

## ***Interim Management Report of Fund Performance***

*For the Six-Month Period Ended September 30, 2018*

*This Interim Management Report of Fund Performance contains financial highlights but does not contain either the interim financial report or annual financial statements of the exchange-traded fund ("ETF"). You may obtain a copy of the interim financial report or annual financial statements, at no cost, by calling the toll-free number 1-800-387-0614, by writing to us at Mackenzie Financial Corporation, 180 Queen Street West, Toronto, Ontario M5V 3K1, by visiting our website at [www.mackenzieinvestments.com](http://www.mackenzieinvestments.com) or by visiting the SEDAR website at [www.sedar.com](http://www.sedar.com).*

*Unitholders may also contact us using one of these methods to request a copy of the ETF's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure. Every effort has been made to ensure that the information contained in this report is accurate as of the dates indicated in the report; however, the ETF cannot guarantee the accuracy or the completeness of this material. For more information, please refer to the ETF's Prospectus and ETF Facts, which may also be obtained, at no cost, using any of the methods outlined above.*

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

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

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

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



# MACKENZIE CORE PLUS GLOBAL FIXED INCOME ETF

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended September 30, 2018

ACTIVE FIXED INCOME ETF

## Management Discussion of Fund Performance

November 13, 2018

This Management Discussion of Fund Performance presents the portfolio management team's view on the significant factors and developments during the period ended September 30, 2018, that have affected the ETF's performance and outlook. If the ETF was established during the period, "period" represents the period from inception to the end of the fiscal period. For information on the ETF's longer-term performance, as applicable, please refer to the *Past Performance* section of the report. In this report, "Mackenzie" refers to Mackenzie Financial Corporation, the manager of the ETF. In addition, net asset value ("NAV") refers to the value of the ETF as calculated for subscription and redemption purposes, on which the discussion of ETF performance is based.

### Results of Operations

#### Investment Performance

During the period, the ETF returned  $-0.8\%$  (after deducting fees and expenses). This compares with the ICE BofAML Global Broad Market (Hedged) Index return of  $-0.3\%$ . All index returns are calculated on a total return basis in Canadian dollar terms. Investors cannot invest in the index without incurring fees, expenses and commissions, which are not reflected in the index returns.

Performance varied across global government bond markets over the period, but in general yields rose across the curve. Shorter-term yields increased significantly, causing yield curves to flatten, particularly in Canada and the United States. As economic data improved, central banks in Canada, the United States, the United Kingdom and Norway raised their policy rates. Emerging market bonds underperformed as a result of the strong U.S. dollar. The Canadian dollar was volatile as the benefit of a robust economy was offset by trade concerns. A generally strong global economy, low default rates and low issuance late in the period led to positive returns from high-yield bonds.

The ETF underperformed the index primarily because of duration positioning. Small exposures to certain emerging market assets, such as those of Argentina, Turkey and Russia, also detracted from performance.

Security selection, particularly within government bonds, contributed to performance. Underweight exposure to government bonds and overweight exposure to corporate bonds also contributed. Within the corporate bond sector, exposure to high-yield bonds and term loans contributed.

The ETF substantially hedged its foreign currency exposure. However, the remaining unhedged exposure slightly detracted from performance as most major currencies depreciated relative to the Canadian dollar.

The ETF held put options on high-yield bonds to help manage the ETF's credit risk exposure, which detracted from performance. The ETF's short futures positions, used to manage duration in specific markets, contributed to performance. Currency options, used to gain exposure to and protect the portfolio from anticipated volatility in the currency market, also contributed.

Over the period, portfolio activity and market effect resulted in increased exposure to the United States, Germany and Australia, while exposure to Canada, the United Kingdom and Argentina decreased. At the sector level, exposure to term loans increased, while exposure to foreign government bonds and federal bonds decreased. The ETF's cash position increased. The portfolio management team continually makes tactical adjustments to the ETF's allocations, so this period-end positioning does not necessarily represent a long-term strategic position.

#### Net Assets

The ETF's NAV increased by 25.8% to \$157.6 million at September 30, 2018, from \$125.3 million at March 31, 2018. This change was composed primarily of \$1.0 million in net losses (after including dividend and interest income) from investment performance, after deducting fees and expenses, \$35.1 million in net sales, and \$1.8 million in cash distributions.

#### Recent Developments

The portfolio management team believes most developed countries are shifting toward less accommodative monetary policies. In the team's opinion, unless U.S. domestic market volatility and economic risks rise notably, the Federal Reserve is likely to increase the federal funds rate by December. The team expects this to flatten the yield curve further. Now that a North American trade deal has been negotiated, the team believes the Bank of Canada will also raise its policy rate, although more slowly than its U.S. counterpart due to its concerns about high levels of household debt. The team believes emerging markets may continue to face challenges unless the U.S. dollar, which currently appears to be supported by strong domestic economic growth, starts to weaken.

#### Related Party Transactions

The following arrangements result in fees paid by the ETF to Mackenzie or to companies affiliated with the ETF.

#### Management Fees

The annualized management expense ratio ("MER") for the ETF of 0.67% during the period ended September 30, 2018, was unchanged from the MER for the year ended March 31, 2018. The ETF paid management fees to Mackenzie at the annual rate of 0.60%.

The management fee for the ETF is calculated and accrued daily as a percentage of its NAV. The ETF's management fees were used by Mackenzie to pay for the costs of managing the investment portfolio of the ETF, including providing investment analysis and recommendations, making investment decisions, making brokerage arrangements for the purchase and sale of the investment portfolio and providing other services, and to pay for all costs and expenses (other than certain specified fund costs as more fully described in the Prospectus) required to operate the ETF.



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# MACKENZIE CORE PLUS GLOBAL FIXED INCOME ETF

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended September 30, 2018

ACTIVE FIXED INCOME ETF

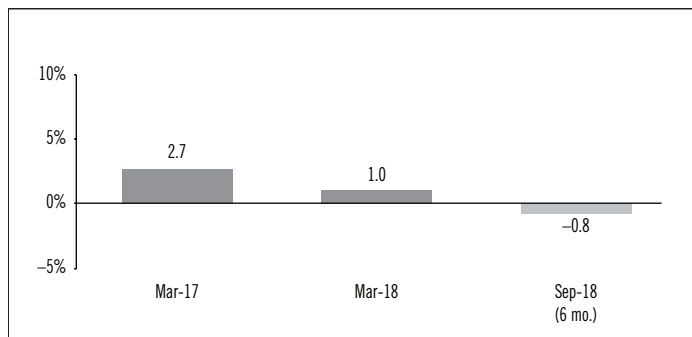
## Other Related Party Transactions

Investment funds managed by Mackenzie invest in the ETF in accordance with the investment objectives of those funds. At September 30, 2018, funds managed by Mackenzie owned less than 0.1% of the ETF's NAV. All related party transactions are based on the current market price.

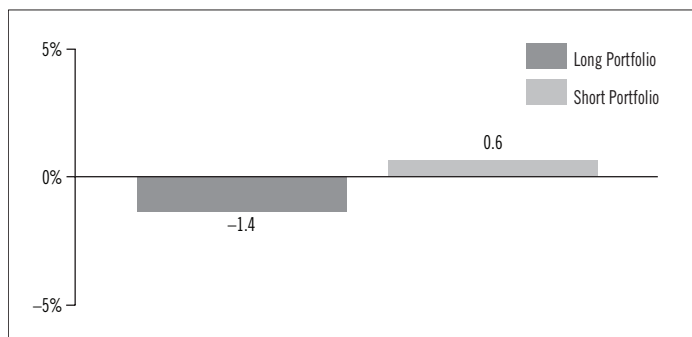
The ETF did not rely on an approval, positive recommendation or standing instruction from the Mackenzie Funds' Independent Review Committee with respect to any related party transactions.

## Past Performance

The following bar chart presents the performance of the ETF for each of the fiscal periods shown. The chart shows, in percentage terms, how much an investment made on the first day of each fiscal period, or on the ETF's inception date (April 19, 2016), as applicable, would have increased or decreased by the last day of the fiscal period presented.



The following bar chart presents the performance of the ETF's long and short portfolio positions for the period ended September 30, 2018, before deducting fees and expenses and before the effect of other assets (liabilities).



# MACKENZIE CORE PLUS GLOBAL FIXED INCOME ETF

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## Summary of Investment Portfolio at September 30, 2018

<b>Effective Portfolio Allocation</b>	<b>% of NAV</b>
Bonds	85.4
<i>Bonds</i>	85.4
<i>Short futures*</i>	0.0
Cash and short-term investments	12.9
Other assets (liabilities)	0.8
Equities	0.7
Purchased currency options**	0.2
Written currency options**	(0.0)

<b>Effective Regional Allocation</b>	<b>% of NAV</b>
United States	31.6
Canada	16.8
Cash and short-term investments	12.9
Other	11.8
Australia	5.9
United Kingdom	3.3
Japan	2.5
Bermuda	2.3
Germany	2.2
Norway	2.1
Belgium	1.8
Poland	1.7
Denmark	1.4
Sweden	1.1
Aruba	0.9
Mexico	0.9
Other assets (liabilities)	0.8

<b>Effective Sector Allocation</b>	<b>% of NAV</b>
Corporate bonds	42.4
Foreign government bonds	30.1
Cash and short-term investments	12.9
Term loans	11.0
Federal bonds	1.2
Other assets (liabilities)	0.8
Provincial bonds	0.7
Energy	0.3
Other	0.2
Financials	0.2
Utilities	0.2

<b>Effective Net Currency Exposure</b>	<b>% of NAV</b>
U.S. dollar	42.9
Canadian dollar	32.0
Australian dollar	5.3
Other	5.3
Japanese yen	3.2
Mexican peso	3.1
Swedish krona	2.5
Euro	2.0
New Zealand dollar	1.9
British pound	1.8

<b>Bonds by Credit Rating†</b>	<b>% of NAV</b>
AAA	25.5
AA	8.4
A	17.6
BBB	13.7
Less than BBB	13.7
Unrated	1.2

The effective allocation shows the portfolio, regional, sector or net currency exposure of the ETF calculated by combining its direct and indirect investments.

## Top 25 Long Holdings

<b>Issuer/Underlying Fund</b>	<b>% of NAV</b>
Cash and short-term investments	12.9
Mackenzie US Investment Grade Corporate Bond Index ETF (CAD-Hedged)	3.6
Treasury Corp. of Victoria 3.00% 10-20-2028	2.2
International Finance Corp. 7.00% 07-20-2027	2.1
United States Treasury Inflation Indexed 0.50% 01-15-2028	1.8
United States Treasury Inflation Indexed 0.13% 01-15-2023	1.7
Republic of Poland F/R 01-25-2026	1.7
United States Treasury 0.63% 04-15-2023 Inflation Indexed	1.6
United Kingdom Treasury 4.25% 12-07-2027	1.6
Queensland Treasury Corp. 2.75% 08-20-2027	1.6
Government of Australia 2.25% 05-21-2028	1.4
Government of Japan 0.10% 02-15-2019	1.4
Anheuser-Busch InBev Finance Inc. 2.65% 02-01-2021 Callable 2021	1.4
Realkredit Danmark AS 1.00% 04-01-2022	1.1
Government of Japan 0.10% 08-15-2019	1.0
Federal Republic of Germany 1.25% 08-15-2048	1.0
International Finance Corp. 8.38% 05-31-2029	1.0
Government of Russia 7.05% 01-19-2028	0.9
Government of Qatar 6.55% 04-09-2019	0.9
Government of Aruba 6.50% 01-31-2029	0.9
PepsiCo Inc. 3.00% 10-15-2027 Callable 2027	0.9
Government of Bermuda 3.72% 01-25-2027 Callable 2026	0.9
iShares iBoxx \$ Investment Grade Corporate Bond ETF	0.9
United States Treasury 1.88% 02-28-2022	0.9
United States Treasury 2.13% 02-29-2024	0.9

**Top long positions as a percentage of total net asset value** **46.3**

## Top 25 Short Holdings

<b>Issuer</b>	<b>% of NAV</b>
Japan 10-Year Government Bond Futures*	0.0
Currency Written Call Option EUR/NOK 12-14-2018 Strike \$8.90**	(0.0)
Euro-BTP Futures*	(0.0)

**Top short positions as a percentage of total net asset value** **(0.0)**

\* Notional principal values represent –11.9% of NAV for Japan 10-Year Government Bond Futures and –1.2% of NAV for Euro-BTP Futures.

\*\* Notional principal values represent 44.5% of NAV for purchased currency options and –7.1% of NAV for written currency options.

† Credit ratings and rating categories are based on ratings issued by a designated rating organization. This table includes only bonds directly held by the ETF.

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

The investments and percentages may have changed since September 30, 2018, due to the ongoing portfolio transactions of the ETF. Quarterly updates of holdings are available within 60 days of the end of each quarter except for March 31, the ETF's fiscal year-end, when they are available within 90 days.



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# MACKENZIE CORE PLUS GLOBAL FIXED INCOME ETF

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended September 30, 2018

ACTIVE FIXED INCOME ETF

## Financial Highlights

The following tables show selected key financial information about the ETF and are intended to help you understand the ETF's financial performance for each of the fiscal periods presented below. In the period when the ETF was established, "period" represents the period from inception to the end of that fiscal period. The inception date can be found under *Past Performance*.

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

Series E (Ticker: MGB)	Sep. 30 2018	Mar. 31 2018	Mar. 31 2017
<b>Net assets, beginning of period</b>	<b>19.74</b>	20.06	20.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.35	0.71	0.57
Total expenses	(0.07)	(0.14)	(0.15)
Realized gains (losses) for the period	(0.32)	(0.47)	0.28
Unrealized gains (losses) for the period	(0.10)	0.04	(0.12)
<b>Total increase (decrease) from operations²</b>	<b>(0.14)</b>	0.14	0.58
<b>Distributions:</b>			
From net investment income (excluding dividends)	(0.23)	(0.51)	(0.52)
From dividends	—	—	—
From capital gains	—	—	(0.04)
Return of capital	(0.01)	(0.02)	—
<b>Total annual distributions³</b>	<b>(0.24)</b>	(0.53)	(0.56)
<b>Net assets, end of period</b>	<b>19.34</b>	19.74	20.06

(1) These calculations are prescribed by securities regulations and are not intended to be a reconciliation between opening and closing net assets per unit. This information is derived from the ETF's unaudited interim financial statements and audited annual financial statements. The net assets per unit presented in the financial statements may differ from the net asset value per unit calculated for ETF pricing purposes. An explanation of these differences can be found in the *Notes to Financial Statements*.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the fiscal period.

(3) Distributions were paid in cash/reinvested in additional units of the ETF, or both.

## RATIOS AND SUPPLEMENTAL DATA

Series E (Ticker: MGB)	Sep. 30 2018	Mar. 31 2018	Mar. 31 2017
Total net asset value (\$000)¹	<b>157,600</b>	125,318	36,117
Units outstanding (000)¹	<b>8,150</b>	6,350	1,800
Management expense ratio (%)²	<b>0.67</b>	0.67	0.67
Management expense ratio before waivers or absorptions (%)²	<b>0.67</b>	0.67	0.67
Trading expense ratio (%)³	<b>0.00</b>	0.00	0.00
Trading expense ratio before reimbursements (%)³	<b>0.00</b>	0.00	0.00
Portfolio turnover rate (%)⁴	<b>28.72</b>	118.56	n/a
Net asset value per unit (\$)	<b>19.34</b>	19.73	20.06
Closing market price (\$)⁵	<b>19.32</b>	19.75	20.06

(1) This information is provided as at the end of the fiscal period shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. If the ETF was established in the period, the management expense ratio is annualized from the date of inception. Mackenzie may waive or absorb operating expenses at its discretion and stop waiving or absorbing such expenses at any time without notice.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. Mackenzie may reimburse the ETF for certain brokerage commissions and other transaction costs (including those payable to the custodian or its agents). Mackenzie may make these reimbursements at its discretion and stop these reimbursements at any time without notice.

(4) The ETF's portfolio turnover rate indicates how actively the ETF's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of the period. The higher an ETF's portfolio turnover rate in a period, the greater the trading costs payable by the ETF in the period, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of an ETF. The portfolio turnover rate is not provided when the ETF is less than one year old.

(5) Closing market price, or the midpoint of the bid and ask prices in the absence of a closing market price, on the last trading day of the period as reported on the Toronto Stock Exchange.



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