.39% 11-18-2021	United States	Corporate - Non Convertible	1,060,000	1,102	1,084
Comfort Holding LLC Term Loan 1st Lien F/R 02-05-2024	United States	Term Loans	USD 415,800	536	521
Commonwealth of Bahamas 5.75% 01-16-2024	Bahamas	Foreign Governments	USD 320,000	387	428
Commonwealth of Bahamas 6.00% 11-21-2028 Callable 2028	Bahamas	Foreign Governments	USD 200,000	255	269
Commonwealth of Bahamas 6.95% 11-20-2029	Bahamas	Foreign Governments	USD 260,000	391	367
Communications Sales & Leasing Inc. Term Loan B 1st Lien F/R 10-24-2022	United States	Term Loans	USD 279,995	337	349
ConvergeOne Holdings Corp. Term Loan B 1st Lien F/R 06-20-2024	United States	Term Loans	USD 41,685	55	54
Coronado Australian Holdings Pty Ltd. Term Loan B 1st Lien F/R 03-21-2025	United States	Term Loans	USD 102,143	128	130
Coronado Australian Holdings Pty Ltd. Term Loan C 1st Lien F/R 03-21-2025	United States	Term Loans	USD 27,857	35	36
CSP Technologies North America LLC Term Loan B 1st Lien F/R 01-29-2022	United States	Term Loans	USD 433,390	534	561
CVS Health Corp. F/R 03-09-2020	United States	Corporate - Non Convertible	USD 160,000	206	207



**MACKENZIE**  
Investments



# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>BONDS (cont'd)</b>					
Danske Bank AS 2.75% 09-17-2020 144A	Denmark	Corporate - Non Convertible	USD 280,000	370	358
Danske Bank AS 2.80% 03-10-2021 144A	Denmark	Corporate - Non Convertible	USD 640,000	850	816
Daseke Inc. Term Loan 1st Lien F/R 02-27-2024	United States	Term Loans	USD 666,002	856	868
Diamond 1 Finance Corp. 4.42% 06-15-2021 Callable 2021 144A	United States	Corporate - Non Convertible	USD 90,000	116	119
Diamond 1 Finance Corp. 5.45% 06-15-2023 Callable 2023 144A	United States	Corporate - Non Convertible	USD 180,000	232	246
Diamond 1 Finance Corp. 6.02% 06-15-2026 Callable 2026 144A	United States	Corporate - Non Convertible	USD 180,000	232	250
Digicert Holdings Inc. Term Loan 1st Lien F/R 09-20-2024	United States	Term Loans	USD 130,000	160	170
Dollarama Inc. F/R 03-16-2020	Canada	Corporate - Non Convertible	6,600,000	6,602	6,646
Eagle Credit Card Trust 2.147% 09-17-2020	Canada	Corporate - Non Convertible	650,000	650	645
Eagle Credit Card Trust 2.63% 10-17-2022	Canada	Corporate - Non Convertible	230,000	230	229
EagleTree-Carbide Acquisition Corp. Term Loan 1st Lien F/R 08-28-2024	United States	Term Loans	USD 438,250	545	570
Enbridge Inc. 3.19% 12-05-2022	Canada	Corporate - Non Convertible	3,320,000	3,463	3,332
Enbridge Inc. 5.37% 09-27-2077 Callable 2027	Canada	Corporate - Non Convertible	2,390,000	2,394	2,304
EnerCare Solutions Inc. 3.99% 02-21-2024 Callable 2023	Canada	Corporate - Non Convertible	1,070,000	1,081	1,095
Envigo Holdings Inc. Term Loan B 1st Lien F/R 12-14-2023	United States	Term Loans	USD 170,000	209	215
Exela Intermediate LLC 10.00% 07-15-2023 Callable 2020 144A	United States	Corporate - Non Convertible	USD 700,000	912	919
Fairfax Financial Holdings Ltd. 4.50% 03-22-2023	Canada	Corporate - Non Convertible	480,000	477	501
Fairfax Financial Holdings Ltd. 8.30% 04-15-2026	Canada	Corporate - Non Convertible	USD 450,000	680	714
Federation des Caisses Desjardins du Quebec 2.09% 01-17-2022	Canada	Corporate - Non Convertible	3,120,000	3,126	3,058
The Fédération des Caisses Desjardins du Québec 2.39% 08-25-2022	Canada	Corporate - Non Convertible	1,340,000	1,333	1,323
Ford Auto Securitization Trust 1.972% 03-15-2019	Canada	Mortgage Backed	60,984	61	61
Ford Auto Securitization Trust 1.42% 04-15-2021 17-R2	Canada	Corporate - Non Convertible	4,140,000	4,140	4,116
Ford Credit Canada Co. F/R 12-01-2020	United States	Corporate - Non Convertible	950,000	950	952
Fortified Trust 2.16% 10-23-2020	Canada	Corporate - Non Convertible	1,760,000	1,757	1,747
Fortified Trust 1.67% 07-23-2021	Canada	Corporate - Non Convertible	940,000	940	913
FXI Holdings Inc. 7.88% 11-01-2024 Callable 2020 144A	United States	Corporate - Non Convertible	USD 190,000	244	240
Garda World Security Corp. Term Loan B 1st Lien F/R 05-26-2024	Canada	Term Loans	USD 302,931	411	395
Gaz Metro Inc. 1.52% 05-25-2020	Canada	Corporate - Non Convertible	340,000	340	335
General Motors Financial of Canada Ltd. 2.60% 06-01-2022	United States	Corporate - Non Convertible	590,000	589	576
Genesis Trust II 1.699% 04-15-2020	Canada	Corporate - Non Convertible	1,350,000	1,345	1,333
Gibson Energy Inc. 5.25% 07-15-2024 Callable 2020 REGS	Canada	Corporate - Non Convertible	430,000	430	433
Glacier Credit Card Trust 2.05% 09-20-2022	Canada	Corporate - Non Convertible	1,010,000	1,010	980
The Goldman Sachs Group Inc. 2.43% 04-26-2023 Callable	United States	Corporate - Non Convertible	1,190,000	1,190	1,161
The Goldman Sachs Group Inc. 3.31% F/R 10-31-2025 Callable 2024	United States	Corporate - Non Convertible	1,900,000	1,901	1,884
Government of Canada 3.25% 06-01-2021	Canada	Federal Government	1,150,000	1,197	1,197
Government of Canada 1.00% 09-01-2022	Canada	Federal Government	3,760,000	3,615	3,610
Government of Canada 1.50% 06-01-2023	Canada	Federal Government	880,000	863	860
Government of Canada 2.50% 06-01-2024	Canada	Federal Government	1,260,000	1,289	1,295
Government of Canada 2.25% 06-01-2025	Canada	Federal Government	1,910,000	1,909	1,934
Granite REIT Holdings LP 3.87% 11-30-2023 Callable 2023	Canada	Corporate - Non Convertible	250,000	253	252
Greater Toronto Airports Authority 5.26% 04-17-2018 Callable	Canada	Corporate - Non Convertible	2,000,000	2,040	2,003
Green Plains Inc. Term Loan B 1st Lien F/R 08-29-2023	United States	Term Loans	USD 228,850	285	296
Greenhill & Co. Inc. Term Loan B 1st Lien F/R 10-12-2022	United States	Term Loans	USD 138,250	173	180
H&R Real Estate Investment Trust 2.92% 05-06-2022	Canada	Corporate - Non Convertible	420,000	420	414
H&R Real Estate Investment Trust 3.42% 01-23-2023 Callable 2022	Canada	Corporate - Non Convertible	270,000	270	270
H&R Real Estate Investment Trust 3.37% 01-30-2024 Callable 2023	Canada	Corporate - Non Convertible	980,000	977	969
HCN Canadian Holdings-1 LP 3.35% 11-25-2020	United States	Corporate - Non Convertible	590,000	588	599



**MACKENZIE**  
Investments

# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>BONDS (cont'd)</b>					
Hollis Receivables Term Trust II 1.788% 02-26-2020	Canada	Corporate - Non Convertible	2,120,000	2,110	2,099
Hornblower Sub LLC Term Loan 1st Lien F/R 04-28-2025	United States	Term Loans	USD 140,000	180	181
HSBC Bank Canada 2.17% 06-29-2022	Canada	Corporate - Non Convertible	4,580,000	4,548	4,467
HSBC Bank Canada 2.54% 01-31-2023	Canada	Corporate - Non Convertible	700,000	700	690
HSBC Holdings PLC 3.20% 12-05-2023	United Kingdom	Corporate - Non Convertible	1,060,000	1,060	1,065
Hudson River Trading LLC Term Loan 1st Lien F/R 03-20-2025	United States	Term Loans	USD 120,000	155	155
Hyster-Yale Group Inc. Term Loan B 1st Lien F/R 05-30-2023	United States	Term Loans	USD 273,000	368	355
Industrial Alliance Insurance and Financial Services Inc. 2.80% 05-16-2024 Callable 2019	Canada	Corporate - Non Convertible	460,000	464	462
Inter Pipeline Ltd. 2.73% 04-18-2024 Callable 2024	Canada	Corporate - Non Convertible	610,000	615	589
Inter Pipeline Ltd. 3.173% 03-24-2025 Callable 2024 MTN	Canada	Corporate - Non Convertible	1,140,000	1,153	1,115
Inter Pipeline Ltd. 3.48% 12-16-2026 Callable 2026	Canada	Corporate - Non Convertible	270,000	270	265
Interior Logic Group Inc. Term Loan B 1st Lien F/R 03-01-2024	United States	Term Loans	USD 214,772	277	279
The International Bank for Reconstruction and Development 3.50% 01-22-2021	Supra - National	n/a	NZD 3,670,000	3,394	3,503
International Finance Corp. 3.625% 05-20-2020	Supra - National	n/a	NZD 1,190,000	1,099	1,135
Itron Inc. 5.00% 01-15-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 70,000	90	89
Jane Street Group LLC Term Loan B 1st Lien F/R 08-25-2022	United States	Term Loans	USD 386,750	487	502
JPMorgan Chase & Co. 3.19% 03-05-2021	United States	Corporate - Non Convertible	800,000	813	814
KEMET Corp. Term Loan B 1st Lien F/R 04-26-2024	United States	Term Loans	USD 519,750	681	683
Lantheus Medical Imaging Inc. Term Loan B 1st Lien F/R 06-30-2022	United States	Term Loans	USD 292,708	389	380
Laurentian Bank of Canada F/R 04-24-2019	Canada	Corporate - Non Convertible	USD 3,100,000	4,177	4,001
Laurentian Bank of Canada F/R 10-22-2019	Canada	Corporate - Non Convertible	530,000	530	530
Laurentian Bank of Canada 3.00% 09-12-2022	Canada	Corporate - Non Convertible	940,000	938	932
LBM Borrower LLC Term Loan 1st Lien F/R 08-20-2022	United States	Term Loans	USD 593,964	761	774
LifeMiles Ltd. Term Loan B 1st Lien F/R 08-18-2022	Colombia	Term Loans	USD 275,000	349	363
The Manufacturers Life Insurance Co. 2.81% 02-21-2024 Callable 2019	Canada	Corporate - Non Convertible	2,000,000	2,018	2,011
The Manufacturers Life Insurance Co. 2.389% 01-05-2026 Callable 2021	Canada	Corporate - Non Convertible	1,190,000	1,192	1,181
Manulife Bank of Canada F/R 01-27-2020 Callable 2019	Canada	Corporate - Non Convertible	690,000	690	690
Manulife Bank of Canada 1.92% 09-01-2021	Canada	Corporate - Non Convertible	1,170,000	1,162	1,141
Manulife Bank of Canada 2.08% 05-26-2022	Canada	Corporate - Non Convertible	900,000	900	877
Manulife Bank of Canada 2.84% 01-12-2023	Canada	Corporate - Non Convertible	410,000	410	410
Manulife Financial Corp. F/R 08-20-2029 Callable 2024	Canada	Corporate - Non Convertible	950,000	950	937
Mattamy Group Corp. 6.50% 10-01-2025 Callable 2020	Canada	Corporate - Non Convertible	170,000	173	174
Mattamy Group Corp. 6.50% 10-01-2025 Callable 2020 144A	Canada	Corporate - Non Convertible	USD 110,000	137	143
McAfee LLC Term Loan B 1st Lien F/R 09-30-2024	United States	Term Loans	USD 407,950	504	532
McDonald's Corp. 3.13% 03-04-2025 Callable 2025	United States	Corporate - Non Convertible	1,100,000	1,098	1,098
Meredith Corp. Term Loan B 1st Lien F/R 01-18-2025	United States	Term Loans	USD 260,000	322	337
Metro Inc. 2.68% 12-05-2022 Callable 2022	Canada	Corporate - Non Convertible	670,000	669	663
Molson Coors International LP 2.84% 07-15-2023 Callable 2023	United States	Corporate - Non Convertible	730,000	730	714
Mondelez International Inc. 3.25% 03-07-2025 Callable 2025	United States	Corporate - Non Convertible	140,000	139	140
Morgan Stanley 3.00% 02-07-2024	United States	Corporate - Non Convertible	1,170,000	1,170	1,156
National Bank of Canada 1.96% 06-30-2022	Canada	Corporate - Non Convertible	2,780,000	2,750	2,700
NBC Asset Trust 7.447% Perpetual (F/R @ 06-30-2020) Callable 2020	Canada	Corporate - Non Convertible	2,330,000	2,490	2,537
Neenah Foundry Co. Term Loan B 1st Lien F/R 12-08-2022	United States	Term Loans	USD 110,000	140	141



**MACKENZIE**  
Investments

# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>BONDS (cont'd)</b>					
New Red Finance Inc. 5.00% 10-15-2025 Callable 2020 144A	Canada	Corporate - Non Convertible	USD 40,000	49	49
Newell Brands Inc. 4.20% 04-01-2026 Callable 2026	United States	Corporate - Non Convertible	USD 60,000	76	77
North Battleford Power LP 4.958% 12-31-2032	Canada	Corporate - Non Convertible	257,077	257	282
North West Redwater Partnership 2.80% 06-01-2027 Callable 2027	Canada	Corporate - Non Convertible	240,000	239	231
Ocean Bidco Inc. Term Loan B 1st Lien F/R 03-02-2025	United States	Term Loans	USD 70,000	90	91
OCI Beaumont LLC Term Loan B 1st Lien F/R 02-16-2025	United States	Term Loans	USD 100,000	125	130
Office Depot Inc. Term Loan B 1st Lien F/R 11-08-2022	United States	Term Loans	USD 282,750	350	372
Omega Healthcare Investors Inc. 4.50% 01-15-2025 Callable 2024	United States	Corporate - Non Convertible	USD 200,000	216	253
OMERS Realty Corp. 2.473% 11-12-2019 Callable	Canada	Corporate - Non Convertible	1,970,000	1,970	1,979
OMERS Realty Corp. 3.24% 10-04-2027 Callable 2027	Canada	Corporate - Non Convertible	1,100,000	1,100	1,117
Ontario Electricity Financial Corp. 0% 11-27-2020	Canada	Provincial Governments	1,740,000	1,676	1,638
Osteon Merger Sub Inc. Term Loan B 1st Lien F/R 02-06-2025	United States	Term Loans	USD 70,000	87	91
Parkland Fuel Corp. 6.00% 04-01-2026 Callable 2021 144A	Canada	Corporate - Non Convertible	USD 90,000	118	117
Pembina Pipeline Corp. 2.99% 01-22-2024 Callable 2023	Canada	Corporate - Non Convertible	753,000	757	741
Petroleos De Venezuela SA 6.00% 05-16-2024	Venezuela	Corporate - Non Convertible	USD 568,000	181	199
PetSmart Inc. Term Loan B2 1st Lien F/R 03-10-2022	United States	Term Loans	USD 179,156	192	186
Pisces Midco Inc. Term Loan B 1st Lien F/R 03-29-2025	United States	Term Loans	USD 150,000	192	192
Pisces Midco Inc. 8.00% 04-15-2026 Callable 2021 [144A]	United States	Corporate - Non Convertible	USD 10,000	13	13
PNI Canada Acquireco Corp. Term Loan B 1st Lien F/R 08-23-2022	Canada	Term Loans	USD 169,150	200	217
Prospect Medical Holdings Inc. Term Loan B 1st Lien F/R 02-15-2024	United States	Term Loans	USD 250,000	308	323
Province of Ontario Generic Coupon Strip 0% 12-02-2023	Canada	Provincial Governments	210,000	175	181
Province of Ontario 0% 07-13-2022	Canada	Provincial Governments	40,000	38	36
Province of Ontario 2.60% 09-08-2023	Canada	Provincial Governments	8,870,000	8,870	8,930
Province of Ontario 0% 06-02-2024	Canada	Provincial Governments	2,040,000	1,776	1,730
Province of Ontario 2.40% 06-02-2026	Canada	Provincial Governments	1,370,000	1,356	1,341
Province of Ontario 2.60% 06-02-2027	Canada	Provincial Governments	1,650,000	1,655	1,630
Province of Quebec 0% 04-01-2026 Generic Strip	Canada	Provincial Governments	1,220,000	1,004	965
Province of Quebec 2.50% 09-01-2026	Canada	Provincial Governments	20,000	20	20
Province of Quebec 2.75% 09-01-2027	Canada	Provincial Governments	140,000	145	141
PS HoldCo LLC Term Loan 1st Lien F/R 03-02-2025	United States	Term Loans	USD 50,000	64	65
PSC Industrial Outsourcing LP Term Loan B 1st Lien F/R 10-05-2024	United States	Term Loans	USD 239,400	298	312
Red Ventures LLC Term Loan B 1st Lien F/R 11-08-2024	United States	Term Loans	USD 308,450	381	401
Reliance Intermediate Holdings LP 6.50% 04-01-2023 Callable 2018 144A	Canada	Corporate - Non Convertible	USD 70,000	94	94
Reliance LP 3.84% 03-15-2025 Callable 2025	Canada	Corporate - Non Convertible	120,000	120	120
Research Now Group Inc. Term Loan 1st Lien F/R 12-20-2024	United States	Term Loans	USD 279,300	341	358
Royal Bank of Canada 2.00% 03-21-2022	Canada	Corporate - Non Convertible	4,540,000	4,539	4,433
Royal Bank of Canada 2.36% 12-05-2022	Canada	Corporate - Non Convertible	460,000	460	453
Royal Bank of Canada 4.65% 01-27-2026 GMTN	Canada	Corporate - Non Convertible	USD 380,000	537	506
Sea to Sky Highway Investment LP 2.63% 08-31-2030	Canada	Corporate - Non Convertible	828,259	828	802
Sigma Bidco BV Term Loan B 1st Lien F/R 03-07-2025	Netherlands	Term Loans	EUR 130,000	207	204
Sigma US Corp. Term Loan B 1st Lien F/R 03-06-2025	Netherlands	Term Loans	USD 130,000	167	168
SmartCentres Real Estate Investment Trust F/R 12-21-2020	Canada	Corporate - Non Convertible	1,480,000	1,480	1,486
SNC-Lavalin Group Inc. 2.69% 11-24-2020	Canada	Corporate - Non Convertible	220,000	220	220
SNC-Lavalin Group Inc. F/R 03-02-2021	Canada	Corporate - Non Convertible	1,060,000	1,060	1,061
Staples Inc. Term Loan 1st Lien F/R 08-15-2024	United States	Term Loans	USD 349,125	444	446



**MACKENZIE**  
Investments

# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>BONDS (cont'd)</b>					
Stepstone Group LP Term Loan B 1st Lien F/R 03-19-2025	United States	Term Loans	USD 60,000	77	78
Sun Life Financial Inc. F/R 02-19-2026 Callable 2021	Canada	Corporate - Non Convertible	1,200,000	1,215	1,211
Sun Life Financial Inc. F/R 11-23-2027 Callable 2022	Canada	Corporate - Non Convertible	420,000	420	416
Sun Life Financial Inc. F/R 09-19-2028 Callable 2023	Canada	Corporate - Non Convertible	1,350,000	1,355	1,350
Syniverse Holdings Inc. Term Loan 1st Lien F/R 02-09-2023	United States	Term Loans	USD 60,000	75	78
Talen Energy Supply LLC 10.50% 01-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 20,000	25	22
TELUS Corp. 3.35% 04-01-2024 Callable	Canada	Corporate - Non Convertible	150,000	154	152
TerraForm Power Operating LLC 5.00% 01-31-2028 Callable 2027 144A	United States	Corporate - Non Convertible	USD 90,000	116	111
Teva Pharmaceutical Finance Netherlands III BV 3.15% 10-01-2026 Callable	Israel	Corporate - Non Convertible	USD 60,000	62	62
Titan Acquisition Ltd. Term Loan 1st Lien F/R 03-16-2025	United Kingdom	Term Loans	USD 150,000	196	193
Titan Acquisition Ltd. 7.75% 04-15-2026 Callable 2021 144A	United Kingdom	Corporate - Non Convertible	USD 80,000	105	103
TMX Group Ltd. 4.46% 10-03-2023 Callable 2023	Canada	Corporate - Non Convertible	970,000	1,098	1,042
TMX Group Ltd. 2.30% 12-11-2024 Callable 2024	Canada	Corporate - Non Convertible	110,000	110	109
The Toronto-Dominion Bank 1.91% 07-18-2023 DPNT	Canada	Corporate - Non Convertible	3,120,000	3,090	2,997
The Toronto-Dominion Bank F/R 07-25-2029 Callable 2024	Canada	Corporate - Non Convertible	410,000	410	406
Toyota Credit Cabada Inc. F/R 10-13-2020	Canada	Corporate - Non Convertible	2,800,000	2,800	2,807
TransCanada Trust F/R 05-18-2077 Callable 2027	Canada	Corporate - Non Convertible	950,000	950	939
Transurban Finance Co. Pty Ltd. 3.368% 03-06-2019	Australia	Asset Backed	1,210,000	1,210	1,225
Traverse Midstream Partners LLC Term Loan B 1st Lien F/R 09-21-2024	United States	Term Loans	USD 110,000	135	143
Trico Products Corp. Term Loan 1st Lien F/R 02-02-2024	United States	Term Loans	USD 130,000	156	169
Uber Technologies Inc. Term Loan 1st Lien F/R 03-21-2025	United States	Term Loans	USD 200,000	257	259
Uber Technologies Inc. Term Loan B 1st Lien F/R 07-13-2023	United States	Term Loans	USD 472,074	623	611
United States Treasury 2.25% 11-15-2027	United States	Foreign Governments	USD 60,000	76	74
United States Treasury 2.75% 02-15-2028	United States	Foreign Governments	USD 550,000	701	710
Ventas Canada Finance Ltd. 2.55% 03-15-2023 Callable 2023	United States	Corporate - Non Convertible	800,000	801	782
Vistage Worldwide Inc. Term Loan 1st Lien F/R 02-01-2025	United States	Term Loans	USD 110,000	137	143
VW Credit Canada Inc. F/R 03-30-2020	Germany	Corporate - Non Convertible	1,080,000	1,080	1,081
VW Credit Canada Inc. 3.25% 03-29-2023	Germany	Corporate - Non Convertible	280,000	280	282
W/S Packaging Holdings Inc. 9.00% 04-15-2023 Callable 2020 144A	United States	Corporate - Non Convertible	USD 50,000	65	66
Williams Scotsman International Inc. 7.88% 12-15-2022 Callable 2019 144A	United States	Corporate - Non Convertible	USD 175,000	224	233
YRC Worldwide Inc. Term Loan 1st Lien F/R 07-21-2022	United States	Term Loans	USD 255,978	318	333
Zotec Partners LLC Term Loan 1st Lien F/R 02-09-2024	United States	Term Loans	USD 160,000	199	206
<b>Total bonds</b>				<b>257,653</b>	<b>256,421</b>
<b>EQUITIES</b>					
AltaGas Ltd. Pfd. Series K	Canada	Energy	10,934	273	277
Brookfield Asset Management Inc. Pfd. Series 46	Canada	Real Estate	12,663	317	327
Brookfield Asset Management Inc. Pfd. Series 48	Canada	Real Estate	9,146	229	232
Brookfield Renewable Partners LP Pfd. Series 11	Canada	Utilities	20,942	524	528
Source Energy Services Ltd.	Canada	Energy	4,564	43	23
TransAlta Corp. Pfd. Series A	Canada	Utilities	25,258	336	375
TransCanada Corp. Pfd. Series 15	Canada	Energy	26,734	669	696
<b>Total equities</b>				<b>2,391</b>	<b>2,458</b>



**MACKENZIE**  
Investments

# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>OPTIONS</b>					
Options purchased (see schedule of options purchased)				207	111
<b>Total options</b>				<b>207</b>	<b>111</b>
<b>EXCHANGE-TRADED FUNDS/NOTES</b>					
Mackenzie US Investment Grade Corporate Bond Index ETF (CAD-Hedged)	Canada	Exchange-Traded Funds/Notes	51,761	5,148	5,088
<b>Total exchange-traded funds/notes</b>				<b>5,148</b>	<b>5,088</b>
<b>MUTUAL FUNDS</b>					
Mackenzie Global Credit Opportunities Fund Series R	Canada	Mutual Funds	1,723,459	17,215	16,441
Mackenzie Global Tactical Bond Fund Series R	Canada	Mutual Funds	433,849	4,333	4,153
Mackenzie Unconstrained Fixed Income Fund Series R	Canada	Mutual Funds	286,732	2,837	2,878
<b>Total mutual funds</b>				<b>24,385</b>	<b>23,472</b>
Transaction costs				(24)	–
<b>Total investments</b>				<b>289,760</b>	<b>287,550</b>
Derivative instruments (see schedule of derivative instruments)					(1,019)
Cash and cash equivalents					216
Other assets less liabilities					(406)
<b>Total net assets</b>					<b>286,341</b>



**MACKENZIE**  
Investments

# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2018		March 31, 2017	
<b>Effective Portfolio Allocation</b>	<b>% of NAV</b>	<b>Portfolio Allocation</b>	<b>% of NAV</b>
Bonds	96.8	Bonds	88.8
<i>Bonds</i>	96.9	<i>Bonds</i>	88.8
<i>Purchased options</i>	0.0	<i>Purchased options</i>	0.0
<i>Short futures</i>	(0.1)	<i>Short futures</i>	0.0
Exchange-traded funds/notes	1.9	Cash and short-term investments	6.6
Equities	1.1	Mutual funds	2.3
Cash and short-term investments	0.6	Equities	1.9
Other assets (liabilities)	(0.4)	Other assets (liabilities)	0.4
<b>Effective Regional Allocation</b>	<b>% of NAV</b>	<b>Regional Allocation</b>	<b>% of NAV</b>
Canada	76.5	Canada	70.6
United States	15.1	United States	12.5
United Kingdom	1.3	Cash and short-term investments	6.6
New Zealand	1.2	Denmark	1.4
Other	1.2	United Kingdom	1.3
Australia	1.0	New Zealand	1.1
Belgium	0.9	Australia	1.1
Germany	0.8	Bermuda	1.0
Cash and short-term investments	0.6	Japan	1.0
Bahamas	0.5	Mexico	0.9
Denmark	0.4	Bahamas	0.6
Netherlands	0.4	Portugal	0.4
Brazil	0.2	Other assets (liabilities)	0.4
Colombia	0.1	Belgium	0.4
France	0.1	Germany	0.3
Argentina	0.1	France	0.3
Other assets (liabilities)	(0.4)	Sweden	0.1
<b>Effective Sector Allocation</b>	<b>% of NAV</b>	<b>Sector Allocation</b>	<b>% of NAV</b>
Corporate bonds	63.7	Corporate bonds	54.1
Federal bonds	15.5	Provincial bonds	12.6
Term loans	7.5	Cash and short-term investments	6.6
Provincial bonds	5.8	Mortgage backed	6.2
Supra-national bonds	2.0	Term loans	5.7
Exchange-traded funds/notes	1.9	Federal bonds	3.9
Foreign government bonds	1.7	Foreign government bonds	3.0
Other	0.9	Other	2.4
Cash and short-term investments	0.6	Mutual funds	2.3
Energy	0.4	Supra-national bonds	1.5
Asset backed	0.4	Municipal bonds	1.3
Other assets (liabilities)	(0.4)	Other assets (liabilities)	0.4

As at March 31, 2018, the effective allocation shows the portfolio, regional or sector exposure of the Fund calculated by combining its direct and indirect investments.

# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## SCHEDULE OF OPTIONS PURCHASED

As at March 31, 2018

Underlying Interest	Number of Contracts	Option Type	Expiration Date	Strike Price \$	Premium Paid (\$ 000s)	Fair Value (\$ 000s)
iShares iBoxx \$ High Yield Corporate Bond ETF	360	Put	Jun. 15, 2018	USD 85.00	126	52
iShares iBoxx \$ High Yield Corporate Bond ETF	184	Put	Sep. 21, 2018	USD 83.00	46	33
iShares iBoxx \$ High Yield Corporate Bond ETF	96	Put	Sep. 21, 2018	USD 85.00	35	26
<b>Total options</b>					<b>207</b>	<b>111</b>



**MACKENZIE**  
Investments

# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## SCHEDULE OF DERIVATIVE INSTRUMENTS

As at March 31, 2018

### Schedule of Futures Contracts

Number of Contracts	Type of Contract	Expiration Date	Average Rate of Contracts (\$)	Notional Value* (\$ 000s)	Unrealized (Losses) (\$ 000s)
(31)	10 Year United States Treasury Note Futures June 2018	Jun. 20, 2018	119.74 USD	(4,838)	(56)
(373)	5 Year United States Treasury Note Futures June 2018	Jun. 29, 2018	113.79 USD	(55,000)	(323)
Unrealized (Losses)				(59,838)	(379)
<b>Total futures contracts</b>				<b>(59,838)</b>	<b>(379)</b>

\*Notional value represents the exposure to the underlying instruments as at March 31, 2018

### Schedule of Forward Currency Contracts

Counterparty Credit Rating	Bought (\$ 000s)	Sold (\$ 000s)	Settlement Date	Contract Cost (\$ 000s)	Current Fair Value (\$ 000s)	Unrealized Gains (Losses) (\$ 000s)
A	29,795	(1,970)	Apr. 6, 2018	1,970	2,110	140
AA	771	(590)	Apr. 13, 2018	(771)	(760)	11
AA	2,420	(3,116)	Apr. 20, 2018	3,116	3,116	–
AA	771	(590)	May 11, 2018	(771)	(760)	11
AA	770	(590)	May 18, 2018	(770)	(759)	11
AA	4,648	(4,980)	Jun. 13, 2018	(4,648)	(4,629)	19
AA	770	(590)	Jun. 29, 2018	(770)	(759)	11
Unrealized Gains						203
A	1,954	(29,795)	Apr. 6, 2018	(1,954)	(2,109)	(155)
AA	2,939	(2,348)	Apr. 13, 2018	(2,939)	(3,024)	(85)
AA	1,251	(1,000)	Apr. 20, 2018	(1,251)	(1,287)	(36)
A	4,184	(3,400)	Apr. 27, 2018	(4,184)	(4,379)	(195)
AA	550	(440)	May 11, 2018	(550)	(566)	(16)
AA	1,079	(840)	May 18, 2018	(1,079)	(1,081)	(2)
AA	6,425	(5,240)	May 18, 2018	(6,425)	(6,745)	(320)
AA	50	(40)	Jun. 8, 2018	(50)	(51)	(1)
AA	1,079	(840)	Jun. 15, 2018	(1,079)	(1,081)	(2)
AA	7,209	(5,619)	Jun. 15, 2018	(7,209)	(7,229)	(20)
AA	1,079	(840)	Jun. 22, 2018	(1,079)	(1,080)	(1)
A	1,077	(840)	Jul. 13, 2018	(1,077)	(1,081)	(4)
AA	1,078	(840)	Jul. 13, 2018	(1,078)	(1,080)	(2)
AA	1,079	(840)	Jul. 20, 2018	(1,079)	(1,080)	(1)
AA	1,077	(840)	Jul. 27, 2018	(1,077)	(1,080)	(3)
Unrealized (Losses)						(843)
<b>Total forward currency contracts</b>						<b>(640)</b>
<b>Total derivative instruments at fair value</b>						<b>(1,019)</b>



**MACKENZIE**  
Investments



# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

### 1. Fiscal Periods and General Information

The information provided in these financial statements and notes thereto is for the periods ended or as at March 31, 2018 and 2017, as applicable. In the year a Fund or series is established or reinstated, 'period' represents the period from inception or reinstatement. Refer to Note 9 for the formation date of the Fund and the inception date of each series.

The Fund is organized as an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust as amended and restated from time to time. The address of the Fund's registered office is 180 Queen Street West, Toronto, Ontario, Canada. The Fund is authorized to issue an unlimited number of units (referred to as "security" or "securities") of multiple series. Series of the Fund are available for sale under Simplified Prospectus or exempt distribution options.

Mackenzie Financial Corporation ("Mackenzie") is the manager of the Fund and is wholly owned by IGM Financial Inc., a subsidiary of Power Financial Corporation, which itself is a subsidiary of Power Corporation of Canada. The Great-West Life Assurance Company, London Life Insurance Company and The Canada Life Assurance Company (collectively, the "Related Insurance Companies") are wholly owned by Great-West Lifeco Inc., which is also a subsidiary of Power Financial Corporation. Investments in companies within the Power Group of companies held by the Fund are identified in the Schedule of Investments.

### 2. Basis of Preparation and Presentation

These audited annual financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). A summary of the Fund's significant accounting policies under IFRS is presented in Note 3.

These financial statements are presented in Canadian dollars, which is the Fund's functional and presentation currency, and rounded to the nearest thousand unless otherwise indicated. These financial statements are prepared on a going concern basis using the historical cost basis, except for financial assets and liabilities that have been measured at fair value.

These financial statements were authorized for issue by the Board of Directors of Mackenzie Financial Corporation on June 7, 2018.

Standards issued but not yet effective for the current accounting year, as applicable, are described in Note 3.

### 3. Significant Accounting Policies

#### (a) Financial instruments

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives. The Fund classifies and measures financial instruments in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). Upon initial recognition, financial instruments are classified as fair value through profit or loss ("FVTPL"). All financial instruments are recognized in the Statement of Financial Position when the Fund becomes a party to the contractual requirements of the instrument. Financial assets are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled and expires. As such, investment purchase and sale transactions are recorded as of the trade date.

Financial instruments are subsequently measured at FVTPL with changes in fair value recognized in the Statement of Comprehensive Income – Net unrealized gain (loss).

The Fund's redeemable securities contain multiple dissimilar contractual obligations and therefore meet the criteria for classification as financial liabilities under IAS 32, *Financial Instruments: Presentation*. The Fund's obligation for net assets attributable to securityholders is presented at the redemption amount.

IAS 7, *Statement of Cash Flows*, requires disclosures related to changes in liabilities and assets, such as the securities of the Fund, arising from financing activities. Changes in securities of the Fund, including both changes from cash flows and non-cash changes, are included in the Statement of Changes in Financial Position. Any changes in the securities not settled in cash as at the end of the period are presented as either Accounts receivable for securities issued or Accounts payable for securities redeemed in the Statement of Financial Position. These accounts receivable and accounts payable amounts typically settle shortly after year-end.

Realized and unrealized gains and losses on investments are calculated based on the weighted average cost of investments and exclude commissions and other portfolio transaction costs, which are separately reported in the Statement of Comprehensive Income – Commissions and other portfolio transaction costs.

Gains and losses arising from changes in the fair value of the investments are included in the Statement of Comprehensive Income for the period in which they arise.

## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (cont'd)

#### (a) Financial instruments (cont'd)

The Fund accounts for its holdings in unlisted open-ended investment funds and exchange-traded funds, if any, at fair value through profit and loss. Mackenzie has concluded that any unlisted open-ended investment fund and exchange-traded funds in which the Fund invests, do not meet either the definition of a structured entity or the definition of an associate.

#### (b) Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments listed on a public securities exchange or traded on an over-the-counter market are valued on the basis of the last traded market price or close price recorded by the security exchange on which the security is principally traded, where this price falls within the quoted bid-ask spread for the investment. In circumstances where this price is not within the bid-ask spread, Mackenzie determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Mutual fund securities of an underlying fund are valued on a business day at the price calculated by the manager of such underlying fund in accordance with the constating documents of such underlying fund. Unlisted or non-exchange traded investments, or investments where a last sale or close price is unavailable or investments for which market quotations are, in Mackenzie's opinion, inaccurate, unreliable, or not reflective of all available material information, are valued at their fair value as determined by Mackenzie using appropriate and accepted industry valuation techniques including valuation models. The fair value determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the fair value may be determined using valuation techniques that are not supported by observable market data.

The cost of investments is determined on a weighted average cost basis.

Cash and cash equivalents which includes cash on deposit with financial institutions and short term investments that are readily convertible to cash, are subject to an insignificant risk of changes in value, and are used by the Fund in the management of short-term commitments. Cash and cash equivalents are reported at fair value which closely approximates their amortized cost due to their nature of being highly liquid and having short terms to maturity. Bank overdraft positions are presented under current liabilities as bank indebtedness in the Statement of Financial Position.

The Fund may use derivatives (such as written options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest rates or exchange rates. The Fund may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets, to gain exposure to other currencies, to seek to generate additional income, and/or for any other purpose considered appropriate by the Fund's portfolio manager(s), provided that the use of the derivative is consistent with the Fund's investment objectives. Any use of derivatives will comply with Canadian mutual fund laws, subject to the regulatory exemptions granted to the Fund, as applicable. Refer to "Exemptions from National Instrument 81-102" in the Annual Information Form of the Fund for further details, including the complete conditions of these exemptions, as applicable.

Valuations of derivative instruments are carried out daily, using normal exchange reporting sources for exchange-traded derivatives and specific broker enquiry for over-the-counter derivatives.

The value of forward contracts is the gain or loss that would be realized if, on the valuation date, the positions were to be closed out. The change in value of forward contracts is included in the Statement of Comprehensive Income – Other changes in fair value of investments – Net unrealized gain (loss).

The value of futures contracts or swaps fluctuates daily, and cash settlements made daily, where applicable, by the Fund are equal to the unrealized gains or losses on a "mark to market" basis. These unrealized gains or losses are recorded and reported as such until the Fund closes out the contract or the contract expires. Margin paid or deposited in respect of futures contracts or swaps is reflected as a receivable in the Statement of Financial Position – Margin on futures contracts or swaps. Any change in the variation margin requirement is settled daily.

Premiums received from writing options are included in the Statement of Financial Position as a liability and subsequently adjusted daily to fair value. If a written option expires unexercised, the premium received is recognized as a realized gain. If a written call option is exercised, the difference between the proceeds of the sale plus the value of the premium, and the cost of the security is recognized as a realized gain or loss. If a written put option is exercised, the cost of the security acquired is the exercise price of the option less the premium received.

Refer to the Schedule of Derivative Instruments and Schedule of Options Purchased/Written, as applicable, included in the Schedule of Investments for a listing of derivative and options positions as at March 31, 2018.

## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (cont'd)

(c) Income recognition

Interest income from interest bearing investments is recognized using the effective interest method. Dividends are accrued as of the ex-dividend date. Realized gains or losses on the sale of investments, including foreign exchange gains or losses on such investments, are calculated on an average cost basis. Distributions received from an underlying fund are included in interest income, dividend income, realized gains (losses) on sale of investments or fee rebate income, as appropriate.

Income, realized gains (losses) and unrealized gains (losses) are allocated daily among the series on a pro-rata basis.

(d) Commissions and other portfolio transaction costs

Commissions and other portfolio transaction costs are costs incurred to acquire, issue or dispose of financial assets or liabilities. They include fees and commissions paid to agents, advisers, brokers and dealers. Commissions may be paid to brokerage firms which provide (or pay for) certain services, other than order execution, which may include investment research, analysis and reports, and databases or software in support of these services. Where applicable and ascertainable, the value of third-party services that were paid for by brokers during the periods is disclosed in Note 9. The value of certain proprietary services provided by brokers cannot be reasonably estimated.

(e) Securities lending, repurchase and reverse repurchase transactions

The Fund is permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in the Fund's Simplified Prospectus. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities on a future date.

Securities lending transactions are administered by Canadian Imperial Bank of Commerce (the "Securities Lending Agent"). The value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned, sold or purchased. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is included in the Statement of Comprehensive Income – Securities lending income and recognized when earned.

Note 9 summarizes the details of securities loaned and collateral received, as well as a reconciliation of securities lending income, if applicable.

(f) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. Note 9 summarizes the details of such offsetting, if applicable.

Income and expenses are not offset in the Statement of Comprehensive Income unless required or permitted to by an accounting standard, as specifically disclosed in the IFRS policies of the Fund.

(g) Foreign currency

The functional and presentation currency of the Fund is Canadian dollars. Foreign currency purchases and sales of investments and foreign currency dividend and interest income and expenses are translated to Canadian dollars at the rate of exchange prevailing at the time of the transactions.

Foreign exchange gains (losses) on purchases and sales of foreign currencies are included in the Statement of Comprehensive Income – Net realized gain (loss).

The fair value of investments and other assets and liabilities, denominated in foreign currencies, are translated to Canadian dollars at the rate of exchange prevailing on each business day.

(h) Net assets attributable to securityholders per security

Net assets attributable to securityholders per security is computed by dividing the net assets attributable to securityholders of a series of securities on a business day by the total number of securities of the series outstanding on that day.

(i) Net asset value per security

The daily Net Asset Value ("NAV") of an investment fund may be calculated without reference to IFRS as per the Canadian Securities Administrators' ("CSA") regulations. The difference between NAV and Net assets attributable to securityholders (as reported in the financial statements), if any, is mainly due to differences in fair value of investments and other financial assets and liabilities. Refer to Note 9 for the Fund's NAV per security.

## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (cont'd)

(j) Increase (decrease) in net assets attributable to securityholders from operations per security

Increase (decrease) in net assets attributable to securityholders from operations per security in the Statement of Comprehensive Income represents the increase (decrease) in net assets attributable to securityholders from operations for the period, divided by the weighted average number of securities outstanding during the period.

(k) Mergers

The Fund applies the acquisition method of accounting for Fund mergers. Under this method, one of the Funds in each merger is identified as the acquiring Fund, and is referred to as the Continuing Fund, and the other Fund involved in the merger is referred to as the Terminated Fund. This identification is based on the comparison of the relative net asset values of the Funds as well as consideration of the continuation of such aspects of the Continuing Fund as: investment advisors; investment objectives and practices; type of portfolio securities; and management fees and expenses.

### 4. Critical Accounting Estimates and Judgments

The preparation of these financial statements requires management to make estimates and assumptions that primarily affect the valuation of investments. Estimates and assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates.

#### Use of Estimates

##### *Fair value of securities not quoted in an active market*

The Fund may hold financial instruments that are not quoted in active markets and are valued using valuation techniques that make use of observable data, to the extent practicable. Various valuation techniques are utilized, depending on a number of factors, including comparison with similar instruments for which observable market prices exist and recent arm's length market transactions. Key inputs and assumptions used are company specific and may include estimated discount rates and expected price volatilities. Changes in key inputs, could affect the reported fair value of these financial instruments held by the Fund.

#### Use of Judgments

##### *Classification and measurement of investments and application of the fair value option*

In classifying and measuring financial instruments held by the Fund, Mackenzie is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. Mackenzie has assessed the Fund's business model, the manner in which all financial instruments are managed and performance evaluated as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Fund's financial instruments.

##### *Functional currency*

The Fund's functional and presentation currency is the Canadian dollar, which is the currency considered to best represent the economic effects of the Fund's underlying transactions, events and conditions taking into consideration the manner in which securities are issued and redeemed and how returns and performance by the Fund are measured.

##### *Structured entities and associates*

In determining whether an unlisted open-ended investment fund or an exchange-traded fund in which the Fund invests, but that it does not consolidate, meets the definitions of either a structured entity or of an associate, Mackenzie is required to make significant judgments about whether these underlying funds have the typical characteristics of a structured entity or of an associate. Mackenzie has assessed the characteristics of these underlying funds and has concluded that they do not meet the definition of either a structured entity or of an associate because the Fund does not have contracts or financing arrangements with these underlying funds and the Fund does not have an ability to influence the activities of these underlying funds or the returns it receives from investing in these underlying funds.

### 5. Income Taxes

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its income including net realized capital gains in the taxation year, which is not paid or payable to its securityholders as at the end of the taxation year. It is the intention of the Fund to distribute all of its net income and sufficient net realized capital gains so that the Fund will not be subject to income taxes other than foreign withholding taxes, if applicable.

Losses of the Fund cannot be allocated to investors and are retained in the Fund for use in future years. Non-capital losses may be carried forward up to 20 years to reduce taxable income and realized capital gains of future years. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Refer to Note 9 for the Fund's loss carryforwards.

## NOTES TO FINANCIAL STATEMENTS

### 6. Management Fees and Operating Expenses

Mackenzie is paid a management fee for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements relating to the purchase and sale of the investment portfolio and making arrangements with registered dealers for the purchase and sale of securities of the Fund by investors. The management fee is calculated on each series of securities of the Fund as a fixed annual percentage of the daily net asset value of the series.

Each series of the Fund, except B-Series, is charged a fixed rate annual administration fee ("Administration Fee") and in return, Mackenzie bears all of the operating expenses of the Fund, other than certain specified fund costs. The Administration Fee is calculated on each series of securities of the Fund as a fixed annual percentage of the daily net asset value of the series.

Other fund costs include taxes (including, but not limited to GST/HST and income tax), interest and borrowing costs, all fees and expenses of the Mackenzie Funds' Independent Review Committee (IRC), costs of complying with the regulatory requirement to produce Fund Facts, fees paid to external service providers associated with tax reclaims, refunds or the preparation of foreign tax reports on behalf of the Funds, new fees related to external services that were not commonly charged in the Canadian mutual fund industry and introduced after the date of the most recently filed simplified prospectus, and the costs of complying with any new regulatory requirements, including, without limitation, any new fees introduced after the date of the most recently filed simplified prospectus.

All expenses relating to the operation of the Fund attributable to B-Series securities will be charged to that particular series. Operating expenses include legal, audit, transfer agent, custodian, administration and trustee services, cost of financial reporting and Simplified Prospectus printing, regulatory filing fees and other miscellaneous expenses specifically attributable to the B-Series securities and any applicable taxes.

Mackenzie may waive or absorb management fees and/or Administration Fees at its discretion and stop waiving or absorbing such fees at any time without notice. Refer to Note 9 for the management fee and Administration Fee rates charged to each series of securities.

### 7. Fund's Capital

The capital of the Fund, which is comprised of the net assets attributable to securityholders, is divided into different series with each series having an unlimited number of securities. The securities outstanding for the Fund as at March 31, 2018 and 2017 and securities issued, reinvested and redeemed for the periods are presented in the Statement of Changes in Financial Position. Mackenzie manages the capital of the Fund in accordance with the investment objectives as discussed in Note 9.

### 8. Financial Instruments Risk

#### i. Risk exposure and management

The Fund's investment activities expose it to a variety of financial risks, as defined in IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7"). The Fund's exposure to financial risks is concentrated in its investments, which are presented in the Schedule of Investments, as at March 31, 2018, grouped by asset type, with geographic and sector information.

Mackenzie seeks to minimize potential adverse effects of financial risks on the Fund's performance by employing professional, experienced portfolio advisors, by monitoring the Fund's positions and market events daily, by diversifying the investment portfolio within the constraints of the Fund's investment objectives, and where applicable, by using derivatives to hedge certain risk exposures. To assist in managing risks, Mackenzie also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy, internal guidelines, and securities regulations.

#### ii. Liquidity risk

Liquidity risk arises when the Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable securities. In accordance with securities regulations, the Fund must maintain at least 90% of its assets in liquid investments (i.e., investments that can be readily sold). In addition, the Fund retains sufficient cash and short-term investment positions to maintain adequate liquidity. The Fund also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions.

#### iii. Currency risk

Currency risk arises when the fair value of financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's reporting currency, fluctuates due to changes in exchange rates. Note 9 summarizes the Fund's exposure, if applicable and significant, to currency risk.

## NOTES TO FINANCIAL STATEMENTS

### 8. Financial Instruments Risk (cont'd)

#### iv. Interest rate risk

Interest rate risk arises when the fair value of interest-bearing financial instruments fluctuates due to changes in the prevailing levels of market interest rates. Cash and cash equivalents do not expose the Fund to significant amounts of interest rate risk. Note 9 summarizes the Fund's exposure, if applicable and significant, to interest rate risk.

#### v. Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategies. Except for certain derivative contracts, the maximum risk resulting from financial instruments is equivalent to their fair value. The maximum risk of loss on certain derivative contracts such as forwards, swaps, and futures contracts is equal to their notional values. In the case of written call (put) options and short futures contracts, the loss to the Fund continues to increase, without limit, as the fair value of the underlying interest increases (decreases). However, these instruments are generally used within the overall investment management process to manage the risk from the underlying investments and do not typically increase the overall risk of loss to the Fund. This risk is mitigated by ensuring that the Fund holds a combination of the underlying interest, cash cover and/or margin that is equal to or greater than the value of the derivative contract. Note 9 summarizes the Fund's exposure, if applicable and significant, to other price risk.

#### vi. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Note 9 summarizes the Fund's exposure, if applicable and significant, to credit risk.

All transactions in listed securities are executed with approved brokers. To minimize the possibility of settlement default, securities are exchanged for payment simultaneously, where market practices permit, through the facilities of a central depository and/or clearing agency where customary.

The carrying amount of investments and other assets represents the maximum credit risk exposure as at the date of the Statement of Financial Position.

The Fund may enter into securities lending transactions with counterparties and it may also be exposed to credit risk from the counterparties to the derivative instruments it may use. Credit risk associated with these transactions is considered minimal as all counterparties have a rating equivalent to a designated rating organization's credit rating of not less than A-1 (low) on their short-term debt and of A on their long-term debt, as applicable.

#### vii. Underlying funds

The Fund may invest in underlying funds and may be indirectly exposed to currency risk, interest rate risk, other price risk and credit risk from fluctuations in the value of financial instruments held by the underlying funds. Note 9 summarizes the Fund's exposure, if applicable and significant, to these risks from underlying funds.

# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

### 9. Fund Specific Information (in '000s, except for (a))

#### (a) Fund Formation and Series Information

Date of Formation January 7, 1994

The Fund may issue an unlimited number of securities of each series. The number of issued and outstanding securities of each series is disclosed in the Statements of Changes in Financial Position.

**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 securities are offered to retail investors investing a minimum of \$500 under the redemption charge and low-load purchase options.

Series AR securities are offered to retail investors in a Registered Disability Savings Plan offered by Mackenzie.

Series D securities are offered to retail investors investing a minimum of \$500 through a discount brokerage or other account approved by Mackenzie.

Series F securities are offered to 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 I securities are offered to retail investors investing a minimum of \$500 in a qualified group plan with a minimum of \$20,000,000 in assets.

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; 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 PWF securities are offered through our Private Wealth Solutions to certain high net worth 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 \$100,000. Effective June 1, 2018, Series PWF securities were consolidated into Series F securities.

Series PWF 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 and Series PWX8 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. Investors in Series PWX8 securities also want to receive a monthly cash flow of 8% per year.

Series R securities are offered only to other affiliated funds and certain institutional investors in connection with fund-of-fund arrangements.

Series SC securities are offered to retail investors investing a minimum of \$500 under the sales charge purchase option.

Series G securities are no longer available for sale, except for additional purchases by investors who have held these securities since December 11, 2017.

Series J and Series M securities are no longer available for sale.

**Series Distributed by LBC Financial Services Inc.** (1350 René-Lévesque Blvd. West, 12th Floor, Montréal, Québec H3G 0A8; 1-800-522-1846; [www.laurentianbank.ca/mackenzie](http://www.laurentianbank.ca/mackenzie))

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

Series LW securities are offered through our Preferred Pricing Program to certain high net worth investors who invest a minimum of \$100,000.

An investor in the Fund may choose among different purchase options that are available under each series. These purchase options are a sales charge purchase option, a redemption charge purchase option, various low-load purchase options and a no-load purchase option. The charges under the sales charge purchase option are negotiated by investors with their dealers. The charges under the redemption charge and low-load purchase options are paid to Mackenzie if an investor redeems securities of the Fund during specific periods. Not all purchase options are available under each series of the Fund, and the charges for each purchase option may vary among the different series. For further details on these purchase options, please refer to the Fund's Simplified Prospectus and Fund Facts.

# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

### 9. Fund Specific Information (in '000s, except for (a)) (cont'd)

#### (a) Fund Formation and Series Information (cont'd)

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees	Net Asset Value per Security (\$)	
				Mar. 31, 2018	Mar. 31, 2017
Series A	January 14, 1994	1.25%	0.17%	2.00	2.04
Series AR	None issued	1.25%	0.20%	—	—
Series D	March 19, 2014	0.80%	0.15%	9.80	10.05
Series F	December 6, 1999	0.45% <sup>(3)</sup>	0.15%	5.32	5.45
Series FB	October 26, 2015	0.55%	0.17%	9.87	10.10
Series G	November 24, 2006	1.00%	0.17%	10.16	10.40
Series I	October 25, 1999	0.85%	0.17%	5.10	5.23
Series J	November 29, 2011	0.65%	0.15%	9.74	9.97
Series M	November 24, 2006	Up to 0.85%	0.17%	10.13	10.37
Series O	October 30, 2002	— <sup>(1)</sup>	— *	9.78	9.95
Series PW	October 15, 2013	0.95% <sup>(4)</sup>	0.15%	9.91	10.15
Series PWF	November 1, 2013	0.55%	0.15%	9.80	10.04
Series PWFB	April 3, 2017	0.45% <sup>(3)</sup>	0.15%	9.76	—
Series PWX	December 20, 2013	— <sup>(2)</sup>	— <sup>(2)</sup>	9.88	10.05
Series PWX8	July 28, 2014	— <sup>(2)</sup>	— <sup>(2)</sup>	11.90	12.84
Series R	None issued	— *	— *	—	—
Series SC	November 10, 2010	1.05%	0.17%	9.72	9.95
Series LB	January 25, 2012	1.05%	0.17%	9.73	9.97
Series LW	December 1, 2017	1.05%	0.15%	9.89	—

\* Not applicable.

(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.

(3) Prior to June 1, 2018, the management fee for this series was charged to the Fund at a rate of 0.55%.

(4) Prior to June 1, 2018, the management fee for Series PW was charged to the Fund at a rate of 1.05%.

#### (b) Loss Carryforwards

As at the last taxation year-end, there were no capital and non-capital losses available to carry forward for tax purposes.

#### (c) Securities Lending

The value of securities loaned and collateral received from securities lending at March 31, 2018 and 2017, were as follows:

	March 31, 2018	March 31, 2017
	(\$)	(\$)
Value of securities loaned	19,160	27,334
Value of collateral received	20,245	28,749

Collateral received is comprised of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments and financial institutions.



# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

### 9. Fund Specific Information (in '000s, except for (a)) (cont'd)

#### (c) Securities Lending (cont'd)

A reconciliation of the gross amount generated from the securities lending transactions to the security lending income to the Fund for the periods ended March 31, 2018 and 2017 is as follows:

	2018		2017	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	23	100.0	33	100.0
Tax withheld	(1)	(4.3)	(2)	(6.1)
	22	95.7	31	93.9
Payments to Securities Lending Agent	(5)	(21.7)	(8)	(24.2)
Securities lending income	17	74.0	23	69.7

#### (d) Unfunded Credit Agreements

The Fund has entered into credit agreements whereby the Fund commits to fund a participation in a senior unsecured credit facility ("Commitment Amount") during an agreed upon period of time ("Commitment Period"). In exchange for providing this potential funding the Fund is entitled to receive a commitment fee ("Commitment Fee") from the issuer equal to a certain percentage of the Commitment Amount at the end of the Commitment Period. The funding requirement and the Commitment Fee are both contingent on whether or not the issuer of the credit agreement completes a contemplated transaction by the end of the Commitment Period. As at March 31, 2018, none of the Commitment Amounts were funded (2017 – \$Nil). The unfunded Commitment Amounts, the Commitment Fee rates and Commitment Period end date are listed below.

	Total Unfunded Commitment Amount (US\$)	Total Number of Commitments	Range of Unfunded Commitment Amounts (US\$)	Range of Commitment Fee Rates (%)	Range of Commitment Period End Date
March 31, 2018	220	3	55 - 95	0.750	June 18, 2018 - August 21, 2018
March 31, 2017	5,420	5	590 - 1,420	0.375 - 0.500	July 12, 2017 - January 31, 2018

#### (e) Offsetting of Financial Assets and Liabilities

The table below presents financial assets and financial liabilities that are subject to master netting arrangements or other similar agreements and the net impact on the Fund's Statements of Financial Position if all set-off rights were exercised as part of future events such as bankruptcy or termination of contracts. No amounts were offset in the financial statements.

	March 31, 2018			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	22	(22)	–	–
Unrealized losses on derivative contracts	(809)	22	806	19
Liability for options written	–	–	–	–
Total	(787)	–	806	19

	March 31, 2017			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	–	–	–	–
Unrealized losses on derivative contracts	(66)	–	530	464
Liability for options written	–	–	–	–
Total	(66)	–	530	464



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# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

### 9. Fund Specific Information (in '000s, except for (a)) (cont'd)

#### (f) Subsequent Event

A meeting of Fund investors will be held on or about June 22, 2018, to consider and approve proposed changes to the investment objectives of the Fund. These proposed changes will provide the Fund with additional flexibility to invest in foreign fixed income securities. If all the requisite approvals are obtained, the changes will be effective on or about July 1, 2018.

#### (g) Risks Associated with Financial Instruments

##### *i. Risk exposure and management*

The Fund seeks short-term income by investing primarily in high-quality, short-term fixed income securities issued by Canadian federal, provincial or municipal governments or by Canadian companies. The Fund may invest in residential first mortgages insured or guaranteed by Canadian or provincial governments, either directly or through pooled mortgage investments. It may hold up to 30% of its assets in foreign investments.

##### *ii. Currency risk*

The table below indicates currencies to which the Fund had significant exposure as at period end in Canadian dollar terms, including the underlying principal amount of any derivative instruments. Other financial assets and liabilities (including accrued interest and dividends receivable, and receivables/payables for investments sold/purchased) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

Currency	March 31, 2018			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
Euro	204	–	–	204
New Zealand dollar	4,638	–	(4,629)	9
Mexican peso	–	–	1	1
U.S. dollar	32,653	949	(90,604)	(57,002)
Total	37,495	949	(95,232)	(56,788)
% of Net Assets	13.1	0.3	(33.3)	(19.9)

Currency	March 31, 2017			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
New Zealand dollar	4,606	60	(4,541)	125
Mexican peso	2,980	–	(2,922)	58
Danish krone	3,210	–	(3,246)	(36)
U.S. dollar	34,694	15,276	(95,942)	(45,972)
Total	45,490	15,336	(106,651)	(45,825)
% of Net Assets	14.5	4.9	(34.0)	(14.6)

\* Includes both monetary and non-monetary financial instruments

As at March 31, 2018, had the Canadian dollar increased or decreased by 5% relative to all foreign currencies, with all other variables held constant, net assets would have increased or decreased by approximately \$2,478 or 0.9% of total net assets (2017 – \$2,291 or 0.7%).

# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

### 9. Fund Specific Information (in '000s, except for (a)) (cont'd)

#### (g) Risks Associated with Financial Instruments (cont'd)

##### iii. Interest rate risk

The table below summarizes the Fund's exposure to interest rate risks from its investments in bonds and derivative instruments by term to maturity.

Term to Maturity	March 31, 2018 (\$)		March 31, 2017 (\$)	
	Bonds	Derivative Instruments	Bonds	Derivative Instruments
Less than 1 year	5,526	(59,838)	3,170	(55,294)
1-5 years	143,838	–	162,529	–
5-10 years	97,701	–	97,090	–
Greater than 10 years	9,356	–	15,700	–
Total	256,421	(59,838)	278,489	(55,294)

As at March 31, 2018, had prevailing interest rates increased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets would have decreased by approximately \$7,612 or 2.7% (2017 – 7,829 or 2.5%) of total net assets. Similarly, had prevailing interest rates decreased by 1%, with all other variables held constant, net assets would have increased by approximately \$7,663 or 2.7% (2017 – 7,829 or 2.5%) of total net assets. In practice, the actual trading results may differ and the difference could be material.

##### iv. Other price risk

As at March 31, 2018 and 2017, the Fund did not have a significant exposure to price risk.

##### v. Credit risk

The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The maximum exposure to any one debt issuer as at March 31, 2018, was 15.3% of the net assets of the Fund (2017 – 11.6%).

As at March 31, 2018 and 2017, debt securities by credit rating are as follows:

Bond Rating*	March 31, 2018	March 31, 2017
	% of Net Assets	% of Net Assets
AAA	22.8	18.1
AA	21.5	26.9
A	15.7	19.2
BBB	21.5	15.4
Less than BBB	7.2	7.8
Unrated	0.8	1.4
Total	89.5	88.8

\* Credit ratings and rating categories are based on ratings issued by a designated rating organization

# MACKENZIE CANADIAN SHORT TERM INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

### 9. Fund Specific Information (in '000s, except for (a)) (cont'd)

#### (h) Fair Value Classification

The table below summarizes the fair value of the Fund's financial instruments using the following fair value hierarchy:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The inputs are considered observable if they are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumption that market participants would use when pricing the asset or liability.

	March 31, 2018				March 31, 2017			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Bonds	–	256,421	–	256,421	–	278,489	–	278,489
Equities	2,458	–	–	2,458	5,951	–	–	5,951
Options	–	111	–	111	71	–	–	71
Exchange-traded funds/notes	5,088	–	–	5,088	–	–	–	–
Mutual funds	23,472	–	–	23,472	7,103	–	–	7,103
Derivative assets	–	203	–	203	40	263	–	303
Derivative liabilities	(379)	(843)	–	(1,222)	–	(200)	–	(200)
Short-term investments	–	204	–	204	–	19,764	–	19,764
Total	30,639	256,096	–	286,735	13,165	298,316	–	311,481

The Fund's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

During the period, there were no significant transfers between Level 1 and Level 2.

Financial instruments classified as Level 2 investments are valued based on the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data and using standard market convention practices. Short-term investments classified as Level 2 investments are valued based on amortized cost plus accrued interest which closely approximates fair value.

#### (i) Comparative Amounts

Certain prior period comparative amounts have been reclassified to conform to the current period's presentation.