

# MACKENZIE STRATEGIC BOND 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 Strategic Bond 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 Strategic Bond 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, 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



MACKENZIE  
Investments

# MACKENZIE STRATEGIC BOND 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	248,564	185,061	Series A	10.11	10.19
Cash and cash equivalents	7,468	12,259	Series AR	10.45	10.53
Accrued interest receivable	1,453	1,204	Series D	10.22	10.30
Dividends receivable	4	1	Series F	10.14	10.22
Accounts receivable for investments sold	658	5,038	Series F6	12.74	13.36
Accounts receivable for securities issued	157	495	Series FB	9.95	10.03
Due from manager	2	–	Series FB5	13.92	14.43
Margin on futures contracts	85	709	Series O	10.21	10.30
Unrealized gains on derivative contracts	203	171	Series O6	13.89	14.45
<b>Total assets</b>	<b>258,594</b>	<b>204,938</b>	Series PW	10.38	10.46
			Series PWF	10.29	10.37
			Series PWF6	14.28	–
			Series PWF8	12.51	13.39
			Series PWFB	9.89	–
			Series PWFB5	14.43	–
			Series PWT6	14.23	–
			Series PWX	10.21	10.29
			Series R	10.11	10.17
			Series S	10.12	–
			Series SC	10.10	10.18
			Series S6	12.81	13.51
			Series T6	12.62	13.35
			Series LB	10.01	10.09
			Series LW	9.92	–
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable for investments purchased	4,091	5,363			
Accounts payable for securities redeemed	237	148			
Due to manager	12	–			
Unrealized losses on derivative contracts	643	144			
<b>Total liabilities</b>	<b>4,983</b>	<b>5,655</b>			
<b>Net assets attributable to securityholders</b>	<b>253,611</b>	<b>199,283</b>			
<b>Net assets attributable to securityholders</b>					
<b>per series (note 3)</b>					
Series A	29,279	35,292			
Series AR	2,392	1,762			
Series D	188	38			
Series F	22,631	24,254			
Series F6	197	167			
Series FB	27	1			
Series FB5	1	1			
Series O	12,715	10,785			
Series O6	188	190			
Series PW	28,267	15,372			
Series PWF	15,574	4,277			
Series PWF6	1	–			
Series PWF8	73	52			
Series PWFB	159	–			
Series PWFB5	1	–			
Series PWT6	25	–			
Series PWX	339	526			
Series R	75,523	44,990			
Series S	38	–			
Series SC	51,837	49,780			
Series S6	1,990	1,512			
Series T6	1,089	751			
Series LB	5,987	9,533			
Series LW	5,090	–			

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



**MACKENZIE**  
Investments

# MACKENZIE STRATEGIC BOND 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	214	33	Series A	0.07	0.29
Interest income	7,246	5,263	Series AR	0.09	0.26
Other changes in fair value of investments			Series D	0.18	0.44
Net realized gain (loss)	863	3,448	Series F	0.20	0.38
Net unrealized gain (loss)	(2,569)	(965)	Series F6	0.23	0.62
Fee rebate income	2	–	Series FB	0.05	0.40
<b>Total income (loss)</b>	<b>5,756</b>	<b>7,779</b>	Series FB5	0.26	0.59
			Series O	0.25	0.55
<b>Expenses (note 6)</b>			Series O6	0.33	0.59
Management fees	1,829	1,586	Series PW	0.10	0.35
Management fee rebates	(8)	(3)	Series PWF	0.12	0.39
Administration fees	284	230	Series PWF6	0.23	–
Commissions and other portfolio transaction costs	35	21	Series PWF8	0.24	0.53
Independent Review Committee fees	1	1	Series PWF8	(0.03)	–
Other	5	3	Series PWF5	0.23	–
<b>Expenses before amounts absorbed by Manager</b>	<b>2,146</b>	<b>1,838</b>	Series PWT6	1.67	–
Expenses absorbed by Manager	–	–	Series PWX	0.27	0.54
<b>Net expenses</b>	<b>2,146</b>	<b>1,838</b>	Series R	0.25	0.41
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	<b>3,610</b>	<b>5,941</b>	Series S	0.09	–
Foreign withholding taxes	2	–	Series SC	0.13	0.33
Foreign income taxes paid (recovered)	–	–	Series S6	0.12	0.42
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	<b>3,608</b>	<b>5,941</b>	Series T6	0.07	0.35
<b>Increase (decrease) in net assets attributable to securityholders from operations per series</b>			Series LB	0.13	0.32
Series A	246	1,151	Series LW	(0.03)	–
Series AR	16	33			
Series D	1	4			
Series F	389	583			
Series F6	2	10			
Series FB	1	–			
Series FB5	–	–			
Series O	287	997			
Series O6	4	7			
Series PW	234	454			
Series PWF	155	126			
Series PWF6	–	–			
Series PWF8	2	2			
Series PWF8	(1)	–			
Series PWF5	–	–			
Series PWT6	–	–			
Series PWX	10	29			
Series R	1,520	945			
Series S	–	–			
Series SC	612	1,344			
Series S6	16	51			
Series T6	4	23			
Series LB	122	182			
Series LW	(12)	–			

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**MACKENZIE**  
Investments

# MACKENZIE STRATEGIC BOND 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 AR		Series D		Series F		Series F6	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	35,292	40,855	1,762	1,037	38	45	24,254	13,273	167	209
Increase (decrease) in net assets from operations	246	1,151	16	33	1	4	389	583	2	10
Distributions paid to securityholders:										
Investment income	(535)	(507)	(32)	(15)	(2)	(1)	(481)	(346)	(5)	(4)
Capital gains	–	(678)	–	(23)	–	(1)	–	(282)	–	(3)
Return of capital	–	–	–	–	–	–	–	–	(8)	(8)
Management fee rebates	–	–	–	–	–	–	–	–	–	–
Total distributions paid to securityholders	(535)	(1,185)	(32)	(38)	(2)	(2)	(481)	(628)	(13)	(15)
Security transactions:										
Proceeds from securities issued	8,176	10,089	837	835	173	17	14,264	14,884	128	35
Reinvested distributions	506	1,121	32	38	2	1	426	566	6	9
Value of securities redeemed	(14,406)	(16,739)	(223)	(143)	(24)	(27)	(16,221)	(4,424)	(93)	(81)
Total security transactions	(5,724)	(5,529)	646	730	151	(9)	(1,531)	11,026	41	(37)
<b>Total increase (decrease) in net assets</b>	<b>(6,013)</b>	<b>(5,563)</b>	<b>630</b>	<b>725</b>	<b>150</b>	<b>(7)</b>	<b>(1,623)</b>	<b>10,981</b>	<b>30</b>	<b>(42)</b>
<b>End of period</b>	<b>29,279</b>	<b>35,292</b>	<b>2,392</b>	<b>1,762</b>	<b>188</b>	<b>38</b>	<b>22,631</b>	<b>24,254</b>	<b>197</b>	<b>167</b>

	Securities		Securities		Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>										
<b>Securities outstanding – beginning of period</b>	3,462	4,012	167	99	4	4	2,373	1,299	12	15
Issued	805	979	80	78	16	3	1,399	1,450	10	2
Reinvested distributions	50	110	3	4	–	–	42	55	–	1
Redeemed	(1,420)	(1,639)	(21)	(14)	(2)	(3)	(1,583)	(431)	(7)	(6)
<b>Securities outstanding – end of period</b>	<b>2,897</b>	<b>3,462</b>	<b>229</b>	<b>167</b>	<b>18</b>	<b>4</b>	<b>2,231</b>	<b>2,373</b>	<b>15</b>	<b>12</b>

	Series FB		Series FB5		Series O		Series O6		Series PW	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	1	1	1	1	10,785	23,759	190	1	15,372	12,883
Increase (decrease) in net assets from operations	1	–	–	–	287	997	4	7	234	454
Distributions paid to securityholders:										
Investment income	(1)	–	–	–	(398)	(536)	(7)	(5)	(519)	(221)
Capital gains	–	–	–	–	–	(292)	–	(3)	–	(224)
Return of capital	–	–	–	–	–	–	(6)	(6)	–	–
Management fee rebates	–	–	–	–	–	–	–	–	(6)	(3)
Total distributions paid to securityholders	(1)	–	–	–	(398)	(828)	(13)	(14)	(525)	(448)
Security transactions:										
Proceeds from securities issued	185	–	–	–	4,073	2,479	82	191	19,375	5,366
Reinvested distributions	1	–	–	–	398	820	7	5	511	441
Value of securities redeemed	(160)	–	–	–	(2,430)	(16,442)	(82)	–	(6,700)	(3,324)
Total security transactions	26	–	–	–	2,041	(13,143)	7	196	13,186	2,483
<b>Total increase (decrease) in net assets</b>	<b>26</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,930</b>	<b>(12,974)</b>	<b>(2)</b>	<b>189</b>	<b>12,895</b>	<b>2,489</b>
<b>End of period</b>	<b>27</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>12,715</b>	<b>10,785</b>	<b>188</b>	<b>190</b>	<b>28,267</b>	<b>15,372</b>

	Securities		Securities		Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>										
<b>Securities outstanding – beginning of period</b>	–	–	–	–	1,048	2,310	13	–	1,469	1,233
Issued	19	–	–	–	396	239	7	13	1,850	509
Reinvested distributions	–	–	–	–	39	79	–	–	49	42
Redeemed	(16)	–	–	–	(238)	(1,580)	(6)	–	(644)	(315)
<b>Securities outstanding – end of period</b>	<b>3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,245</b>	<b>1,048</b>	<b>14</b>	<b>13</b>	<b>2,724</b>	<b>1,469</b>

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



# MACKENZIE STRATEGIC BOND 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	2018	2017
	Series PWF		Series PWF6		Series PWF8		Series PWF8		Series PWF8	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
Beginning of period	4,277	2,608	-	-	52	53	-	-	-	-
Increase (decrease) in net assets from operations	155	126	-	-	2	2	(1)	-	-	-
Distributions paid to securityholders:										
Investment income	(369)	(70)	-	-	(2)	(1)	(2)	-	-	-
Capital gains	-	(62)	-	-	-	(1)	-	-	-	-
Return of capital	-	-	-	-	(4)	(3)	-	-	-	-
Management fee rebates	(2)	-	-	-	-	-	-	-	-	-
Total distributions paid to securityholders	(371)	(132)	-	-	(6)	(5)	(2)	-	-	-
Security transactions:										
Proceeds from securities issued	14,150	2,684	1	-	25	38	161	-	1	-
Reinvested distributions	344	127	-	-	-	1	2	-	-	-
Value of securities redeemed	(2,981)	(1,136)	-	-	-	(37)	(1)	-	-	-
Total security transactions	11,513	1,675	1	-	25	2	162	-	1	-
<b>Total increase (decrease) in net assets</b>	<b>11,297</b>	<b>1,669</b>	<b>1</b>	<b>-</b>	<b>21</b>	<b>(1)</b>	<b>159</b>	<b>-</b>	<b>1</b>	<b>-</b>
<b>End of period</b>	<b>15,574</b>	<b>4,277</b>	<b>1</b>	<b>-</b>	<b>73</b>	<b>52</b>	<b>159</b>	<b>-</b>	<b>1</b>	<b>-</b>

	Securities		Securities		Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>										
Securities outstanding – beginning of period	412	252	-	-	4	4	-	-	-	-
Issued	1,359	257	-	-	2	3	16	-	-	-
Reinvested distributions	33	12	-	-	-	-	-	-	-	-
Redeemed	(290)	(109)	-	-	-	(3)	-	-	-	-
<b>Securities outstanding – end of period</b>	<b>1,514</b>	<b>412</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>4</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Series PWT6		Series PWX		Series R		Series S		Series SC	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
Beginning of period	-	-	526	964	44,990	10,814	-	-	49,780	38,485
Increase (decrease) in net assets from operations	-	-	10	29	1,520	945	-	-	612	1,344
Distributions paid to securityholders:										
Investment income	-	-	(12)	(15)	(1,985)	(800)	(1)	-	(939)	(619)
Capital gains	-	-	-	(9)	-	(509)	-	-	-	(668)
Return of capital	-	-	-	-	-	-	-	-	-	-
Management fee rebates	-	-	-	-	-	-	-	-	-	-
Total distributions paid to securityholders	-	-	(12)	(24)	(1,985)	(1,309)	(1)	-	(939)	(1,287)
Security transactions:										
Proceeds from securities issued	25	-	73	33	33,398	36,240	44	-	25,500	20,951
Reinvested distributions	-	-	12	24	309	525	1	-	917	1,264
Value of securities redeemed	-	-	(270)	(500)	(2,709)	(2,225)	(6)	-	(24,033)	(10,977)
Total security transactions	25	-	(185)	(443)	30,998	34,540	39	-	2,384	11,238
<b>Total increase (decrease) in net assets</b>	<b>25</b>	<b>-</b>	<b>(187)</b>	<b>(438)</b>	<b>30,533</b>	<b>34,176</b>	<b>38</b>	<b>-</b>	<b>2,057</b>	<b>11,295</b>
<b>End of period</b>	<b>25</b>	<b>-</b>	<b>339</b>	<b>526</b>	<b>75,523</b>	<b>44,990</b>	<b>38</b>	<b>-</b>	<b>51,837</b>	<b>49,780</b>

	Securities		Securities		Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>										
Securities outstanding – beginning of period	-	-	51	94	4,422	1,066	-	-	4,891	3,785
Issued	2	-	7	3	3,285	3,518	5	-	2,515	2,053
Reinvested distributions	-	-	1	2	31	52	-	-	91	124
Redeemed	-	-	(26)	(48)	(266)	(214)	(1)	-	(2,363)	(1,071)
<b>Securities outstanding – end of period</b>	<b>2</b>	<b>-</b>	<b>33</b>	<b>51</b>	<b>7,472</b>	<b>4,422</b>	<b>4</b>	<b>-</b>	<b>5,134</b>	<b>4,891</b>

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

# MACKENZIE STRATEGIC BOND 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	2018	2017
	Series S6		Series T6		Series LB		Series LW		Total	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	1,512	1,294	751	847	9,533	4,315	–	–	199,283	151,444
Increase (decrease) in net assets from operations	16	51	4	23	122	182	(12)	–	3,608	5,941
Distributions paid to securityholders:										
Investment income	(35)	(18)	(17)	(10)	(170)	(82)	(36)	–	(5,548)	(3,250)
Capital gains	–	(25)	–	(15)	–	(95)	–	–	–	(2,890)
Return of capital	(81)	(81)	(50)	(43)	–	–	–	–	(149)	(141)
Management fee rebates	–	–	–	–	–	–	–	–	(8)	(3)
Total distributions paid to securityholders	(116)	(124)	(67)	(68)	(170)	(177)	(36)	–	(5,705)	(6,284)
Security transactions:										
Proceeds from securities issued	1,042	646	560	176	4,375	6,316	5,381	–	132,029	100,980
Reinvested distributions	32	28	55	45	169	177	36	–	3,766	5,192
Value of securities redeemed	(496)	(383)	(214)	(272)	(8,042)	(1,280)	(279)	–	(79,370)	(57,990)
Total security transactions	578	291	401	(51)	(3,498)	5,213	5,138	–	56,425	48,182
<b>Total increase (decrease) in net assets</b>	<b>478</b>	<b>218</b>	<b>338</b>	<b>(96)</b>	<b>(3,546)</b>	<b>5,218</b>	<b>5,090</b>	<b>–</b>	<b>54,328</b>	<b>47,839</b>
<b>End of period</b>	<b>1,990</b>	<b>1,512</b>	<b>1,089</b>	<b>751</b>	<b>5,987</b>	<b>9,533</b>	<b>5,090</b>	<b>–</b>	<b>253,611</b>	<b>199,283</b>
<b>Increase (decrease) in fund securities (note 7):</b>										
<b>Securities outstanding – beginning of period</b>	112	92	56	60	945	429	–	–		
Issued	79	46	42	13	434	624	537	–		
Reinvested distributions	2	2	4	3	17	18	4	–		
Redeemed	(38)	(28)	(16)	(20)	(798)	(126)	(28)	–		
<b>Securities outstanding – end of period</b>	<b>155</b>	<b>112</b>	<b>86</b>	<b>56</b>	<b>598</b>	<b>945</b>	<b>513</b>	<b>–</b>		

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

# MACKENZIE STRATEGIC BOND 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	3,608	5,941
Adjustments for:		
Net realized loss (gain) on investments	(863)	(3,448)
Change in net unrealized loss (gain) on investments	2,569	965
Distributions received in-kind from underlying funds	(514)	–
Purchase of investments	(288,056)	(312,356)
Proceeds from sale and maturity of investments	226,932	277,844
Change in accrued interest receivable	(249)	(123)
Change in dividends receivable	(3)	(1)
Change in due from manager	(2)	–
Change in due to manager	12	–
Change in margin on futures contracts	624	(682)
<b>Net cash from operating activities</b>	<b>(55,942)</b>	<b>(31,860)</b>
<b>Cash flows from financing activities</b>		
Proceeds from redeemable securities issued	100,216	92,633
Payments on redemption of redeemable securities	(47,130)	(50,155)
Distributions paid net of reinvestments	(1,939)	(1,092)
<b>Net cash from financing activities</b>	<b>51,147</b>	<b>41,386</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(4,795)</b>	<b>9,526</b>
Cash and cash equivalents at beginning of period	12,259	2,738
Effect of exchange rate fluctuations on cash and cash equivalents	4	(5)
<b>Cash and cash equivalents at end of period</b>	<b>7,468</b>	<b>12,259</b>
Cash	558	1,161
Cash equivalents	6,910	11,098
<b>Cash and cash equivalents at end of period</b>	<b>7,468</b>	<b>12,259</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	199	32
Foreign taxes paid	2	–
Interest received	6,836	5,140
Interest paid	–	–

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



**MACKENZIE**  
Investments

# MACKENZIE STRATEGIC BOND 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	730,000	741	746
407 International Inc. 3.60% 05-21-2047 Callable	Canada	Corporate - Non Convertible	310,000	310	314
AerCap Ireland Capital Designated Activity Co. 3.30% 01-23-2023 Callable 2022	Netherlands	Corporate - Non Convertible	USD 250,000	310	314
AIMCo Realty Investors LP 2.27% 06-26-2024 Callable 2024	Canada	Corporate - Non Convertible	400,000	401	387
AIMCo Realty Investors LP 3.04% 06-01-2028 Callable 2028	Canada	Corporate - Non Convertible	260,000	260	258
Algonquin Power & Utilities Corp. 5.50% 07-25-2018 Callable	Canada	Corporate - Non Convertible	322,000	342	326
Algonquin Power & Utilities Corp. 4.65% 02-15-2022	Canada	Corporate - Non Convertible	1,090,000	1,170	1,153
Algonquin Power & Utilities Corp. 4.09% 02-17-2027 Callable	Canada	Corporate - Non Convertible	580,000	581	595
Alibaba Group Holding Ltd. 3.40% 12-06-2027 Callable 2027	China	Corporate - Non Convertible	USD 230,000	294	281
Allied Properties Real Estate Investment Trust 3.75% 03-13-2020	Canada	Corporate - Non Convertible	300,000	302	305
Allied Properties Real Estate Investment Trust 3.93% 11-14-2022	Canada	Corporate - Non Convertible	195,000	196	198
Allied Properties Real Estate Investment Trust 3.64% 04-21-2025 Callable 2025	Canada	Corporate - Non Convertible	510,000	511	498
AltaGas Ltd. 3.98% 10-04-2027 Callable 2027	Canada	Corporate - Non Convertible	260,000	260	263
AltaLink LP 3.72% 12-03-2046 Callable MTN	Canada	Corporate - Non Convertible	317,000	316	329
Amneal Pharmaceuticals LLC Term loan B 1st Lien F/R 03-23-2025	United States	Term Loans	USD 230,000	294	297
Anheuser-Busch InBev Finance Inc. 3.30% 02-01-2023 Callable 2022	Belgium	Corporate - Non Convertible	USD 480,000	686	619
Anheuser-Busch InBev Finance Inc. 2.60% 05-15-2024 Callable 2024	Belgium	Corporate - Non Convertible	840,000	833	818
APT Pipelines Ltd. 4.245% 07-24-2019	Australia	Corporate - Non Convertible	230,000	240	235
APT Pipelines Ltd. 4.20% 03-23-2025 Callable 2024 144A	Australia	Corporate - Non Convertible	USD 390,000	498	508
Arch Merger Sub Inc. 8.50% 09-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 300,000	382	358
Artis Real Estate Investment Trust 3.753% 03-27-2019	Canada	Corporate - Non Convertible	330,000	332	333
ASP AMC Merger Sub Inc. 8.00% 05-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 290,000	387	351
AT&T Inc. 3.825% 11-25-2020	United States	Corporate - Non Convertible	260,000	275	268
ATS Consolidated Inc. Term Loan B 1st Lien F/R 02-23-2025	United States	Term Loans	USD 100,000	126	131
Aviva PLC 4.50% 05-10-2021	United Kingdom	Corporate - Non Convertible	510,000	527	532
Bank of America Corp. 3.228% 06-22-2022	United States	Corporate - Non Convertible	220,000	223	223
Bank of America Corp. F/R 03-15-2023 Callable 2022	United States	Corporate - Non Convertible	640,000	640	632
Bank of America Corp. 3.95% 04-21-2025	United States	Corporate - Non Convertible	USD 80,000	97	102
Bank of America Corp. F/R 09-20-2025 Callable 2024	United States	Corporate - Non Convertible	840,000	840	845
Bank of Montreal 2.27% 07-11-2022	Canada	Corporate - Non Convertible	1,170,000	1,163	1,151
Bank of Montreal 2.70% 09-11-2024 DPNT	Canada	Corporate - Non Convertible	1,090,000	1,088	1,081
Bank of Montreal 3.32% 06-01-2026	Canada	Corporate - Non Convertible	1,180,000	1,200	1,193
Bank of Montreal F/R 12-15-2032 Callable 2027	Canada	Corporate - Non Convertible	USD 400,000	514	491
The Bank of Nova Scotia 1.90% 12-02-2021 DPNT	Canada	Corporate - Non Convertible	1,170,000	1,162	1,141
The Bank of Nova Scotia 1.83% 04-27-2022	Canada	Corporate - Non Convertible	1,110,000	1,110	1,074
The Bank of Nova Scotia 2.36% 11-08-2022	Canada	Corporate - Non Convertible	1,020,000	1,020	1,005
The Bank of Nova Scotia 2.29% 06-28-2024	Canada	Corporate - Non Convertible	1,870,000	1,852	1,812
The Bank of Nova Scotia F/R 04-12-2066 Callable 2022	Canada	Corporate - Non Convertible	USD 530,000	662	649
bcIMC Realty Corp. 3.00% 03-31-2027 Callable 2026	Canada	Corporate - Non Convertible	400,000	404	399
Bell Canada 3.35% 06-18-2019	Canada	Corporate - Non Convertible	550,000	563	557
Bell Canada 2.70% 02-27-2024 Callable	Canada	Corporate - Non Convertible	600,000	606	586
Bell Canada 3.60% 09-29-2027 Callable	Canada	Corporate - Non Convertible	1,100,000	1,097	1,110
Bell Canada 4.45% 02-27-2047 Callable	Canada	Corporate - Non Convertible	720,000	717	739
Boardriders Inc. Term Loan B 1st Lien F/R 03-21-2024	United States	Term Loans	USD 280,000	354	357



**MACKENZIE**  
Investments



# MACKENZIE STRATEGIC BOND 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>					
Brookfield Renewable Energy Partners ULC 3.752% 06-02-2025 Callable 2025	Canada	Corporate - Non Convertible	734,000	736	748
Brookfield Renewable Energy Partners ULC 3.63% 01-15-2027 Callable 2026	Canada	Corporate - Non Convertible	350,000	350	348
Bruce Power LP 2.84% 06-23-2021	Canada	Corporate - Non Convertible	1,910,000	1,951	1,912
Bruce Power LP 3.00% 06-21-2024 Callable 2024	Canada	Corporate - Non Convertible	700,000	710	694
Bruce Power LP 3.97% 06-23-2026	Canada	Corporate - Non Convertible	420,000	432	437
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	647,000	725	670
Camelot Finance LP Term Loan 1st Lien F/R 10-03-2023 F/R 07-01-2024	United States	Term Loans	USD 256,119	337	332
Canada Goose Inc. Term Loan 1st Lien F/R 12-22-2021	Canada	Term Loans	USD 287,825	363	374
Canada Housing Trust No. 1 F/R 03-15-2023	Canada	Term Loans	USD 260,000	326	332
Canada Housing Trust No. 1 2.35% 06-15-2023	Canada	Federal Government	8,500,000	8,530	8,535
Canada Housing Trust No. 1 2.65% 03-15-2028	Canada	Federal Government	4,050,000	4,047	4,059
Canada Housing Trust F/R 09-15-2022	Canada	Federal Government	1,080,000	1,075	1,094
Canadian Commercial Mortgage Origination Trust 1 2.768% 11-12-2018	Canada	Federal Government	3,460,000	3,466	3,489
Canadian Credit Card Trust II 1.829% 03-24-2020	Canada	Mortgage Backed	52,225	52	52
Canadian Imperial Bank of Commerce 2.30% 07-11-2022 DPNT	Canada	Corporate - Non Convertible	543,000	543	537
Canadian Imperial Bank of Commerce 2.47% 12-05-2022	Canada	Corporate - Non Convertible	950,000	950	936
Canadian Imperial Bank of Commerce 3.00% 10-28-2024 Callable 2019	Canada	Corporate - Non Convertible	1,030,000	1,032	1,020
Canadian Imperial Bank of Commerce 3.42% 01-26-2026 Callable 2021	Canada	Corporate - Non Convertible	420,000	426	423
Canadian Imperial Bank of Commerce F/R 04-04-2028 Callable 2023	Canada	Corporate - Non Convertible	1,110,000	1,139	1,124
Canadian National Railway Co. 3.60% 08-01-2047 Callable 2047	Canada	Corporate - Non Convertible	420,000	420	422
Canadian Real Estate Investment Trust 2.95% 01-18-2023 Callable 2022	Canada	Corporate - Non Convertible	190,000	189	191
Canadian Western Bank 2.74% 06-16-2022 DPNT	Canada	Corporate - Non Convertible	310,000	310	306
Canadian Western Bank 2.92% 12-15-2022	Canada	Corporate - Non Convertible	220,000	220	218
Capital Power Corp. 4.28% 09-18-2024 Callable 2024	Canada	Corporate - Non Convertible	430,000	430	427
Cards II Trust 2.155% 10-15-2020	Canada	Corporate - Non Convertible	800,000	802	811
Careerbuilder LLC Term Loan 1st Lien F/R 07-31-2023	United States	Corporate - Non Convertible	647,000	647	643
Central 1 Credit Union F/R 02-05-2021	United States	Term Loans	USD 273,000	333	351
Central 1 Credit Union 2.60% 11-07-2022	Canada	Corporate - Non Convertible	190,000	190	189
Chartwell Retirement Residences 3.79% 12-11-2023 Callable 2023	Canada	Corporate - Non Convertible	320,000	320	315
Chassis Inc. Term Loan B 1st Lien F/R 11-10-2023	Canada	Corporate - Non Convertible	510,000	508	511
CHIP Mortgage Trust 2.98% 11-15-2021	United States	Term Loans	USD 199,500	248	259
Choice Properties Real Estate Investment Trust 3.01% 03-21-2022 Callable 2022	Canada	Corporate - Non Convertible	180,000	180	176
Choice Properties Real Estate Investment Trust 3.56% 09-09-2024 Callable 2024	Canada	Corporate - Non Convertible	160,000	160	160
Choice Properties Real Estate Investment Trust 3.55% 01-10-2025 Callable 2024	Canada	Corporate - Non Convertible	40,000	40	40
Choice Properties Real Estate Investment Trust 4.055% 11-24-2025 Callable	Canada	Corporate - Non Convertible	270,000	270	270
	Canada	Corporate - Non Convertible	500,000	538	513



**MACKENZIE**  
Investments

# MACKENZIE STRATEGIC BOND 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>					
Choice Properties Real Estate Investment Trust 4.18% 03-08-2028 Callable 2027	Canada	Corporate - Non Convertible	590,000	590	599
Citigroup Inc. 3.39% 11-18-2021	United States	Corporate - Non Convertible	295,000	311	302
Citigroup Inc. 4.09% 06-09-2025	United States	Corporate - Non Convertible	680,000	680	700
Comber Wind Financial Corp. 5.132% 11-15-2030	Canada	Corporate - Non Convertible	375,934	386	404
Comfort Holding LLC Term Loan 1st Lien F/R 02-05-2024	United States	Term Loans	USD 237,600	306	298
Commonwealth of Bahamas 5.75% 01-16-2024	Bahamas	Foreign Governments	USD 130,000	168	174
Commonwealth of Bahamas 6.00% 11-21-2028 Callable 2028	Bahamas	Foreign Governments	USD 320,000	407	430
Commonwealth of Bahamas 6.95% 11-20-2029	Bahamas	Foreign Governments	USD 150,000	225	212
Communications Sales & Leasing Inc. Term Loan B 1st Lien F/R 10-24-2022	United States	Term Loans	USD 125,177	151	156
ConvergeOne Holdings Corp. Term Loan B 1st Lien F/R 06-20-2024	United States	Term Loans	USD 21,835	29	28
Coronado Australian Holdings Pty Ltd. Term Loan B 1st Lien F/R 03-21-2025	United States	Term Loans	USD 133,571	167	170
Coronado Australian Holdings Pty Ltd. Term Loan C 1st Lien F/R 03-21-2025	United States	Term Loans	USD 36,429	46	46
Crosslinx Transit Solutions General Partnership 4.651% 09-30-2046	Canada	Corporate - Non Convertible	364,000	363	380
CSP Technologies North America LLC Term Loan B 1st Lien F/R 01-29-2022	United States	Term Loans	USD 171,807	212	222
CU Inc. 3.964% 07-27-2045 Callable	Canada	Corporate - Non Convertible	70,000	75	75
CU Inc. 3.76% 11-19-2046 Callable 2046	Canada	Corporate - Non Convertible	240,000	240	249
Danske Bank AS 2.75% 09-17-2020 144A	Denmark	Corporate - Non Convertible	USD 200,000	264	255
Danske Bank AS 2.80% 03-10-2021 144A	Denmark	Corporate - Non Convertible	USD 370,000	491	472
Daseke Inc. Term Loan 1st Lien F/R 02-27-2024	United States	Term Loans	USD 377,735	485	492
Diamond 1 Finance Corp. 4.42% 06-15-2021 Callable 2021 144A	United States	Corporate - Non Convertible	USD 40,000	52	53
Diamond 1 Finance Corp. 5.45% 06-15-2023 Callable 2023 144A	United States	Corporate - Non Convertible	USD 80,000	103	109
Diamond 1 Finance Corp. 6.02% 06-15-2026 Callable 2026 144A	United States	Corporate - Non Convertible	USD 80,000	103	111
Digicert Holdings Inc. Term Loan 1st Lien F/R 09-20-2024	United States	Term Loans	USD 100,000	123	130
Eagle Credit Card Trust 2.147% 09-17-2020	Canada	Corporate - Non Convertible	330,000	330	327
Eagle Credit Card Trust 2.63% 10-17-2022	Canada	Corporate - Non Convertible	170,000	170	169
EagleTree-Carbide Acquisition Corp. Term Loan 1st Lien F/R 08-28-2024	United States	Term Loans	USD 328,700	409	427
Enbridge Gas Distribution Inc. 3.51% 11-29-2047 Callable 2047	Canada	Corporate - Non Convertible	490,000	490	486
Enbridge Inc. 3.20% 06-08-2027 Callable 2027	Canada	Corporate - Non Convertible	290,000	290	278
Enbridge Inc. 4.57% 03-11-2044	Canada	Corporate - Non Convertible	1,330,000	1,355	1,333
Enbridge Inc. 5.37% 09-27-2077 Callable 2027	Canada	Corporate - Non Convertible	1,820,000	1,823	1,754
EnerCare Solutions Inc. 3.38% 02-21-2022 Callable 2022	Canada	Corporate - Non Convertible	410,000	410	414
EnerCare Solutions Inc. 3.99% 02-21-2024 Callable 2023	Canada	Corporate - Non Convertible	310,000	310	317
Envigo Holdings Inc. Term Loan B 1st Lien F/R 12-14-2023	United States	Term Loans	USD 200,000	246	253
EPCOR Utilities Inc. 3.55% 11-27-2047 Callable 2047	Canada	Corporate - Non Convertible	330,000	330	330
Exela Intermediate LLC 10.00% 07-15-2023 Callable 2020 144A	United States	Corporate - Non Convertible	USD 450,000	586	591
Fairfax Financial Holdings Ltd. 8.30% 04-15-2026	Canada	Corporate - Non Convertible	USD 950,000	1,435	1,507
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027 Callable 2027	Canada	Corporate - Non Convertible	460,000	460	456
Federation des Caisses Desjardins du Quebec 2.09% 01-17-2022	Canada	Corporate - Non Convertible	1,710,000	1,712	1,676
The Fédération des Caisses Desjardins du Québec 2.39% 08-25-2022	Canada	Corporate - Non Convertible	740,000	740	731
Fortified Trust 2.16% 10-23-2020	Canada	Corporate - Non Convertible	910,000	910	904
Fortified Trust 1.67% 07-23-2021	Canada	Corporate - Non Convertible	460,000	460	447



**MACKENZIE**  
Investments

# MACKENZIE STRATEGIC BOND 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>					
FortisAlberta Inc. 3.67% 09-09-2047 Callable 2047	Canada	Corporate - Non Convertible	100,000	98	102
FXI Holdings Inc. 7.88% 11-01-2024 Callable 2020 144A	United States	Corporate - Non Convertible	USD 140,000	180	177
Gaz Metro Inc. 1.52% 05-25-2020	Canada	Corporate - Non Convertible	160,000	160	158
General Motors Financial of Canada Ltd. 2.60% 06-01-2022	United States	Corporate - Non Convertible	390,000	390	381
Genesis Trust II 1.699% 04-15-2020	Canada	Corporate - Non Convertible	660,000	657	652
Gibson Energy Inc. 5.25% 07-15-2024 Callable 2020 REGS	Canada	Corporate - Non Convertible	320,000	320	322
Glacier Credit Card Trust 2.05% 09-20-2022	Canada	Corporate - Non Convertible	670,000	670	650
The Goldman Sachs Group Inc. 2.43% 04-26-2023 Callable	United States	Corporate - Non Convertible	760,000	760	741
The Goldman Sachs Group Inc. 3.31% F/R 10-31-2025 Callable 2024	United States	Corporate - Non Convertible	600,000	600	595
Government of Bermuda 3.72% 01-25-2027 Callable 2026	Bermuda	Foreign Governments	USD 1,910,000	2,346	2,407
Government of Canada 3.25% 06-01-2021	Canada	Federal Government	1,130,000	1,176	1,176
Government of Canada 1.00% 09-01-2022	Canada	Federal Government	490,000	473	470
Government of Canada 1.50% 06-01-2023	Canada	Federal Government	310,000	304	303
Government of Canada 2.50% 06-01-2024	Canada	Federal Government	2,400,000	2,455	2,466
Government of Canada 2.25% 06-01-2025	Canada	Federal Government	590,000	590	597
Government of Canada 2.00% 06-01-2028	Canada	Federal Government	9,950,000	9,674	9,852
Government of Canada 1.25% 12-01-2047 Real Return	Canada	Federal Government	4,080,000	5,018	5,228
Government of Canada 2.75% 12-01-2048	Canada	Federal Government	8,890,000	9,567	9,920
Granite REIT Holdings LP 3.87% 11-30-2023 Callable 2023	Canada	Corporate - Non Convertible	100,000	101	101
Green Plains Inc. Term Loan B 1st Lien F/R 08-29-2023	United States	Term Loans	USD 169,150	211	219
Greenhill & Co. Inc. Term Loan B 1st Lien F/R 10-12-2022	United States	Term Loans	USD 108,625	136	141
H&R Real Estate Investment Trust 2.92% 05-06-2022	Canada	Corporate - Non Convertible	320,000	319	315
H&R Real Estate Investment Trust 3.42% 01-23-2023 Callable 2022	Canada	Corporate - Non Convertible	220,000	220	220
H&R Real Estate Investment Trust 3.37% 01-30-2024 Callable 2023	Canada	Corporate - Non Convertible	590,000	588	583
Heathrow Funding Ltd. 3.25% 05-21-2025	United Kingdom	Corporate - Non Convertible	1,450,000	1,504	1,469
Heathrow Funding Ltd. 3.40% 03-08-2028	United Kingdom	Corporate - Non Convertible	530,000	529	537
Hollis Receivables Term Trust II 1.788% 02-26-2020	Canada	Corporate - Non Convertible	1,060,000	1,054	1,049
Hornblower Sub LLC Term Loan 1st Lien F/R 04-28-2025	United States	Term Loans	USD 190,000	244	245
HSBC Bank Canada 2.17% 06-29-2022	Canada	Corporate - Non Convertible	1,480,000	1,471	1,443
HSBC Bank Canada 2.54% 01-31-2023	Canada	Corporate - Non Convertible	530,000	530	522
HSBC Holdings PLC 3.20% 12-05-2023	United Kingdom	Corporate - Non Convertible	570,000	570	572
Hudson River Trading LLC Term Loan 1st Lien F/R 03-20-2025	United States	Term Loans	USD 160,000	207	207
Hydro One Inc. 3.72% 11-18-2047	Canada	Corporate - Non Convertible	550,000	549	562
Hyster-Yale Group Inc. Term Loan B 1st Lien F/R 05-30-2023	United States	Term Loans	USD 253,500	342	329
Industrial Alliance Insurance and Financial Services Inc. 2.80% 05-16-2024 Callable 2019	Canada	Corporate - Non Convertible	150,000	152	151
Inter Pipeline Ltd. 2.73% 04-18-2024 Callable 2024	Canada	Corporate - Non Convertible	1,280,000	1,294	1,237
Inter Pipeline Ltd. 3.173% 03-24-2025 Callable 2024 MTN	Canada	Corporate - Non Convertible	610,000	617	597
Inter Pipeline Ltd. 3.48% 12-16-2026 Callable 2026	Canada	Corporate - Non Convertible	420,000	426	413
Interior Logic Group Inc. Term Loan B 1st Lien F/R 03-01-2024	United States	Term Loans	USD 218,500	282	284
The International Bank for Reconstruction and Development 3.50% 01-22-2021	Supra - National	n/a	NZD 520,000	481	496
International Finance Corp. 3.625% 05-20-2020	Supra - National	n/a	NZD 170,000	157	162
iQor US Inc. Term Loan B 1st Lien F/R 04-01-2021	United States	Term Loans	USD 240,459	278	311
Itron Inc. 5.00% 01-15-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 50,000	64	64
Jane Street Group LLC Term Loan B 1st Lien F/R 08-25-2022	United States	Term Loans	USD 277,625	350	360



**MACKENZIE**  
Investments

# MACKENZIE STRATEGIC BOND 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>					
JPMorgan Chase & Co. 3.19% 03-05-2021	United States	Corporate - Non Convertible	450,000	464	458
KEMET Corp. Term Loan B 1st Lien F/R 04-26-2024	United States	Term Loans	USD 336,875	441	443
Lantheus Medical Imaging Inc. Term Loan B 1st Lien F/R 06-30-2022	United States	Term Loans	USD 156,241	208	203
Laurentian Bank of Canada F/R 10-22-2019	Canada	Corporate - Non Convertible	440,000	440	440
Laurentian Bank of Canada 3.00% 09-12-2022	Canada	Corporate - Non Convertible	710,000	709	704
LBM Borrower LLC Term Loan 1st Lien F/R 08-20-2022	United States	Term Loans	USD 361,861	468	472
LifeMiles Ltd. Term Loan B 1st Lien F/R 08-18-2022	Colombia	Term Loans	USD 206,250	262	272
The Manufacturers Life Insurance Co. 2.81% 02-21-2024 Callable 2019	Canada	Corporate - Non Convertible	766,000	779	770
The Manufacturers Life Insurance Co. 2.389% 01-05-2026 Callable 2021	Canada	Corporate - Non Convertible	530,000	531	526
Manulife Bank of Canada 1.92% 09-01-2021	Canada	Corporate - Non Convertible	420,000	420	410
Manulife Bank of Canada 2.08% 05-26-2022	Canada	Corporate - Non Convertible	590,000	590	575
Manulife Bank of Canada 2.84% 01-12-2023	Canada	Corporate - Non Convertible	330,000	330	330
Manulife Financial Corp. F/R 08-20-2029 Callable 2024	Canada	Corporate - Non Convertible	690,000	690	680
Mattamy Group Corp. 6.50% 10-01-2025 Callable 2020	Canada	Corporate - Non Convertible	120,000	122	122
Mattamy Group Corp. 6.50% 10-01-2025 Callable 2020 144A	Canada	Corporate - Non Convertible	USD 80,000	100	104
McAfee LLC Term Loan B 1st Lien F/R 09-30-2024	United States	Term Loans	USD 308,450	381	402
McDonald's Corp. 3.13% 03-04-2025 Callable 2025	United States	Corporate - Non Convertible	840,000	838	839
Meredith Corp. Term Loan B 1st Lien F/R 01-18-2025	United States	Term Loans	USD 320,000	396	415
Metro Inc. 2.68% 12-05-2022 Callable 2022	Canada	Corporate - Non Convertible	160,000	160	158
Metro Inc. 3.39% 12-06-2027 Callable 2027	Canada	Corporate - Non Convertible	340,000	340	335
Molson Coors International LP 2.84% 07-15-2023 Callable 2023	United States	Corporate - Non Convertible	360,000	360	352
Mondelez International Inc. 3.25% 03-07-2025 Callable 2025	United States	Corporate - Non Convertible	470,000	468	469
Morgan Stanley 3.00% 02-07-2024	United States	Corporate - Non Convertible	670,000	670	662
National Bank of Canada 1.96% 06-30-2022	Canada	Corporate - Non Convertible	4,510,000	4,416	4,381
NAV Canada 3.29% 03-30-2048 Callable 2047	Canada	Corporate - Non Convertible	300,000	300	306
Neenah Foundry Co. Term Loan B 1st Lien F/R 12-08-2022	United States	Term Loans	USD 130,000	166	167
New Red Finance Inc. 5.00% 10-15-2025 Callable 2020 144A	Canada	Corporate - Non Convertible	USD 30,000	37	37
Newell Brands Inc. 4.20% 04-01-2026 Callable 2026	United States	Corporate - Non Convertible	USD 200,000	254	256
North Battleford Power LP 4.958% 12-31-2032	Canada	Corporate - Non Convertible	106,376	106	117
North West Redwater Partnership 2.80% 06-01-2027 Callable 2027	Canada	Corporate - Non Convertible	540,000	521	521
North West Redwater Partnership 3.65% 06-01-2035 Callable 2034	Canada	Corporate - Non Convertible	290,000	290	291
Ocean Bidco Inc. Term Loan B 1st Lien F/R 03-02-2025	United States	Term Loans	USD 90,000	116	116
OCI Beaumont LLC Term Loan B 1st Lien F/R 02-16-2025	United States	Term Loans	USD 130,000	163	169
Odebrecht Finance Ltd. 5.25% 06-27-2029	Brazil	Corporate - Non Convertible	USD 170,000	177	70
Office Depot Inc. Term Loan B 1st Lien F/R 11-08-2022	United States	Term Loans	USD 214,500	266	282
Omega Healthcare Investors Inc. 4.50% 01-15-2025 Callable 2024	United States	Corporate - Non Convertible	USD 100,000	108	126
OMERS Realty Corp. 3.24% 10-04-2027 Callable 2027	Canada	Corporate - Non Convertible	1,280,000	1,278	1,300
Ontario Electricity Financial Corp. 0% 11-27-2020	Canada	Provincial Governments	990,000	960	932
Ontario Power Generation Inc. 3.32% 10-04-2027 Callable 2027	Canada	Corporate - Non Convertible	1,410,000	1,440	1,426
OPB Finance Trust 2.98% 01-25-2027	Canada	Provincial Governments	380,000	381	382
Osteon Merger Sub Inc. Term Loan B 1st Lien F/R 02-06-2025	United States	Term Loans	USD 90,000	112	117
Parkland Fuel Corp. 6.00% 04-01-2026 Callable 2021 144A	Canada	Corporate - Non Convertible	USD 160,000	209	207
Pembina Pipeline Corp. 2.99% 01-22-2024 Callable 2023	Canada	Corporate - Non Convertible	555,000	558	546



**MACKENZIE**  
Investments

# MACKENZIE STRATEGIC BOND 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>					
Pembina Pipeline Corp. 4.02% 03-27-2028 Callable 2027	Canada	Corporate - Non Convertible	400,000	400	405
Petroleos De Venezuela SA 6.00% 05-16-2024	Venezuela	Corporate - Non Convertible	USD 421,000	135	148
PetSmart Inc. Term Loan B2 1st Lien F/R 03-10-2022	United States	Term Loans	USD 119,437	128	124
Pisces Midco Inc. Term Loan B 1st Lien F/R 03-29-2025	United States	Term Loans	USD 200,000	256	256
Pisces Midco Inc. 8.00% 04-15-2026 Callable 2021 [144A]	United States	Corporate - Non Convertible	USD 30,000	39	39
PNI Canada Acquireco Corp. Term Loan B 1st Lien F/R 08-23-2022	Canada	Term Loans	USD 119,400	141	153
Prospect Medical Holdings Inc. Term Loan B 1st Lien F/R 02-15-2024	United States	Term Loans	USD 330,000	406	426
Province of Newfoundland 3.70% 10-17-2048	Canada	Provincial Governments	1,800,000	1,986	1,945
Province of Ontario Generic Coupon Strip 0% 12-02-2023	Canada	Provincial Governments	2,280,000	1,922	1,969
Province of Ontario F/R 06-27-2022	Canada	Provincial Governments	5,000,000	5,037	5,033
Province of Ontario 0% 07-13-2022	Canada	Provincial Governments	350,000	310	314
Province of Ontario 2.60% 09-08-2023	Canada	Provincial Governments	5,250,000	5,250	5,287
Province of Ontario 0% 06-02-2024	Canada	Provincial Governments	840,000	755	712
Province of Ontario 0% 06-02-2026	Canada	Provincial Governments	480,000	395	381
Province of Ontario 2.40% 06-02-2026	Canada	Provincial Governments	8,160,000	8,074	7,988
Province of Ontario 2.60% 06-02-2027	Canada	Provincial Governments	5,920,000	5,912	5,850
Province of Ontario 4.60% 06-02-2039	Canada	Provincial Governments	1,080,000	1,326	1,348
Province of Ontario 2.90% 12-02-2046	Canada	Provincial Governments	4,820,000	4,701	4,698
Province of Ontario 2.80% 06-02-2048	Canada	Provincial Governments	1,300,000	1,220	1,243
Province of Quebec 0% 04-01-2026 Generic Strip	Canada	Provincial Governments	480,000	395	380
Province of Quebec 2.50% 09-01-2026	Canada	Provincial Governments	1,360,000	1,345	1,344
Province of Quebec 2.75% 09-01-2027	Canada	Provincial Governments	3,190,000	3,252	3,202
Province of Quebec 3.50% 12-01-2045	Canada	Provincial Governments	5,830,000	5,908	6,386
Province of Quebec 3.50% 12-01-2048	Canada	Provincial Governments	580,000	638	640
PS HoldCo LLC Term Loan 1st Lien F/R 03-02-2025	United States	Term Loans	USD 70,000	90	91
PSC Industrial Outsourcing LP Term Loan B 1st Lien F/R 10-05-2024	United States	Term Loans	USD 179,550	223	234
Red Ventures LLC Term Loan B 1st Lien F/R 11-08-2024	United States	Term Loans	USD 228,850	282	298
Reliance Intermediate Holdings LP 6.50% 04-01-2023 Callable 2018 144A	Canada	Corporate - Non Convertible	USD 110,000	148	148
Reliance LP 3.84% 03-15-2025 Callable 2025	Canada	Corporate - Non Convertible	380,000	380	379
Research Now Group Inc. Term Loan 1st Lien F/R 12-20-2024	United States	Term Loans	USD 329,175	402	422
Royal Bank of Canada 2.00% 03-21-2022	Canada	Corporate - Non Convertible	1,880,000	1,880	1,836
Royal Bank of Canada 2.36% 12-05-2022	Canada	Corporate - Non Convertible	370,000	370	365
Royal Bank of Canada 2.33% 12-05-2023 DPNT	Canada	Corporate - Non Convertible	640,000	640	625
Royal Bank of Canada 4.65% 01-27-2026 GMTN	Canada	Corporate - Non Convertible	USD 230,000	325	306
Sea to Sky Highway Investment LP 2.63% 08-31-2030	Canada	Corporate - Non Convertible	405,127	405	392
Sigma Bidco BV Term Loan B 1st Lien F/R 03-07-2025	Netherlands	Term Loans	EUR 170,000	271	267
Sigma US Corp. Term Loan B 1st Lien F/R 03-06-2025	Netherlands	Term Loans	USD 170,000	219	219
SmartCentres Real Estate Investment Trust 3.83% 12-21-2027 Callable 2027	Canada	Corporate - Non Convertible	120,000	120	118
SNC-Lavalin Group Inc. 2.69% 11-24-2020	Canada	Corporate - Non Convertible	110,000	110	110
SNC-Lavalin Group Inc. 3.24% 03-02-2023 Callable 2023	Canada	Corporate - Non Convertible	290,000	290	292
Sprint Spectrum Co. LLC 4.74% 03-20-2025 144A	United States	Corporate - Non Convertible	USD 230,000	298	298
Spy Hill Power LP 4.14% 03-31-2036	Canada	Corporate - Non Convertible	91,401	87	94
Staples Inc. Term Loan 1st Lien F/R 08-15-2024	United States	Term Loans	USD 249,375	317	319
Stepstone Group LP Term Loan B 1st Lien F/R 03-19-2025	United States	Term Loans	USD 90,000	116	117
Sun Life Financial Inc. F/R 02-19-2026 Callable 2021	Canada	Corporate - Non Convertible	200,000	208	202



**MACKENZIE**  
Investments

# MACKENZIE STRATEGIC BOND 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>					
Sun Life Financial Inc. F/R 11-23-2027 Callable 2022	Canada	Corporate - Non Convertible	320,000	320	317
Sun Life Financial Inc. F/R 09-19-2028 Callable 2023	Canada	Corporate - Non Convertible	1,090,000	1,098	1,090
Sydney Airport Finance Co. Pty. Ltd. 3.625% 04-28-2026 Callable 2026 144A	Australia	Corporate - Non Convertible	USD 460,000	585	579
Syniverse Holdings Inc. Term Loan 1st Lien F/R 02-09-2023	United States	Term Loans	USD 70,000	87	91
Talen Energy Supply LLC 10.50% 01-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 30,000	37	33
TELUS Corp. 3.35% 04-01-2024 Callable	Canada	Corporate - Non Convertible	460,000	473	466
TELUS Corp. 3.63% 03-01-2028 Callable 2027	Canada	Corporate - Non Convertible	290,000	288	291
TELUS Corp. 4.70% 03-06-2048 Callable 2047	Canada	Corporate - Non Convertible	530,000	527	549
TerraForm Power Operating LLC 5.00% 01-31-2028 Callable 2027 144A	United States	Corporate - Non Convertible	USD 140,000	180	172
Teva Pharmaceutical Finance Netherlands III BV 3.15% 10-01-2026 Callable	Israel	Corporate - Non Convertible	USD 121,000	126	125
Titan Acquisition Ltd. Term Loan 1st Lien F/R 03-16-2025	United Kingdom	Term Loans	USD 200,000	261	257
Titan Acquisition Ltd. 7.75% 04-15-2026 Callable 2021 144A	United Kingdom	Corporate - Non Convertible	USD 140,000	183	180
TMX Group Ltd. 4.46% 10-03-2023 Callable 2023	Canada	Corporate - Non Convertible	420,000	476	451
TMX Group Ltd. 2.30% 12-11-2024 Callable 2024	Canada	Corporate - Non Convertible	340,000	341	337
The Toronto-Dominion Bank 1.91% 07-18-2023 DPNT	Canada	Corporate - Non Convertible	1,020,000	1,022	980
The Toronto-Dominion Bank F/R 07-25-2029 Callable 2024	Canada	Corporate - Non Convertible	780,000	785	772
TransCanada Pipelines Ltd. 3.39% 03-15-2028 Callable 2027	Canada	Corporate - Non Convertible	590,000	590	596
TransCanada Trust F/R 05-18-2077 Callable 2027	Canada	Corporate - Non Convertible	620,000	620	613
Transurban Finance Co. Pty Ltd. 3.368% 03-06-2019	Australia	Asset Backed	410,000	422	415
Traverse Midstream Partners LLC Term Loan B 1st Lien F/R 09-21-2024	United States	Term Loans	USD 80,000	98	104
Trico Products Corp. Term Loan 1st Lien F/R 02-02-2024	United States	Term Loans	USD 170,000	204	221
Trillium Windpower LP 5.80% 02-15-2033	United States	Corporate - Non Convertible	95,978	96	109
Uber Technologies Inc. Term Loan 1st Lien F/R 03-21-2025	United States	Term Loans	USD 260,000	334	337
Uber Technologies Inc. Term Loan B 1st Lien F/R 07-13-2023	United States	Term Loans	USD 255,699	338	331
Union Gas Ltd. 3.59% 11-22-2047 Callable 2047	Canada	Corporate - Non Convertible	360,000	359	361
United States Treasury Inflation Indexed 0.89% 02-15-2047	United States	Foreign Governments	USD 3,590,000	4,512	4,713
United States Treasury 2.25% 11-15-2027	United States	Foreign Governments	USD 90,000	114	111
United States Treasury 2.75% 02-15-2028	United States	Foreign Governments	USD 330,000	421	426
United States Treasury 3.00% 05-15-2047	United States	Foreign Governments	USD 430,000	595	556
Ventas Canada Finance Ltd. 2.55% 03-15-2023 Callable 2023	United States	Corporate - Non Convertible	530,000	530	518
Ventas Realty LP 4.00% 03-01-2028 Callable 2027	United States	Corporate - Non Convertible	USD 260,000	323	330
Verizon Communications Inc. 2.63% 08-15-2026 Callable 2026	United States	Corporate - Non Convertible	USD 680,000	894	800
Vistage Worldwide Inc. Term Loan 1st Lien F/R 02-01-2025	United States	Term Loans	USD 140,000	175	182
VW Credit Canada Inc. 3.25% 03-29-2023	Germany	Corporate - Non Convertible	240,000	240	242
W/S Packaging Holdings Inc. 9.00% 04-15-2023 Callable 2020 144A	United States	Corporate - Non Convertible	USD 90,000	116	118
Wells Fargo & Co. 2.222% 03-15-2021	United States	Corporate - Non Convertible	771,000	773	760
Wells Fargo & Co. 2.98% 05-19-2026	United States	Corporate - Non Convertible	355,000	355	343
Westcoast Energy Inc. 4.79% 10-28-2041	Canada	Corporate - Non Convertible	410,000	434	452
Williams Scotsman International Inc. 7.88% 12-15-2022 Callable 2019 144A	United States	Corporate - Non Convertible	USD 135,000	173	180
YRC Worldwide Inc. Term Loan 1st Lien F/R 07-21-2022	United States	Term Loans	USD 187,061	232	243
Zotec Partners LLC Term Loan 1st Lien F/R 02-09-2024	United States	Term Loans	USD 190,000	237	245
<b>Total bonds</b>				<b>224,562</b>	<b>225,036</b>



**MACKENZIE**  
Investments

# MACKENZIE STRATEGIC BOND 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>EQUITIES</b>					
AltaGas Ltd. Pfd. Series K	Canada	Energy	7,735	193	196
Brookfield Asset Management Inc. Pfd. Series 46	Canada	Real Estate	7,076	177	183
Brookfield Asset Management Inc. Pfd. Series 48	Canada	Real Estate	8,648	216	220
Brookfield Renewable Partners LP Pfd. Series 11	Canada	Utilities	13,926	348	351
Source Energy Services Ltd.	Canada	Energy	2,475	23	12
TransAlta Corp. Pfd. Series A	Canada	Utilities	16,590	221	247
TransCanada Corp. Pfd. Series 15	Canada	Energy	16,327	409	425
<b>Total equities</b>				<b>1,587</b>	<b>1,634</b>
<b>OPTIONS</b>					
Options purchased (see schedule of options purchased)				208	118
<b>Total options</b>				<b>208</b>	<b>118</b>
<b>EXCHANGE-TRADED FUNDS/NOTES</b>					
Mackenzie US Investment Grade Corporate Bond Index ETF (CAD-Hedged)	Canada	Exchange-Traded Funds/Notes	44,220	4,398	4,346
<b>Total exchange-traded funds/notes</b>				<b>4,398</b>	<b>4,346</b>
<b>MUTUAL FUNDS</b>					
Mackenzie Global Credit Opportunities Fund Series R	Canada	Mutual Funds	1,827,188	18,252	17,430
<b>Total mutual funds</b>				<b>18,252</b>	<b>17,430</b>
Transaction costs				(17)	—
<b>Total investments</b>				<b>248,990</b>	<b>248,564</b>
Derivative instruments (see schedule of derivative instruments)					(440)
Cash and cash equivalents					7,468
Other assets less liabilities					(1,981)
<b>Total net assets</b>					<b>253,611</b>



**MACKENZIE**  
Investments

# MACKENZIE STRATEGIC BOND 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	95.0	Bonds	91.1
<i>Bonds</i>	94.9	<i>Bonds</i>	91.1
<i>Purchased options</i>	0.1	<i>Purchased options</i>	0.0
<i>Short futures</i>	(0.0)	<i>Short futures</i>	(0.0)
Cash and short-term investments	3.3	Cash and short-term investments	6.3
Exchange-traded funds/notes	1.7	Equities	1.6
Equities	0.8	Other assets (liabilities)	1.0
Other assets (liabilities)	(0.8)		
<b>Effective Regional Allocation</b>	<b>% of NAV</b>	<b>Regional Allocation</b>	<b>% of NAV</b>
Canada	74.5	Canada	73.9
United States	15.5	United States	11.0
Cash and short-term investments	3.3	Cash and short-term investments	6.3
United Kingdom	1.9	United Kingdom	1.6
Other	1.5	Denmark	1.2
Bermuda	0.9	Australia	1.0
Australia	0.7	Other assets (liabilities)	1.0
Belgium	0.6	Bermuda	0.8
Bahamas	0.5	Mexico	0.7
Netherlands	0.4	Bahamas	0.5
Denmark	0.3	Japan	0.5
Brazil	0.2	Portugal	0.4
New Zealand	0.2	Other	0.4
France	0.1	Belgium	0.3
Germany	0.1	New Zealand	0.2
Luxembourg	0.1	Luxembourg	0.1
Other assets (liabilities)	(0.8)	Germany	0.1
<b>Effective Sector Allocation</b>	<b>% of NAV</b>	<b>Sector Allocation</b>	<b>% of NAV</b>
Corporate bonds	44.5	Corporate bonds	47.4
Provincial bonds	19.7	Provincial bonds	24.8
Federal bonds	18.6	Federal bonds	8.6
Term loans	7.1	Cash and short-term investments	6.3
Foreign government bonds	4.2	Term loans	4.6
Cash and short-term investments	3.3	Mortgage backed	2.6
Exchange-traded funds/notes	1.7	Foreign government bonds	2.5
Other	1.1	Other	1.3
Supra-national bonds	0.6	Other assets (liabilities)	1.0
Other assets (liabilities)	(0.8)	Energy	0.9

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 STRATEGIC BOND 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	296	Put	Jun. 15, 2018	USD 85.00	103	42
iShares iBoxx \$ High Yield Corporate Bond ETF	238	Put	Sep. 21, 2018	USD 83.00	60	43
iShares iBoxx \$ High Yield Corporate Bond ETF	123	Put	Sep. 21, 2018	USD 85.00	45	33
<b>Total options</b>					<b>208</b>	<b>118</b>



**MACKENZIE**  
Investments

# MACKENZIE STRATEGIC BOND 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)
(24)	10 Year United States Treasury Note Futures	June 2018	119.74 USD	(3,745)	(43)
Unrealized (Losses)				(3,745)	(43)
<b>Total futures contracts</b>				<b>(3,745)</b>	<b>(43)</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	14,290	Mexican peso (945)	Canadian dollar	Apr. 6, 2018	945	1,012	67
AA	771	Canadian dollar (590)	U.S. dollar	Apr. 13, 2018	(771)	(760)	11
AA	1,940	U.S. dollar (2,498)	Canadian dollar	Apr. 20, 2018	2,498	2,498	–
AA	1,380	U.S. dollar (1,713)	Canadian dollar	Apr. 20, 2018	1,713	1,778	65
AA	771	Canadian dollar (590)	U.S. dollar	May 11, 2018	(771)	(760)	11
AA	770	Canadian dollar (590)	U.S. dollar	May 18, 2018	(770)	(759)	11
AA	656	Canadian dollar (703)	New Zealand dollar	Jun. 13, 2018	(656)	(653)	3
AA	432	Canadian dollar (335)	U.S. dollar	Jun. 22, 2018	(432)	(431)	1
AA	2,004	Canadian dollar (1,540)	U.S. dollar	Jun. 29, 2018	(2,004)	(1,981)	23
AA	770	Canadian dollar (590)	U.S. dollar	Jun. 29, 2018	(770)	(759)	11
Unrealized Gains						203	
A	937	Canadian dollar (14,290)	Mexican peso	Apr. 6, 2018	(937)	(1,012)	(75)
AA	141	Canadian dollar (113)	U.S. dollar	Apr. 13, 2018	(141)	(145)	(4)
AA	1,667	Canadian dollar (1,310)	U.S. dollar	Apr. 20, 2018	(1,667)	(1,687)	(20)
AA	2,328	Canadian dollar (1,860)	U.S. dollar	Apr. 20, 2018	(2,328)	(2,396)	(68)
A	3,324	Canadian dollar (2,702)	U.S. dollar	Apr. 27, 2018	(3,324)	(3,479)	(155)
AA	1,666	Canadian dollar (1,310)	U.S. dollar	May 11, 2018	(1,666)	(1,686)	(20)
AA	2,774	Canadian dollar (2,262)	U.S. dollar	May 18, 2018	(2,774)	(2,912)	(138)
AA	3,868	Canadian dollar (3,077)	U.S. dollar	Jun. 8, 2018	(3,868)	(3,959)	(91)
AA	8,064	Canadian dollar (6,285)	U.S. dollar	Jun. 15, 2018	(8,064)	(8,086)	(22)
AA	6,425	Canadian dollar (5,000)	U.S. dollar	Jun. 22, 2018	(6,425)	(6,432)	(7)
Unrealized (Losses)						(600)	
<b>Total forward currency contracts</b>						<b>(397)</b>	
<b>Total derivative instruments at fair value</b>						<b>(440)</b>	



**MACKENZIE**  
Investments

## 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 STRATEGIC BOND 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 April 30, 2013

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 and Series T6 securities are offered to retail investors investing a minimum of \$500 (\$5,000 for Series T6) under the redemption charge and low-load purchase options. Investors in Series T6 securities also want to receive a regular monthly cash flow of 6% per year.

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, Series F6 and Series F8 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 (\$5,000 for Series F6 and Series F8); they are also available to employees of Mackenzie and its subsidiaries, and directors of Mackenzie. Investors in Series F6 and Series F8 securities also want to receive a regular monthly cash flow of 6% and 8% per year, respectively.

Series FB and Series FB5 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. Investors in Series FB5 securities also want to receive a monthly cash flow of 5% per year.

Series O and Series O6 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. Investors in Series O6 securities also want to receive a monthly cash flow of 6% per year.

Series PW and Series PWT6 securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors in Series PWT6 securities also want to receive a monthly cash flow of 6% per year.

Series PWF, Series PWF6 and Series PWF8 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. Investors in Series PWF6 and Series PWF8 securities also want to receive a monthly cash flow of 6% or 8% per year, respectively. Effective June 1, 2018, Series PWF, Series PWF6 and Series PWF8 securities were consolidated into Series F, Series F6 and Series F8 securities, respectively.

Series PWFB and Series PWFB5 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 PWFB5 securities also want to receive a monthly cash flow of 5% per year.

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

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

Series S securities are offered to the Related Insurance Companies and certain other mutual funds, but may be sold to other investors as determined by Mackenzie.

Series SC and Series S6 securities are offered to retail investors investing a minimum of \$500 (\$5,000 for Series S6) under the sales charge purchase option. Investors in Series S6 securities also want to receive a regular monthly cash flow of 6% per year.

**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 STRATEGIC BOND 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	May 6, 2013	1.40%	0.17%	10.11	10.19
Series AR	October 21, 2013	1.40%	0.20%	10.45	10.53
Series D	March 19, 2014	0.85%	0.15%	10.21	10.30
Series F	May 15, 2013	0.50% <sup>(4)</sup>	0.15%	10.14	10.22
Series F6	June 14, 2013	0.50% <sup>(4)</sup>	0.15%	12.74	13.36
Series F8	None issued	0.50%	0.15%	—	—
Series FB	October 26, 2015	0.60%	0.17%	9.94	10.03
Series FB5	October 26, 2015	0.60%	0.17%	13.92	14.43
Series O	June 18, 2013	— <sup>(1)</sup>	— *	10.21	10.30
Series O6	January 12, 2016	— <sup>(1)</sup>	— *	13.88	14.45
Series PW	November 4, 2013	1.00% <sup>(5)</sup>	0.15%	10.37	10.46
Series PWF	February 11, 2014	0.55%	0.15%	10.28	10.37
Series PWF6	April 3, 2017	0.55%	0.15%	14.28	—
Series PWF8	July 14, 2015	0.55%	0.15%	12.51	13.39
Series PWFB	April 3, 2017	0.50% <sup>(6)</sup>	0.15%	9.89	—
Series PWFB5	April 3, 2017	0.50% <sup>(6)</sup>	0.15%	14.42	—
Series PWT6	April 3, 2017	1.00% <sup>(5)</sup>	0.15%	14.22	—
Series PWX	February 11, 2014	— <sup>(2)</sup>	— <sup>(2)</sup>	10.21	10.29
Series R	December 16, 2015	— *	— *	10.10	10.17
Series S	October 2, 2017	— <sup>(1)</sup>	0.02%	10.11	—
Series SC	May 6, 2013	1.10% <sup>(3)</sup>	0.17%	10.10	10.18
Series S6	January 27, 2014	1.10% <sup>(3)</sup>	0.17%	12.81	13.51
Series T6	January 22, 2014	1.40%	0.17%	12.62	13.35
Series LB	December 4, 2014	1.10% <sup>(3)</sup>	0.17%	10.01	10.09
Series LW	December 1, 2017	1.05%	0.15%	9.92	—

\* 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 April 3, 2017, the management fee for this series was charged to the Fund at a rate of 1.15%.

(4) Prior to June 1, 2018, the management fee for this series was charged to the Fund at a rate of 0.60%.

(5) Prior to June 1, 2018, the management fee for this series was charged to the Fund at a rate of 1.05%.

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

# MACKENZIE STRATEGIC BOND 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)

(b) Investments by Mackenzie and Affiliates

As at March 31, 2018, Mackenzie, other funds managed by Mackenzie and Related Insurance Companies had investments of \$14, \$75,523 and \$38 (2017 – \$6, \$44,990 and \$Nil), respectively, in the Fund.

(c) Loss Carryforwards

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

(d) Securities Lending

As at March 31, 2018 and 2017, the Fund did not have any open securities lending, repurchase or reverse repurchase transactions.

(e) 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	390	3	95 - 165	0.750	June 18, 2018 - August 21, 2018
March 31, 2017	3,250	5	350 - 880	0.375 - 0.500	July 12, 2017 - January 31, 2018

(f) 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	(15)	–	7
Unrealized losses on derivative contracts	(207)	15	85	(107)
Liability for options written	–	–	–	–
Total	(185)	–	85	(100)

	March 31, 2017			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	1	(1)	–	–
Unrealized losses on derivative contracts	(79)	1	709	631
Liability for options written	–	–	–	–
Total	(78)	–	709	631

(g) Risks Associated with Financial Instruments

*i. Risk exposure and management*

The Fund seeks income and the preservation of capital by investing primarily in Canadian government and corporate fixed income and asset-backed securities. The Fund may hold up to 30% of its assets in foreign investments.

# MACKENZIE STRATEGIC BOND 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)

##### 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.

March 31, 2018				
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
Euro	267	–	–	267
New Zealand dollar	658	–	(653)	5
U.S. dollar	34,906	493	(35,701)	(302)
Total	35,831	493	(36,354)	(30)
% of Net Assets	14.1	0.2	(14.3)	–

March 31, 2017				
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
Mexican peso	1,429	–	(1,406)	23
New Zealand dollar	654	–	(654)	–
Danish krone	1,669	–	(1,687)	(18)
U.S. dollar	23,205	4,291	(31,577)	(4,081)
Total	26,957	4,291	(35,324)	(4,076)
% of Net Assets	13.5	2.2	(17.7)	(2.0)

\* 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 \$309 or 0.1% of total net assets (2017 – \$204 or 0.1%). In practice, the actual trading results may differ and the difference could be material.



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# MACKENZIE STRATEGIC BOND 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	1,126	(3,745)	905	(9,787)
1-5 years	63,709	–	57,661	–
5-10 years	96,915	–	59,178	–
Greater than 10 years	63,286	–	63,967	–
Total	225,036	(3,745)	181,711	(9,787)

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 \$18,364 or 7.2% (2017 – 13,544 or 6.8%) 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 \$18,402 or 7.3% (2017 – 13,544 or 6.8%) 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 18.6% (2017 – 12.8%) of the net assets of the Fund.

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	23.4	17.0
AA	28.8	25.7
A	13.9	24.4
BBB	14.8	15.3
Less than BBB	7.0	7.5
Unrated	0.8	1.2
Total	88.7	91.1

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

# MACKENZIE STRATEGIC BOND 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	–	225,036	–	225,036	–	181,711	–	181,711
Equities	1,634	–	–	1,634	3,308	–	–	3,308
Options	–	118	–	118	42	–	–	42
Exchange-traded funds/notes	4,346	–	–	4,346	–	–	–	–
Mutual funds	17,430	–	–	17,430	–	–	–	–
Derivative assets	–	203	–	203	1	170	–	171
Derivative liabilities	(43)	(600)	–	(643)	(5)	(139)	–	(144)
Short-term investments	–	6,910	–	6,910	–	11,098	–	11,098
<b>Total</b>	<b>23,367</b>	<b>231,667</b>	<b>–</b>	<b>255,034</b>	<b>3,346</b>	<b>192,840</b>	<b>–</b>	<b>196,186</b>

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.