

# MACKENZIE FLOATING RATE INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## MANAGEMENT REPORT

### Management's Responsibility for Financial Reporting

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

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

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

On behalf of Mackenzie Financial Corporation,  
Manager of the Fund



Barry McInerney  
President and Chief Executive Officer



Terry Rountes  
Chief Financial Officer, Funds

June 7, 2018

## INDEPENDENT AUDITOR'S REPORT

To the Securityholders of Mackenzie Floating Rate Income Fund (the "Fund")

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

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



Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

June 7, 2018



MACKENZIE  
Investments

# MACKENZIE FLOATING RATE INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## STATEMENTS OF FINANCIAL POSITION

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

	2018	2017		2018	2017
	\$	\$		\$	\$
<b>ASSETS</b>					
<b>Current assets</b>					
Investments at fair value	734,736	527,448	H Series	1,732	1,633
Cash and cash equivalents	113,075	42,871	L Series	16,318	6,423
Accrued interest receivable	6,567	2,931	N Series	22,044	13,756
Dividends receivable	14	6	QF Series	2,903	809
Accounts receivable for investments sold	37,324	6,883	<b>Net assets attributable to securityholders</b>		
Accounts receivable for securities issued	5,684	2,184	<b>per security (note 3)</b>		
Due from manager	30	–	Series A	10.26	10.17
Unrealized gains on derivative contracts	1,134	2,687	Series AR	10.09	10.00
<b>Total assets</b>	<b>898,564</b>	<b>585,010</b>	Series D	9.88	9.77
			Series F	10.21	10.11
			Series F6	14.30	14.34
			Series FB	10.47	10.36
			Series FB5	15.45	15.37
			Series O	10.21	10.10
			Series O6	14.77	14.71
			Series PW	10.09	10.01
			Series PWF	10.09	10.00
			Series PWF6	15.02	–
			Series PWF8	13.80	14.10
			Series PWFB	10.14	–
			Series PWFB5	15.14	–
			Series PWT6	14.94	–
			Series PWT8	12.69	13.06
			Series PWX	10.05	9.92
			Series PWX8	13.98	14.19
			Series R	10.10	9.99
			Series S	10.26	10.13
			Series SC	10.25	10.15
			Series S6	13.87	14.00
			Series T6	13.55	13.72
			Quadrus Series	9.83	9.75
			H Series	9.76	9.68
			L Series	9.94	9.85
			N Series	9.93	9.82
			QF Series	10.65	10.48
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable for investments purchased	123,075	71,621			
Accounts payable for securities redeemed	446	451			
Distribution payable	4	–			
Due to manager	39	–			
Unrealized losses on derivative contracts	14,783	1,010			
<b>Total liabilities</b>	<b>138,347</b>	<b>73,082</b>			
<b>Net assets attributable to securityholders</b>	<b>760,217</b>	<b>511,928</b>			
<b>Net assets attributable to securityholders</b>					
<b>per series (note 3)</b>					
Series A	36,567	41,782			
Series AR	1,307	973			
Series D	1,135	447			
Series F	99,328	83,524			
Series F6	5,194	5,154			
Series FB	576	661			
Series FB5	1	1			
Series O	19,183	11,894			
Series O6	113	108			
Series PW	87,370	42,713			
Series PWF	114,030	39,890			
Series PWF6	1,961	–			
Series PWF8	26	1			
Series PWFB	909	–			
Series PWFB5	26	–			
Series PWT6	649	–			
Series PWT8	573	808			
Series PWX	3,065	1,739			
Series PWX8	234	197			
Series R	20,189	27,599			
Series S	157,127	67,713			
Series SC	137,385	145,462			
Series S6	2,751	2,811			
Series T6	383	761			
Quadrus Series	27,138	15,069			

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

# MACKENZIE FLOATING RATE INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## STATEMENTS OF COMPREHENSIVE INCOME

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

	2018	2017		2018	2017
	\$	\$		\$	\$
<b>Income</b>			<b>Series SC</b>	6,790	13,977
Dividends	399	94	<b>Series S6</b>	129	152
Interest income	38,090	25,575	<b>Series T6</b>	26	222
Other changes in fair value of investments			<b>Quadrus Series</b>	1,102	1,420
Net realized gain (loss)	28,800	19,529	<b>H Series</b>	95	137
Net unrealized gain (loss)	(23,505)	15,965	<b>L Series</b>	618	603
<b>Total income (loss)</b>	<b>43,784</b>	<b>61,163</b>	<b>N Series</b>	1,283	1,695
			<b>QF Series</b>	100	18
<b>Expenses (note 6)</b>			<b>Increase (decrease) in net assets attributable to securityholders from operations per security</b>		
Management fees	5,077	4,188	<b>Series A</b>	0.53	1.29
Management fee rebates	(100)	(27)	<b>Series AR</b>	0.54	1.22
Administration fees	832	620	<b>Series D</b>	0.62	1.25
Interest charges	2	3	<b>Series F</b>	0.64	1.34
Commissions and other portfolio transaction costs	47	47	<b>Series F6</b>	0.90	1.92
Independent Review Committee fees	2	2	<b>Series FB</b>	0.64	1.38
Other	5	4	<b>Series FB5</b>	0.97	2.05
<b>Expenses before amounts absorbed by Manager</b>	<b>5,865</b>	<b>4,837</b>	<b>Series O</b>	0.75	1.45
Expenses absorbed by Manager	–	–	<b>Series O6</b>	1.07	2.28
<b>Net expenses</b>	<b>5,865</b>	<b>4,837</b>	<b>Series PW</b>	0.61	1.26
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	<b>37,919</b>	<b>56,326</b>	<b>Series PWF</b>	0.69	1.35
Foreign withholding taxes	6	–	<b>Series PWF6</b>	1.05	–
Foreign income taxes paid (recovered)	–	–	<b>Series PWF8</b>	1.23	1.95
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	<b>37,913</b>	<b>56,326</b>	<b>Series PWFB</b>	0.82	–
<b>Increase (decrease) in net assets attributable to securityholders from operations per series</b>			<b>Series PWFB5</b>	1.22	–
<b>Series A</b>	1,915	8,990	<b>Series PWT6</b>	0.97	–
<b>Series AR</b>	61	91	<b>Series PWT8</b>	0.69	1.75
<b>Series D</b>	39	19	<b>Series PWX</b>	0.75	1.39
<b>Series F</b>	4,857	7,530	<b>Series PWX8</b>	1.02	2.03
<b>Series F6</b>	317	457	<b>Series R</b>	0.70	1.53
<b>Series FB</b>	35	66	<b>Series S</b>	0.78	1.43
<b>Series FB5</b>	–	–	<b>Series SC</b>	0.57	1.29
<b>Series O</b>	1,117	1,668	<b>Series S6</b>	0.78	1.72
<b>Series O6</b>	9	21	<b>Series T6</b>	0.65	1.77
<b>Series PW</b>	4,765	3,536	<b>Quadrus Series</b>	0.55	1.20
<b>Series PWF</b>	4,821	3,573	<b>H Series</b>	0.62	1.32
<b>Series PWF6</b>	100	–	<b>L Series</b>	0.62	1.23
<b>Series PWF8</b>	1	–	<b>N Series</b>	0.74	1.40
<b>Series PWFB</b>	31	–	<b>QF Series</b>	0.74	0.93
<b>Series PWFB5</b>	1	–			
<b>Series PWT6</b>	66	–			
<b>Series PWT8</b>	39	89			
<b>Series PWX</b>	178	196			
<b>Series PWX8</b>	16	16			
<b>Series R</b>	1,638	5,832			
<b>Series S</b>	7,764	6,018			

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

# MACKENZIE FLOATING RATE INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## STATEMENTS OF CHANGES IN FINANCIAL POSITION

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

	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Series A		Series AR		Series D		Series F		Series F6	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	41,782	80,291	973	578	447	124	83,524	49,793	5,154	2,739
Increase (decrease) in net assets from operations	1,915	8,990	61	91	39	19	4,857	7,530	317	457
Distributions paid to securityholders:										
Investment income	(1,605)	(2,825)	(50)	(28)	(31)	(9)	(4,072)	(2,801)	(281)	(159)
Capital gains	-	-	-	-	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-	-	-	(51)	(45)
Management fee rebates	-	-	-	-	-	-	-	-	-	-
Total distributions paid to securityholders	(1,605)	(2,825)	(50)	(28)	(31)	(9)	(4,072)	(2,801)	(332)	(204)
Security transactions:										
Proceeds from securities issued	12,393	8,637	445	376	887	467	76,975	47,960	1,895	2,941
Reinvested distributions	1,334	2,270	50	28	29	8	2,027	1,477	271	158
Value of securities redeemed	(19,252)	(55,581)	(172)	(72)	(236)	(162)	(63,983)	(20,435)	(2,111)	(937)
Total security transactions	(5,525)	(44,674)	323	332	680	313	15,019	29,002	55	2,162
<b>Total increase (decrease) in net assets</b>	<b>(5,215)</b>	<b>(38,509)</b>	<b>334</b>	<b>395</b>	<b>688</b>	<b>323</b>	<b>15,804</b>	<b>33,731</b>	<b>40</b>	<b>2,415</b>
<b>End of period</b>	<b>36,567</b>	<b>41,782</b>	<b>1,307</b>	<b>973</b>	<b>1,135</b>	<b>447</b>	<b>99,328</b>	<b>83,524</b>	<b>5,194</b>	<b>5,154</b>

Increase (decrease) in fund securities (note 7):	Securities		Securities		Securities		Securities		Securities	
<b>Securities outstanding – beginning of period</b>	4,109	8,624	97	63	46	14	8,258	5,382	359	207
Issued	1,219	870	45	39	90	48	7,593	4,825	133	208
Reinvested distributions	131	233	5	3	3	1	201	152	19	11
Redeemed	(1,894)	(5,618)	(17)	(8)	(24)	(17)	(6,323)	(2,101)	(148)	(67)
<b>Securities outstanding – end of period</b>	<b>3,565</b>	<b>4,109</b>	<b>130</b>	<b>97</b>	<b>115</b>	<b>46</b>	<b>9,729</b>	<b>8,258</b>	<b>363</b>	<b>359</b>

	Series FB		Series FB5		Series O		Series O6		Series PW	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	661	356	1	1	11,894	11,292	108	281	42,713	17,459
Increase (decrease) in net assets from operations	35	66	-	-	1,117	1,668	9	21	4,765	3,536
Distributions paid to securityholders:										
Investment income	(29)	(23)	-	-	(934)	(676)	(7)	(7)	(4,014)	(1,247)
Capital gains	-	-	-	-	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-	(1)	(1)	-	-
Management fee rebates	-	-	-	-	-	-	-	-	(48)	(14)
Total distributions paid to securityholders	(29)	(23)	-	-	(934)	(676)	(8)	(8)	(4,062)	(1,261)
Security transactions:										
Proceeds from securities issued	185	302	-	-	8,998	1,158	-	37	72,543	27,989
Reinvested distributions	29	23	-	-	861	604	7	7	3,426	1,203
Value of securities redeemed	(305)	(63)	-	-	(2,753)	(2,152)	(3)	(230)	(32,015)	(6,213)
Total security transactions	(91)	262	-	-	7,106	(390)	4	(186)	43,954	22,979
<b>Total increase (decrease) in net assets</b>	<b>(85)</b>	<b>305</b>	<b>-</b>	<b>-</b>	<b>7,289</b>	<b>602</b>	<b>5</b>	<b>(173)</b>	<b>44,657</b>	<b>25,254</b>
<b>End of period</b>	<b>576</b>	<b>661</b>	<b>1</b>	<b>1</b>	<b>19,183</b>	<b>11,894</b>	<b>113</b>	<b>108</b>	<b>87,370</b>	<b>42,713</b>

Increase (decrease) in fund securities (note 7):	Securities		Securities		Securities		Securities		Securities	
<b>Securities outstanding – beginning of period</b>	64	38	-	-	1,178	1,222	7	21	4,268	1,909
Issued	17	30	-	-	888	118	-	3	7,250	2,882
Reinvested distributions	3	2	-	-	85	62	1	-	343	124
Redeemed	(29)	(6)	-	-	(272)	(224)	-	(17)	(3,204)	(647)
<b>Securities outstanding – end of period</b>	<b>55</b>	<b>64</b>	<b>-</b>	<b>-</b>	<b>1,879</b>	<b>1,178</b>	<b>8</b>	<b>7</b>	<b>8,657</b>	<b>4,268</b>

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

# MACKENZIE FLOATING RATE INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

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

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

	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Series PWF		Series PWF6		Series PWF8		Series PWF8		Series PWF5	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	<b>39,890</b>	<b>23,060</b>	–	–	1	1	–	–	–	–
Increase (decrease) in net assets from operations	4,821	3,573	100	–	1	–	31	–	1	–
Distributions paid to securityholders:										
Investment income	(3,949)	(1,373)	(78)	–	(1)	–	(23)	–	(1)	–
Capital gains	–	–	–	–	–	–	–	–	–	–
Return of capital	–	–	(19)	–	–	–	–	–	–	–
Management fee rebates	(36)	(13)	–	–	–	–	–	–	–	–
Total distributions paid to securityholders	(3,985)	(1,386)	(97)	–	(1)	–	(23)	–	(1)	–
Security transactions:										
Proceeds from securities issued	90,564	28,766	2,013	–	25	–	1,044	–	26	–
Reinvested distributions	2,057	1,049	87	–	–	–	23	–	1	–
Value of securities redeemed	(19,317)	(15,172)	(142)	–	–	–	(166)	–	(1)	–
Total security transactions	73,304	14,643	1,958	–	25	–	901	–	26	–
<b>Total increase (decrease) in net assets</b>	<b>74,140</b>	<b>16,830</b>	<b>1,961</b>	<b>–</b>	<b>25</b>	<b>–</b>	<b>909</b>	<b>–</b>	<b>26</b>	<b>–</b>
<b>End of period</b>	<b>114,030</b>	<b>39,890</b>	<b>1,961</b>	<b>–</b>	<b>26</b>	<b>1</b>	<b>909</b>	<b>–</b>	<b>26</b>	<b>–</b>

Increase (decrease) in fund securities (note 7):	Securities		Securities		Securities		Securities		Securities	
<b>Securities outstanding – beginning of period</b>	<b>3,987</b>	<b>2,520</b>	–	–	–	–	–	–	–	–
Issued	9,031	2,928	134	–	2	–	104	–	2	–
Reinvested distributions	206	109	6	–	–	–	2	–	–	–
Redeemed	(1,927)	(1,570)	(9)	–	–	–	(16)	–	–	–
<b>Securities outstanding – end of period</b>	<b>11,297</b>	<b>3,987</b>	<b>131</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>90</b>	<b>–</b>	<b>2</b>	<b>–</b>

	Series PWT6		Series PWT8		Series PWX		Series PWX8		Series R	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	–	–	808	644	1,739	1,013	197	90	27,599	55,729
Increase (decrease) in net assets from operations	66	–	39	89	178	196	16	16	1,638	5,832
Distributions paid to securityholders:										
Investment income	(49)	–	(34)	(32)	(143)	(82)	(14)	(7)	(1,403)	(2,284)
Capital gains	–	–	–	–	–	–	–	–	–	–
Return of capital	(19)	–	(26)	(22)	–	–	(6)	(2)	–	–
Management fee rebates	(1)	–	–	–	–	–	–	–	–	–
Total distributions paid to securityholders	(69)	–	(60)	(54)	(143)	(82)	(20)	(9)	(1,403)	(2,284)
Security transactions:										
Proceeds from securities issued	1,308	–	205	241	1,698	973	30	115	1,568	2,403
Reinvested distributions	27	–	27	19	142	82	13	2	147	60
Value of securities redeemed	(683)	–	(446)	(131)	(549)	(443)	(2)	(17)	(9,360)	(34,141)
Total security transactions	652	–	(214)	129	1,291	612	41	100	(7,645)	(31,678)
<b>Total increase (decrease) in net assets</b>	<b>649</b>	<b>–</b>	<b>(235)</b>	<b>164</b>	<b>1,326</b>	<b>726</b>	<b>37</b>	<b>107</b>	<b>(7,410)</b>	<b>(28,130)</b>
<b>End of period</b>	<b>649</b>	<b>–</b>	<b>573</b>	<b>808</b>	<b>3,065</b>	<b>1,739</b>	<b>234</b>	<b>197</b>	<b>20,189</b>	<b>27,599</b>

Increase (decrease) in fund securities (note 7):	Securities		Securities		Securities		Securities		Securities	
<b>Securities outstanding – beginning of period</b>	–	–	62	52	175	111	14	7	2,763	6,094
Issued	87	–	16	19	171	101	2	8	156	252
Reinvested distributions	2	–	2	1	14	9	1	–	15	6
Redeemed	(46)	–	(35)	(10)	(55)	(46)	–	(1)	(935)	(3,589)
<b>Securities outstanding – end of period</b>	<b>43</b>	<b>–</b>	<b>45</b>	<b>62</b>	<b>305</b>	<b>175</b>	<b>17</b>	<b>14</b>	<b>1,999</b>	<b>2,763</b>

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

# MACKENZIE FLOATING RATE INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

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

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

	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Series S		Series SC		Series S6		Series T6		Quadrus Series	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	67,713	29,591	145,462	102,860	2,811	861	761	2,197	15,069	10,219
Increase (decrease) in net assets from operations	7,764	6,018	6,790	13,977	129	152	26	222	1,102	1,420
Distributions paid to securityholders:										
Investment income	(6,147)	(2,552)	(5,596)	(4,669)	(106)	(55)	(26)	(68)	(867)	(459)
Capital gains	-	-	-	-	-	-	-	-	-	-
Return of capital	-	-	-	-	(43)	(22)	(10)	(31)	-	-
Management fee rebates	-	-	-	-	-	-	-	-	(12)	-
Total distributions paid to securityholders	(6,147)	(2,552)	(5,596)	(4,669)	(149)	(77)	(36)	(99)	(879)	(459)
Security transactions:										
Proceeds from securities issued	88,478	36,073	68,570	79,145	1,536	2,437	18	615	18,906	8,303
Reinvested distributions	6,147	2,552	4,835	4,092	34	23	16	38	879	459
Value of securities redeemed	(6,828)	(3,969)	(82,676)	(49,943)	(1,610)	(585)	(402)	(2,212)	(7,939)	(4,873)
Total security transactions	87,797	34,656	(9,271)	33,294	(40)	1,875	(368)	(1,559)	11,846	3,889
<b>Total increase (decrease) in net assets</b>	<b>89,414</b>	<b>38,122</b>	<b>(8,077)</b>	<b>42,602</b>	<b>(60)</b>	<b>1,950</b>	<b>(378)</b>	<b>(1,436)</b>	<b>12,069</b>	<b>4,850</b>
<b>End of period</b>	<b>157,127</b>	<b>67,713</b>	<b>137,385</b>	<b>145,462</b>	<b>2,751</b>	<b>2,811</b>	<b>383</b>	<b>761</b>	<b>27,138</b>	<b>15,069</b>

	Securities		Securities		Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>										
<b>Securities outstanding – beginning of period</b>	6,687	3,185	14,324	11,062	201	66	55	171	1,546	1,145
Issued	8,688	3,649	6,742	7,944	111	176	2	45	1,939	871
Reinvested distributions	605	261	477	418	2	2	1	3	90	49
Redeemed	(672)	(408)	(8,143)	(5,100)	(116)	(43)	(30)	(164)	(814)	(519)
<b>Securities outstanding – end of period</b>	<b>15,308</b>	<b>6,687</b>	<b>13,400</b>	<b>14,324</b>	<b>198</b>	<b>201</b>	<b>28</b>	<b>55</b>	<b>2,761</b>	<b>1,546</b>

	H Series		L Series		N Series		QF Series		Total	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	1,633	914	6,423	3,804	13,756	9,571	809	-	511,928	403,468
Increase (decrease) in net assets from operations	95	137	618	603	1,283	1,695	100	18	37,913	56,326
Distributions paid to securityholders:										
Investment income	(80)	(50)	(472)	(204)	(1,057)	(694)	(71)	(10)	(31,140)	(20,314)
Capital gains	-	-	-	-	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-	-	-	(175)	(123)
Management fee rebates	(2)	-	-	-	-	-	(1)	-	(100)	(27)
Total distributions paid to securityholders	(82)	(50)	(472)	(204)	(1,057)	(694)	(72)	(10)	(31,415)	(20,464)
Security transactions:										
Proceeds from securities issued	1,075	1,553	11,308	3,771	10,781	5,578	2,645	797	476,119	260,637
Reinvested distributions	82	50	472	204	1,056	690	72	10	24,151	15,108
Value of securities redeemed	(1,071)	(971)	(2,031)	(1,755)	(3,775)	(3,084)	(651)	(6)	(258,479)	(203,147)
Total security transactions	86	632	9,749	2,220	8,062	3,184	2,066	801	241,791	72,598
<b>Total increase (decrease) in net assets</b>	<b>99</b>	<b>719</b>	<b>9,895</b>	<b>2,619</b>	<b>8,288</b>	<b>4,185</b>	<b>2,094</b>	<b>809</b>	<b>248,289</b>	<b>108,460</b>
<b>End of period</b>	<b>1,732</b>	<b>1,633</b>	<b>16,318</b>	<b>6,423</b>	<b>22,044</b>	<b>13,756</b>	<b>2,903</b>	<b>809</b>	<b>760,217</b>	<b>511,928</b>

	Securities		Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>								
<b>Securities outstanding – beginning of period</b>	169	103	652	423	1,400	1,064	77	-
Issued	111	165	1,148	393	1,095	589	251	77
Reinvested distributions	8	5	48	21	107	73	7	1
Redeemed	(111)	(104)	(206)	(185)	(383)	(326)	(62)	(1)
<b>Securities outstanding – end of period</b>	<b>177</b>	<b>169</b>	<b>1,642</b>	<b>652</b>	<b>2,219</b>	<b>1,400</b>	<b>273</b>	<b>77</b>

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

# MACKENZIE FLOATING RATE INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## STATEMENTS OF CASH FLOWS

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

	2018	2017
	\$	\$
<b>Cash flows from operating activities</b>		
Net increase (decrease) in net assets attributable to securityholders from operations	37,913	56,326
Adjustments for:		
Net realized loss (gain) on investments	(28,800)	(19,529)
Change in net unrealized loss (gain) on investments	23,505	(15,965)
Purchase of investments	(743,195)	(670,484)
Proceeds from sale and maturity of investments	577,561	615,381
Change in accrued interest receivable	(3,636)	974
Change in dividends receivable	(8)	(6)
Change in due from manager	(30)	–
Change in due to manager	39	–
<b>Net cash from operating activities</b>	<b>(136,651)</b>	<b>(33,303)</b>
<b>Cash flows from financing activities</b>		
Proceeds from redeemable securities issued	369,469	224,373
Payments on redemption of redeemable securities	(155,334)	(168,517)
Distributions paid net of reinvestments	(7,260)	(5,356)
<b>Net cash from financing activities</b>	<b>206,875</b>	<b>50,500</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>70,224</b>	<b>17,197</b>
Cash and cash equivalents at beginning of period	42,871	25,683
Effect of exchange rate fluctuations on cash and cash equivalents	(20)	(9)
<b>Cash and cash equivalents at end of period</b>	<b>113,075</b>	<b>42,871</b>
Cash	14,387	8,291
Cash equivalents	98,688	34,580
<b>Cash and cash equivalents at end of period</b>	<b>113,075</b>	<b>42,871</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	391	88
Foreign taxes paid	6	–
Interest received	34,454	26,549
Interest paid	2	3

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



**MACKENZIE**  
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# MACKENZIE FLOATING RATE INCOME FUND

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## 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>					
AAC holdings Inc. Term Loan 1st Lien F/R 06-30-2023	United States	Term Loans	USD 3,771,913	4,726	4,944
Acrisure LLC Term Loan B 1st Lien F/R 11-22-2023	United States	Term Loans	USD 467,650	595	611
Air Medical Group Holdings Inc. Term Loan B 1st Lien F/R 09-26-2024	United States	Term Loans	USD 408,975	494	532
Alpha 3 BV Term Loan B1 1st Lien F/R 01-31-2024	United Kingdom	Term Loans	USD 1,588,000	2,070	2,063
AMC Entertainment Holdings Inc. 5.88% 11-15-2026 Callable	United States	Corporate - Non Convertible	USD 410,000	495	521
American Dental Partners Inc. Term Loan 1st Lien F/R 08-30-2021	United States	Term Loans	USD 371,978	472	480
American Teleconferencing Services Ltd. Term Loan 1st Lien F/R 12-08-2021	United States	Term Loans	USD 3,182,119	4,217	4,098
Amneal Pharmaceuticals LLC Term loan B 1st Lien F/R 03-23-2025	United States	Term Loans	USD 6,790,000	8,694	8,764
AMS FinCo SARL Term Loan 1st Lien F/R 05-27-2024	Luxembourg	Term Loans	USD 2,034,625	2,715	2,644
Arch Merger Sub Inc. 8.50% 09-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 3,240,000	4,122	3,866
Artis Real Estate Investment Trust F/R 02-07-2020	Canada	Corporate - Non Convertible	2,130,000	2,130	2,132
ASP AMC Merger Sub Inc. 8.00% 05-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 2,700,000	3,600	3,264
ASP MSG Acquisition Co. Inc. Term Loan 1st Lien F/R 08-16-2023	United States	Term Loans	USD 866,800	1,117	1,123
ATS Consolidated Inc. Term Loan B 1st Lien F/R 02-23-2025	United States	Term Loans	USD 2,600,000	3,274	3,393
Beasley Mezzanine Holdings LLC Term Loan 1st Lien F/R 11-16-2023	United States	Term Loans	USD 1,815,467	2,305	2,350
Bellatrix Exploration Ltd. 8.50% 05-15-2020 Callable 144A	Canada	Corporate - Non Convertible	USD 410,000	465	433
Big Ass Fans LLC Term Loan 1st Lien F/R 05-07-2024	United States	Term Loans	USD 1,965,075	2,498	2,556
BMC Acquisition Inc. Term Loan 1st Lien F/R 12-15-2024	United States	Term Loans	USD 2,004,975	2,554	2,589
Boardriders Inc. Term Loan B 1st Lien F/R 03-21-2024	United States	Term Loans	USD 8,390,000	10,600	10,701
Bright Bidco BV Term Loan B 1st Lien F/R 06-30-2024	Netherlands	Term Loans	USD 3,741,725	4,845	4,896
Burger King France SAS F/R 05-01-2023 Callable 2018	France	Corporate - Non Convertible	EUR 1,090,000	1,534	1,758
BWAY Holding Co. 7.25% 04-15-2025 144A	United States	Corporate - Non Convertible	USD 960,000	1,279	1,268
California Resources Corp. 8.00% 12-15-2022 Callable 2018 144A	United States	Corporate - Non Convertible	USD 420,000	393	426
Calpine Corp. 5.25% 06-01-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 440,000	555	548
Camelot Finance SA 7.88% 10-15-2024 Callable 2019 144A	United States	Corporate - Non Convertible	USD 890,000	1,181	1,198
Can Am Construction Inc./Canada Term Loan B 1st Lien F/R 07-01-2024	Canada	Term Loans	USD 7,106,300	8,962	9,246
Canada Goose Inc. Term Loan 1st Lien F/R 12-22-2021	Canada	Term Loans	USD 6,351,316	7,955	8,100
Canada Housing Trust No. 1 F/R 03-15-2023	Canada	Federal Government	650,000	652	653
Canada Housing Trust No. 1 2.65% 03-15-2028	Canada	Federal Government	30,000	30	30
Canada Housing Trust F/R 09-15-2022	Canada	Federal Government	700,000	701	706
CareCentrix Inc. Term Loan B 1st Lien F/R 07-08-2021	United States	Term Loans	USD 3,119,969	3,876	4,042
Careerbuilder LLC Term Loan 1st Lien F/R 07-31-2023	United States	Term Loans	USD 6,942,000	8,460	8,932
Casablanca US Holdings Inc. Term Loan 1st Lien F/R 03-29-2024	United States	Term Loans	USD 3,366,000	4,313	4,380
Centennial Resource Production LLC 5.38% 01-15-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 190,000	242	241
CenturyLink Inc. Term Loan B 1st Lien F/R 01-31-2025	United States	Term Loans	USD 6,004,950	7,959	7,622
Chassis Inc. Term Loan B 1st Lien F/R 11-10-2023	United States	Term Loans	USD 2,423,925	3,012	3,142
Chemtrade Logistics Income Fund 4.75% 05-31-2024 Conv. Callable 2022	Canada	Corporate - Convertible	320,000	320	315
Chloe Ox Parent LLC Term Loan 1st Lien F/R 12-19-2024	United States	Term Loans	USD 2,600,000	3,314	3,391
Coeur Mining Inc. 5.88% 06-01-2024 Callable 2020	United States	Corporate - Non Convertible	USD 330,000	446	423
Comfort Holding LLC Term Loan 1st Lien F/R 02-05-2024	United States	Term Loans	USD 4,818,813	6,211	6,036
Comfort Holding LLC Term Loan 2nd Lien F/R 02-03-2025	United States	Term Loans	USD 1,640,000	2,050	2,004
Commercial Vehicle Group Inc. Term Loan B 1st Lien F/R 03-30-2023	United States	Term Loans	USD 4,425,438	5,780	5,744
Commonwealth of Bahamas 5.75% 01-16-2024	Bahamas	Foreign Governments	USD 380,000	413	508
Commonwealth of Bahamas 6.95% 11-20-2029	Bahamas	Foreign Governments	USD 70,000	104	99



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# MACKENZIE FLOATING RATE INCOME FUND

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## 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>					
Communications Sales & Leasing Inc. Term Loan B 1st Lien F/R 10-24-2022	United States	Term Loans	USD 3,624,520	4,401	4,516
Conn's Inc. 7.25% 07-15-2022 Callable	United States	Corporate - Non Convertible	USD 350,000	356	450
ConvergeOne Holdings Corp. Term Loan B 1st Lien F/R 06-20-2024	United States	Term Loans	USD 6,278,555	8,171	8,129
Coronado Australian Holdings Pty Ltd. Term Loan B 1st Lien F/R 03-21-2025	United States	Term Loans	USD 3,936,429	4,923	5,020
Coronado Australian Holdings Pty Ltd. Term Loan C 1st Lien F/R 03-21-2025	United States	Term Loans	USD 1,073,571	1,343	1,369
Crew Energy Inc. 6.50% 03-14-2024 Callable	Canada	Corporate - Non Convertible	500,000	500	471
CryoLife Inc. Term Loan B 1st Lien F/R 11-15-2024	United States	Term Loans	USD 1,835,400	2,331	2,394
CSC Holdings LLC Term Loan B 1st Lien F/R 01-12-2026	United States	Term Loans	USD 2,840,000	3,523	3,664
CSM Bakery Solutions LLC Term Loan 2nd Lien F/R 07-05-2021	United States	Term Loans	USD 2,320,000	2,472	2,874
CSM NV Term Loan B F/R 07-03-2020	United States	Term Loans	USD 1,874,469	2,331	2,392
CSP Technologies North America LLC Term Loan B 1st Lien F/R 01-29-2022	United States	Term Loans	USD 2,926,527	3,631	3,789
CTI Foods Holding Co. LLC Term Loan 1st Lien F/R 06-29-2020	United States	Term Loans	USD 280,545	284	329
CTI Foods Holding Co. LLC Term Loan 2nd Lien F/R 06-28-2021	United States	Term Loans	USD 300,000	301	294
CVR Partners LP 9.25% 06-15-2023 Callable 2019 144A	United States	Corporate - Non Convertible	USD 880,000	1,131	1,206
Daseke Inc. Term Loan 1st Lien F/R 02-27-2024	United States	Term Loans	USD 5,556,156	7,139	7,238
DBRS Ltd. Term Loan 1st Lien F/R 03-04-2022	Canada	Term Loans	USD 3,719,496	4,696	4,834
Deerfield Holdings Corp. Term Loan B 1st Lien F/R 12-06-2024	United States	Term Loans	USD 2,060,000	2,629	2,666
DHX Media Ltd. Term Loan B 1st Lien F/R 12-29-2023	Canada	Term Loans	USD 2,035	3	3
DHX Media Ltd. 5.88% 09-30-2024 Conv.	Canada	Corporate - Convertible	210,000	197	192
Diamond (BC) BV Term Loan 1st Lien F/R 09-06-2024	United States	Term Loans	USD 628,425	774	809
Digicert Holdings Inc. Term Loan 1st Lien F/R 09-20-2024	United States	Term Loans	USD 2,140,000	2,626	2,792
Digicert Holdings Inc. Term Loan 2nd Lien F/R 10-31-2025	United States	Term Loans	USD 780,000	957	1,016
Dole Food Co. Inc. Term Loan B 1st Lien F/R 04-06-2024	United States	Term Loans	USD 863,500	1,147	1,116
Dollarama Inc. F/R 03-16-2020	Canada	Corporate - Non Convertible	2,500,000	2,502	2,517
Drive DeVilbiss Healthcare Ltd. Term Loan 1st Lien F/R 01-03-2023	United States	Term Loans	USD 5,704,099	6,941	6,816
Dynamic Energy Services International LLC Term Loan B 1st Lien F/R 03-06-2018	United States	Term Loans	USD 3,075,584	3,073	1,407
EagleTree-Carbide Acquisition Corp. Term Loan 1st Lien F/R 08-28-2024	United States	Term Loans	USD 5,976,050	7,431	7,771
Electrical Components International Inc. Term Loan B 1st Lien F/R 05-28-2021	United States	Term Loans	USD 7,702,370	10,330	9,991
Elo Touch Solutions Inc. Term Loan B 1st Lien F/R 10-25-2023	United States	Term Loans	USD 3,737,300	4,746	4,860
Energy Solutions LLC Term Loan B 1st Lien F/R 05-29-2020	United States	Term Loans	USD 2,538,956	3,060	3,328
Envigo Holdings Inc. Term Loan B 1st Lien F/R 12-14-2023	United States	Term Loans	USD 5,010,000	6,167	6,341
Exela Intermediate LLC 10.00% 07-15-2023 Callable 2020 144A	United States	Corporate - Non Convertible	USD 5,100,000	6,643	6,695
Fairmount Santrol Term Loan B 1st Lien F/R 11-01-2022	United States	Term Loans	USD 2,228,972	2,816	2,910
Fastener Acquisition Inc. Term Loan 1st Lien F/R 03-28-2025	United States	Term Loans	USD 2,590,000	3,316	3,312
Fortress Transportation and Infrastructure Investors LLC 6.75% 03-15-2022 Callable 2020 144A	United States	Corporate - Non Convertible	USD 260,000	345	340
FXI Holdings Inc. 7.88% 11-01-2024 Callable 2020 144A	United States	Corporate - Non Convertible	USD 860,000	1,103	1,086
Garda World Security Corp. Term Loan B 1st Lien F/R 05-26-2024	Canada	Term Loans	USD 756,443	1,026	985
Garda World Security Corp. Term Loan B 1st Lien F/R 05-26-2024	Canada	Term Loans	1,761,688	1,744	1,773
Garda World Security Corp. 7.25% 11-15-2021 Callable 144A	Canada	Corporate - Non Convertible	USD 700,000	778	915
Gateway Casinos & Entertainment Ltd. Term Loan B 1st Lien F/R 03-13-2025	Canada	Term Loans	USD 3,270,000	4,214	4,250



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# MACKENZIE FLOATING RATE INCOME FUND

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## 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>					
Gateway Casinos & Entertainment Ltd. 8.25% 03-01-2024 Callable 2020 144A	Canada	Corporate - Non Convertible	USD 1,150,000	1,516	1,575
Gavilan Resources LLC Term Loan 2nd Lien F/R 02-23-2024	United States	Term Loans	USD 2,450,000	3,179	3,172
Genworth Holdings Inc. Term Loan 1st Lien F/R 02-28-2023	United States	Term Loans	USD 3,060,000	3,907	4,018
Gibson Energy Inc. 5.25% 07-15-2024 Callable 2020 REGS	Canada	Corporate - Non Convertible	1,660,000	1,660	1,671
G-III Apparel Group Ltd. Term Loan B 1st Lien F/R 12-01-2022	United States	Term Loans	USD 2,888,571	3,691	3,772
Gopher Resource LLC Term Loan 1st Lien F/R 02-09-2025	United States	Term Loans	USD 2,400,000	3,029	3,125
Gopher Sub Inc. Delayed Draw Term Loan 1st Lien F/R 01-29-2025	United States	Term Loans	USD 337,742	415	435
Gopher Sub Inc. Term Loan 1st Lien F/R 01-29-2025	United States	Term Loans	USD 3,152,258	3,878	4,061
Government of Canada 2.50% 06-01-2024	Canada	Federal Government	280,000	286	288
Government of Canada 1.00% 06-01-2027	Canada	Federal Government	160,000	145	146
Great Canadian Gaming Corp. 6.625% 07-25-2022 Callable 144A	Canada	Corporate - Non Convertible	1,090,000	1,147	1,128
Green Plains Inc. Term Loan B 1st Lien F/R 08-29-2023	United States	Term Loans	USD 5,960,050	7,435	7,716
Greenhill & Co. Inc. Term Loan B 1st Lien F/R 10-12-2022	United States	Term Loans	USD 2,636,625	3,290	3,431
Hornblower Sub LLC Term Loan 1st Lien F/R 04-28-2025	United States	Term Loans	USD 5,610,000	7,212	7,245
Hudson River Trading LLC Term Loan 1st Lien F/R 03-20-2025	United States	Term Loans	USD 4,570,000	5,919	5,909
Hyster-Yale Group Inc. Term Loan B 1st Lien F/R 05-30-2023	United States	Term Loans	USD 6,554,750	8,805	8,518
I-Logic Technologies Bidco Ltd. Term Loan B 1st Lien F/R 12-20-2024	United States	Term Loans	USD 3,381,525	4,317	4,371
Imagine! Print Solutions Inc. Term Loan 1st Lien F/R 06-21-2022	United States	Term Loans	USD 5,279,923	6,767	6,394
Impala Private Holdings II LLC Term Loan 1st Lien F/R 11-10-2024	United States	Term Loans	USD 4,398,975	5,557	5,700
Indivior Finance SARL Term Loan B 1st Lien F/R 12-14-2022	United Kingdom	Term Loans	USD 2,553,600	3,240	3,310
Integro Ltd. United States Term Loan B1 1st Lien F/R 10-31-2022	United States	Term Loans	USD 3,757,297	4,669	4,840
Interior Logic Group Inc. Term Loan B 1st Lien F/R 03-01-2024	United States	Term Loans	USD 4,427,000	5,704	5,746
International Equipment Solutions LLC Term Loan B F/R 08-15-2022	United States	Term Loans	USD 4,694,518	5,234	6,116
Invenergy Thermal Operating I LLC Term Loan B 1st Lien F/R 10-19-2022	United States	Term Loans	USD 2,165,288	2,747	2,671
iQor US Inc. Term Loan 2nd Lien F/R 04-01-2022	United States	Term Loans	USD 3,600,000	4,008	4,482
iQor US Inc. Term Loan B 1st Lien F/R 04-01-2021	United States	Term Loans	USD 2,498,379	2,779	3,233
Itron Inc. 5.00% 01-15-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 290,000	370	369
Jane Street Group LLC Term Loan B 1st Lien F/R 08-25-2022	United States	Term Loans	USD 1,780,250	2,243	2,311
JBS USA Lux SA Term Loan B 1st Lien F/R 10-30-2022	Brazil	Term Loans	USD 2,249,719	2,987	2,894
KEMET Corp. Term Loan B 1st Lien F/R 04-26-2024	United States	Term Loans	USD 6,272,941	8,216	8,243
Keystone Peer Review Organization Holdings Inc. Term Loan 1st Lien F/R 05-01-2024	United States	Term Loans	USD 2,104,425	2,816	2,728
Kronos Acquisition Holdings Inc. 9.00% 08-15-2023 144A	Canada	Corporate - Non Convertible	USD 1,130,000	1,365	1,396
Lanai Holdings III Inc. Term Loan B 1st Lien F/R 08-14-2022	United States	Term Loans	USD 928,625	1,203	1,163
Lannett Co. Inc. Term Loan B 1st Lien F/R 11-25-2022	United States	Term Loans	USD 2,191,974	2,670	2,821
Lantheus Medical Imaging Inc. Term Loan B 1st Lien F/R 06-30-2022	United States	Term Loans	USD 231,033	307	300
LBM Borrower LLC Term Loan 1st Lien F/R 08-20-2022	United States	Term Loans	USD 4,291,847	5,534	5,594
LD Intermediate Holdings Inc. Term Loan B 1st Lien F/R 12-09-2022	United States	Term Loans	USD 3,860,781	4,537	4,476
Lee Enterprises Inc. 9.50% 03-15-2022 Callable 2018 144A	United States	Corporate - Non Convertible	USD 400,000	455	539
LifeMiles Ltd. Term Loan B 1st Lien F/R 08-18-2022	Colombia	Term Loans	USD 4,406,500	5,599	5,819
Lifetime Brands Inc. Term Loan B 1st Lien F/R 03-31-2025	United States	Term Loans	USD 760,000	952	986
Lionbridge Technologies Inc. Term Loan 1st Lien F/R 02-28-2024	United States	Term Loans	USD 1,396,994	1,831	1,800
Livingston International Inc. Term Loan 1st Lien F/R 03-18-2020	Canada	Term Loans	USD 997,500	1,208	1,284
Livingston International Inc. Term Loan 1st Lien F/R 03-18-2020	Canada	Term Loans	3,203,899	3,030	3,076
Livingston International Inc. Term Loan 2nd Lien F/R 04-17-2020	Canada	Term Loans	USD 1,516,205	1,602	1,875
Logibec Groupe Informatique Ltd. Term Loan 1st Lien F/R 12-31-2018	Canada	Term Loans	3,171,350	3,011	3,011



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## 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>					
Mattamy Group Corp. 6.50% 10-01-2025 Callable 2020	Canada	Corporate - Non Convertible	760,000	769	776
Mattamy Group Corp. 6.50% 10-01-2025 Callable 2020 144A	Canada	Corporate - Non Convertible	USD 460,000	574	599
McAfee LLC Term Loan 2nd Lien F/R 09-29-2025	United States	Term Loans	USD 4,000,000	5,000	5,233
McAfee LLC Term Loan B 1st Lien F/R 09-30-2024	United States	Term Loans	USD 3,685,937	4,590	4,803
MEG Energy Corp. Term Loan B 1st Lien F/R 12-31-2023	Canada	Term Loans	USD 929,100	1,229	1,199
Meredith Corp. Term Loan B 1st Lien F/R 01-18-2025	United States	Term Loans	USD 6,850,000	8,487	8,888
Meredith Corp. 6.88% 02-01-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 220,000	275	291
Micron Technology Inc. Term Loan B 1st Lien F/R 04-26-2022	United States	Term Loans	USD 1,190,376	1,529	1,545
Mission Broadcasting Inc. Term Loan 1st Lien F/R 01-17-2024	United States	Term Loans	USD 249,331	324	323
MND Holdings III Corp. Term Loan 1st Lien F/R 06-19-2024	United States	Term Loans	USD 765,270	990	997
Neenah Foundry Co. Term Loan B 1st Lien F/R 12-08-2022	United States	Term Loans	USD 3,280,000	4,177	4,204
New Arclin US Holding Corp. Term Loan 1st Lien F/R 02-14-2024	United States	Term Loans	USD 1,555,017	2,014	2,024
New Red Finance Inc. 5.00% 10-15-2025 Callable 2020 144A	Canada	Corporate - Non Convertible	USD 760,000	935	935
Nexstar Broadcasting Inc. Term Loan B 1st Lien F/R 01-17-2024	United States	Term Loans	USD 1,936,694	2,514	2,506
Numericable-SFR 6.00% 05-15-2022 Callable 144A	France	Corporate - Non Convertible	USD 850,000	1,199	1,072
NWH Escrow Corp. 7.50% 08-01-2021 Callable 144A	United States	Corporate - Non Convertible	USD 2,306,000	2,593	2,718
Ocean Bidco Inc. Term Loan B 1st Lien F/R 03-02-2025	United States	Term Loans	USD 3,260,000	4,198	4,219
OCI Beaumont LLC Term Loan B 1st Lien F/R 02-16-2025	United States	Term Loans	USD 3,590,000	4,501	4,660
Office Depot Inc. Term Loan B 1st Lien F/R 11-08-2022	United States	Term Loans	USD 5,284,500	6,541	6,948
Osteon Merger Sub Inc. Term Loan B 1st Lien F/R 02-06-2025	United States	Term Loans	USD 2,190,000	2,728	2,849
Oxbow Carbon LLC Term Loan B 1st Lien F/R 12-18-2022	United States	Term Loans	USD 2,014,500	2,585	2,631
Oxbow Carbon LLC Term Loan B 2nd Lien F/R 12-18-2023	United States	Term Loans	USD 1,790,000	2,280	2,346
Paradigm Acquisition Corp. Term Loan 1st Lien F/R 10-11-2024	United States	Term Loans	USD 1,972,160	2,467	2,566
Parkland Fuel Corp. 6.00% 04-01-2026 Callable 2021 144A	Canada	Corporate - Non Convertible	USD 920,000	1,204	1,193
The Pasha Group Term Loan B 1st Lien F/R 12-13-2022	United States	Term Loans	USD 5,040,313	6,317	6,558
Petroleos De Venezuela SA 6.00% 05-16-2024	Venezuela	Corporate - Non Convertible	USD 2,647,000	846	928
PetSmart Inc. Term Loan B2 1st Lien F/R 03-10-2022	United States	Term Loans	USD 1,054,935	1,123	1,094
Pisces Midco Inc. Term Loan B 1st Lien F/R 03-29-2025	United States	Term Loans	USD 6,010,000	7,704	7,704
Pisces Midco Inc. 8.00% 04-15-2026 Callable 2021 [144A]	United States	Corporate - Non Convertible	USD 565,000	728	728
PM Merger Sub Inc. Term Loan B 1st Lien F/R 03-07-2025	United States	Term Loans	USD 2,190,000	2,787	2,830
PNI Canada Acquireco Corp. Term Loan B 1st Lien F/R 08-23-2022	Canada	Term Loans	USD 3,613,346	4,292	4,643
Polycorn Inc. Term Loan 1st Lien F/R 09-27-2023	United States	Term Loans	USD 37,972	48	49
Power Products LLC Term Loan 1st Lien F/R 12-20-2022	United States	Term Loans	USD 620,921	804	809
Project Leopard Holdings Inc. Term Loan 1st Lien F/R 07-07-2023	United States	Term Loans	USD 2,885,518	3,847	3,758
Propulsion Acquisition LLC Term Loan 1st Lien F/R 07-13-2021	United States	Term Loans	USD 2,916,317	3,588	3,719
Prospect Medical Holdings Inc. Term Loan B 1st Lien F/R 02-15-2024	United States	Term Loans	USD 5,110,000	6,287	6,599
Province of Ontario 2.60% 09-08-2023	Canada	Provincial Governments	20,000	20	20
PS HoldCo LLC Term Loan 1st Lien F/R 03-02-2025	United States	Term Loans	USD 1,900,000	2,438	2,472
PSC Industrial Outsourcing LP Term Loan 2nd Lien F/R 10-05-2025	United States	Term Loans	USD 1,180,000	1,454	1,507
PSC Industrial Outsourcing LP Term Loan B 1st Lien F/R 10-05-2024	United States	Term Loans	USD 4,229,400	5,264	5,506
Q Holding Co. Term Loan B 1st Lien F/R 12-17-2021	United States	Term Loans	USD 2,065,939	2,733	2,693
QCP SNF West 8.13% 11-01-2023 Callable 2019 144A	United States	Corporate - Non Convertible	USD 1,250,000	1,647	1,677
Quad Graphics Inc. 7.00% 05-01-2022	United States	Corporate - Non Convertible	USD 560,000	615	747
Quest Software US Holdings Inc. Term Loan 1st Lien F/R 10-31-2022	United States	Term Loans	USD 3,557,308	4,679	4,674
Quinpario Acquisition Corp. 2 B Term Loan 1st Lien F/R 06-30-2023	United States	Term Loans	USD 3,327,875	4,220	4,331
Rackspace Hosting Inc. 8.63% 11-15-2024 Callable 2019 144A	United States	Corporate - Non Convertible	USD 1,210,000	1,619	1,544
Red Ventures LLC Term Loan B 1st Lien F/R 11-08-2024	United States	Term Loans	USD 3,820,800	4,714	4,972
Reliance Intermediate Holdings LP 6.50% 04-01-2023 Callable 2018 144A	Canada	Corporate - Non Convertible	USD 540,000	724	726



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<b>BONDS (cont'd)</b>					
Renfro Corp. Term Loan B 1st Lien F/R 03-31-2021	United States	Term Loans	USD 3,185,680	3,663	4,135
REP WWEX Acquisition Parent LLC Term Loan 1st Lien F/R 01-02-2025	United States	Term Loans	USD 1,984,962	2,448	2,567
Research Now Group Inc. Term Loan 1st Lien F/R 12-20-2024	United States	Term Loans	USD 8,169,525	9,984	10,476
Research Now Group Inc. Term Loan 2nd Lien F/R 12-20-2025	United States	Term Loans	USD 1,350,000	1,615	1,626
Resolute Forest Products Inc. 5.875% 05-15-2023	United States	Corporate - Non Convertible	USD 330,000	320	435
Resolute Investment Managers Inc. Term Loan 2nd Lien F/R 04-30-2023	United States	Term Loans	USD 750,000	939	983
Rite Aid Corp. 7.70% 02-15-2027	United States	Corporate - Non Convertible	USD 160,000	211	175
Riverbed Technology Inc. Term Loan B 1st Lien F/R 04-24-2022	United States	Term Loans	USD 361,579	465	465
Robertshaw US Holding Corp. Term Loan 1st Lien F/R 02-15-2025	United States	Term Loans	USD 1,570,000	1,955	2,043
Russel Metals Inc. 6.00% 03-16-2026 Callable 2021	Canada	Corporate - Non Convertible	360,000	360	362
Sarbacane Bidco Inc. Term Loan 1st Lien F/R 01-18-2025 (AKA Prometric)	United States	Term Loans	USD 550,000	684	714
Scientific Games International Inc. Term Loan B5 1st Lien F/R 08-14-2024	United States	Term Loans	USD 870,000	1,077	1,126
SciQuest Inc. Term Loan 1st Lien F/R 12-29-2024	United States	Term Loans	USD 2,120,000	2,687	2,745
Shuttlefly Inc. Term Loan B2 1st Lien F/R 08-17-2024	United States	Term Loans	USD 4,370,000	5,562	5,665
Sigma Bidco BV Term Loan B 1st Lien F/R 03-07-2025	Netherlands	Term Loans	EUR 4,850,000	7,725	7,625
Sigma US Corp. Term Loan B 1st Lien F/R 03-06-2025	Netherlands	Term Loans	USD 3,220,000	4,148	4,152
SMI Acquisition Inc. Term Loan 1st Lien F/R 10-27-2024	United States	Term Loans	USD 1,596,000	2,042	2,071
SMI Acquisition Inc. Term Loan 2nd Lien F/R 10-27-2025	United States	Term Loans	USD 470,000	597	610
Solenis International LP Term Loan 2nd Lien F/R 07-31-2022	United States	Term Loans	USD 1,890,000	2,146	2,322
Source Energy Services Canada LP 10.50% 12-15-2021 Callable 2018 144A	Canada	Corporate - Non Convertible	1,657,000	1,673	1,808
Sprint Capital Corp. 6.875% 11-15-2028	United States	Corporate - Non Convertible	USD 420,000	569	506
Sprint Corp. 7.875% 09-15-2023	United States	Corporate - Non Convertible	USD 130,000	178	171
Sprint Corp. 7.63% 02-15-2025 Callable 2024	United States	Corporate - Non Convertible	USD 120,000	158	153
St. George's University Scholastic Services LLC Term Loan B 1st Lien F/R 07-06-2022	United States	Term Loans	USD 924,977	1,209	1,204
Staples Inc. Term Loan 1st Lien F/R 08-15-2024	United States	Term Loans	USD 6,304,200	8,018	8,059
Star West Generation LLC Term Loan B 1st Lien F/R 03-13-2020	United States	Term Loans	USD 6,518,082	6,836	7,662
Stepstone Group LP Term Loan B 1st Lien F/R 03-19-2025	United States	Term Loans	USD 2,440,000	3,143	3,163
Sunshine Investments BV Term Loan B3 1st Lien F/R 12-15-2024	Netherlands	Term Loans	USD 2,500,000	3,204	3,221
Superior Industries International Inc. Term Loan 1st Lien F/R 03-22-2024	United States	Term Loans	USD 3,802,108	4,982	4,953
Syniverse Holdings Inc. Term Loan 1st Lien F/R 02-09-2023	United States	Term Loans	USD 1,940,000	2,416	2,531
Talen Energy Supply LLC 9.50% 07-15-2022 Callable 2020 144A	United States	Corporate - Non Convertible	USD 780,000	1,015	977
Talen Energy Supply LLC 10.50% 01-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 440,000	549	488
Team Health Holdings Inc. 6.38% 02-01-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 520,000	649	576
Tenet Healthcare Corp. 6.75% 06-15-2023	United States	Corporate - Non Convertible	USD 960,000	1,199	1,214
Tensar International Corp. Term Loan 2nd Lien F/R 07-09-2022	United States	Term Loans	USD 820,000	867	856
Terex Corp. Term Loan 1st Lien F/R 01-31-2024	United States	Term Loans	USD 594,000	779	768
TerraForm Power Operating LLC 5.00% 01-31-2028 Callable 2027 144A	United States	Corporate - Non Convertible	USD 690,000	886	849
Teva Pharmaceutical Finance Netherlands III BV 3.15% 10-01-2026 Callable	Israel	Corporate - Non Convertible	USD 616,000	640	638
Titan Acquisition Ltd. Term Loan 1st Lien F/R 03-16-2025	United Kingdom	Term Loans	USD 3,680,000	4,806	4,738
Titan Acquisition Ltd. 7.75% 04-15-2026 Callable 2021 144A	United Kingdom	Corporate - Non Convertible	USD 3,110,000	4,072	4,005
The Toronto-Dominion Bank F/R 07-25-2029 Callable 2024	Canada	Corporate - Non Convertible	90,000	90	89



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## 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>					
Tortoise Borrower LLC Term Loan 1st Lien F/R 11-20-2024	United States	Term Loans	USD 1,910,000	2,434	2,491
Traverse Midstream Partners LLC Term Loan B 1st Lien F/R 09-21-2024	United States	Term Loans	USD 2,140,000	2,627	2,776
Trico Products Corp. Term Loan 1st Lien F/R 02-02-2024	United States	Term Loans	USD 2,970,000	3,570	3,855
U.S. Renal Care Inc. Term Loan 1st Lien F/R 12-31-2022	United States	Term Loans	USD 4,081,007	5,122	5,288
Uber Technologies Inc. Term Loan 1st Lien F/R 03-21-2025	United States	Term Loans	USD 7,530,000	9,680	9,757
Uber Technologies Inc. Term Loan B 1st Lien F/R 07-13-2023	United States	Term Loans	USD 7,936,975	10,010	10,277
Valeant Pharmaceuticals International Inc. 5.63% 12-01-2021 Callable 144A	United States	Corporate - Non Convertible	USD 170,000	210	210
VCVH Holding Corp. Term Loan 1st Lien F/R 05-10-2023	United States	Term Loans	USD 3,991,462	5,244	5,193
VIP Cineman Holdings Inc. Term Loan 1st Lien F/R 03-01-2023	United States	Term Loans	USD 1,453,500	1,929	1,894
Vistage Worldwide Inc. Term Loan 1st Lien F/R 02-01-2025	United States	Term Loans	USD 3,630,000	4,533	4,711
W/S Packaging Holdings Inc. 9.00% 04-15-2023 Callable 2020 144A	United States	Corporate - Non Convertible	USD 1,980,000	2,558	2,595
WellDyneDx Inc. Term Loan 1st Lien F/R 08-16-2022	United States	Term Loans	USD 4,514,095	5,628	5,743
Werner FinCo LP Term Loan 1st Lien F/R 06-23-2024	United States	Term Loans	USD 4,842,625	6,234	6,285
Western Dental Services Inc. Term Loan B 1st Lien F/R 06-23-2023	United States	Term Loans	USD 2,011,785	2,617	2,622
Williams Scotsman International Inc. 7.88% 12-15-2022 Callable 2019 144A	United States	Corporate - Non Convertible	USD 660,000	846	880
Wind Tre SPA 5.00% 01-20-2026 Callable 2020	Italy	Corporate - Non Convertible	USD 360,000	404	395
Windstream Services LLC Term Loan B6 1st Lien F/R 03-16-2021	United States	Term Loans	USD 2,832,143	3,529	3,519
Wirepath Home Systems LLC Term Loan 1st Lien F/R 07-27-2024	United States	Term Loans	USD 995,006	1,233	1,288
YRC Worldwide Inc. Term Loan 1st Lien F/R 07-21-2022	United States	Term Loans	USD 4,538,684	5,633	5,904
Zotec Partners LLC Term Loan 1st Lien F/R 02-09-2024	United States	Term Loans	USD 5,210,000	6,490	6,712
<b>Total bonds</b>				<b>713,601</b>	<b>726,524</b>
<b>EQUITIES</b>					
AltaGas Ltd. Pfd. Series K	Canada	Energy	44,940	1,124	1,140
Brookfield Asset Management Inc. Pfd. Series 46	Canada	Real Estate	35,910	898	926
Brookfield Asset Management Inc. Pfd. Series 48	Canada	Real Estate	29,760	744	756
Brookfield Renewable Partners LP Pfd. Series 11	Canada	Utilities	66,820	1,671	1,683
Source Energy Services Ltd.	Canada	Energy	15,474	145	77
TransAlta Corp. Pfd. Series A	Canada	Utilities	57,353	761	852
TransCanada Corp. Pfd. Series 15	Canada	Energy	72,360	1,809	1,885
Westcoast Energy Inc. 5.20% Cum. Red. First Pfd. Series 12	Canada	Utilities	14,700	370	380
<b>Total equities</b>				<b>7,522</b>	<b>7,699</b>
<b>OPTIONS</b>					
Options purchased (see schedule of options purchased)				707	513
<b>Total Options</b>				<b>707</b>	<b>513</b>
Transaction costs				(21)	—
<b>Total investments</b>				<b>721,809</b>	<b>734,736</b>
Derivative instruments (see schedule of derivative instruments)					(13,649)
Cash and cash equivalents					113,075
Other assets less liabilities					(73,945)
<b>Total net assets</b>					<b>760,217</b>



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## SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2018	
Portfolio Allocation	% of NAV
Bonds	95.7
<i>Bonds</i>	95.6
<i>Purchased options</i>	0.1
Cash and short-term investments	14.9
Equities	0.9
Other assets (liabilities)	(11.5)

Regional Allocation	
Regional Allocation	% of NAV
United States	80.3
Cash and short-term investments	14.9
Canada	9.5
Netherlands	2.6
United Kingdom	1.9
Colombia	0.8
Other	0.7
Brazil	0.4
France	0.4
Other assets (liabilities)	(11.5)

Sector Allocation	
Sector Allocation	% of NAV
Term loans	86.4
Cash and short-term investments	14.9
Corporate bonds	8.9
Other	0.9
Energy	0.4
Other assets (liabilities)	(11.5)

March 31, 2017	
Portfolio Allocation	% of NAV
Bonds	101.4
Cash and short-term investments	8.4
Equities	1.6
Other assets (liabilities)	(11.4)

Regional Allocation	
Regional Allocation	% of NAV
United States	84.7
Canada	11.4
Cash and short-term investments	8.4
Brazil	2.1
Other	1.5
Netherlands	1.0
Sweden	0.8
Cayman Islands	0.8
Mexico	0.7
Other assets (liabilities)	(11.4)

Sector Allocation	
Sector Allocation	% of NAV
Term loans	87.8
Corporate bonds	10.5
Cash and short-term investments	8.4
Other	3.5
Provincial bonds	1.2
Other assets (liabilities)	(11.4)



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## SCHEDULE OF OPTIONS PURCHASED

*As at March 31, 2018*

<b>Underlying Interest</b>	<b>Number of Contracts</b>	<b>Option Type</b>	<b>Expiration Date</b>	<b>Strike Price \$</b>	<b>Premium Paid (\$ 000s)</b>	<b>Fair Value (\$ 000s)</b>
iShares iBoxx \$ High Yield Corporate Bond ETF	1,602	Put	Sep. 21, 2018	USD 83.00	401	288
iShares iBoxx \$ High Yield Corporate Bond ETF	832	Put	Sep. 21, 2018	USD 85.00	306	225
<b>Total options</b>					<b>707</b>	<b>513</b>



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## SCHEDULE OF DERIVATIVE 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	39,900	Mexican peso	(2,638)	Canadian dollar	Apr. 6, 2018	2,638	2,825	187
AA	7,829	Canadian dollar	(6,000)	U.S. dollar	Jun. 15, 2018	(7,829)	(7,719)	110
AA	7,828	Canadian dollar	(6,000)	U.S. dollar	Jun. 22, 2018	(7,828)	(7,718)	110
AA	45,317	Canadian dollar	(35,180)	U.S. dollar	Jun. 22, 2018	(45,317)	(45,252)	65
AA	38,150	Canadian dollar	(29,320)	U.S. dollar	Jun. 29, 2018	(38,150)	(37,709)	441
AA	15,526	Canadian dollar	(11,900)	U.S. dollar	Jun. 29, 2018	(15,526)	(15,305)	221
Unrealized Gains								1,134
A	2,617	Canadian dollar	(39,900)	Mexican peso	Apr. 6, 2018	(2,617)	(2,825)	(208)
AA	57,588	Canadian dollar	(46,000)	U.S. dollar	Apr. 13, 2018	(57,588)	(59,247)	(1,659)
AA	6,279	Canadian dollar	(5,000)	U.S. dollar	Apr. 13, 2018	(6,279)	(6,440)	(161)
AA	10,251	Canadian dollar	(8,000)	U.S. dollar	Apr. 20, 2018	(10,251)	(10,302)	(51)
AA	12,548	Canadian dollar	(10,000)	U.S. dollar	Apr. 20, 2018	(12,548)	(12,878)	(330)
AA	52,948	Canadian dollar	(42,310)	U.S. dollar	Apr. 20, 2018	(52,948)	(54,488)	(1,540)
AA	10,211	Canadian dollar	(8,025)	U.S. dollar	Apr. 20, 2018	(10,211)	(10,335)	(124)
AA	1,771	Canadian dollar	(1,135)	Euro	Apr. 20, 2018	(1,771)	(1,801)	(30)
A	82,567	Canadian dollar	(67,103)	U.S. dollar	Apr. 27, 2018	(82,567)	(86,409)	(3,842)
AA	10,206	Canadian dollar	(8,025)	U.S. dollar	May 11, 2018	(10,206)	(10,331)	(125)
AA	51,882	Canadian dollar	(41,491)	U.S. dollar	May 11, 2018	(51,882)	(53,415)	(1,533)
AA	4,986	Canadian dollar	(3,880)	U.S. dollar	May 18, 2018	(4,986)	(4,995)	(9)
AA	6,143	Canadian dollar	(4,775)	U.S. dollar	May 18, 2018	(6,143)	(6,147)	(4)
AA	74,182	Canadian dollar	(60,500)	U.S. dollar	May 18, 2018	(74,182)	(77,877)	(3,695)
AA	52,800	Canadian dollar	(42,000)	U.S. dollar	Jun. 8, 2018	(52,800)	(54,041)	(1,241)
AA	4,983	Canadian dollar	(3,880)	U.S. dollar	Jun. 15, 2018	(4,983)	(4,992)	(9)
AA	64,259	Canadian dollar	(50,083)	U.S. dollar	Jun. 15, 2018	(64,259)	(64,432)	(173)
AA	4,986	Canadian dollar	(3,880)	U.S. dollar	Jun. 22, 2018	(4,986)	(4,991)	(5)
A	4,973	Canadian dollar	(3,880)	U.S. dollar	Jul. 13, 2018	(4,973)	(4,989)	(16)
AA	4,980	Canadian dollar	(3,880)	U.S. dollar	Jul. 13, 2018	(4,980)	(4,989)	(9)
AA	4,983	Canadian dollar	(3,880)	U.S. dollar	Jul. 20, 2018	(4,983)	(4,988)	(5)
AA	4,974	Canadian dollar	(3,880)	U.S. dollar	Jul. 27, 2018	(4,974)	(4,988)	(14)
Unrealized (Losses)								(14,783)
<b>Total forward currency contracts</b>								<b>(13,649)</b>
<b>Total derivative instruments at fair value</b>								<b>(13,649)</b>



**MACKENZIE**  
Investments

# MACKENZIE FLOATING RATE INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

### 1. Fiscal Periods and General Information

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

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

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

### 2. Basis of Preparation and Presentation

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

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

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

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

### 3. Significant Accounting Policies

#### (a) Financial instruments

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

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

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

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

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

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

# MACKENZIE FLOATING RATE INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## 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 FLOATING RATE INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

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

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

Date of Formation 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)*

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, Series PWT6 and Series PWT8 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 and Series PWT8 securities also want to receive a monthly cash flow of 6% or 8% per year, respectively.

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 and Series PWX8 securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor. Investors in Series PWX8 securities also want to receive a monthly cash flow of 8% per year.

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

Series 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.



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# MACKENZIE FLOATING RATE INCOME FUND

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## NOTES TO FINANCIAL STATEMENTS

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

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

**Series Distributed by Quadrus Investment Services Ltd.** *(255 Dufferin Ave., London, Ontario, N6A 4K1; 1-888-532-3322; www.quadrusgroupoffunds.com)*

Quadrus Investment Services Ltd. ("Quadrus") is the principal distributor of the series of securities listed below:

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

H Series securities are offered to investors investing a minimum of \$500, who are enrolled in a Quadrus-sponsored fee-for-service or wrap program and who are subject to an asset-based fee.

L Series securities are offered to investors investing a minimum of \$100,000 and who have eligible minimum total holdings of \$500,000.

N Series securities are offered to investors investing a minimum of \$100,000, who have eligible minimum total holdings of \$500,000, and who have entered into an N type series account agreement with Mackenzie and Quadrus.

QF Series securities are offered to retail investors investing a minimum of \$500. Investors are required to negotiate their advisor service fee, which cannot exceed 1.25%, with their financial advisor.

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.



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## 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	1.55% <sup>(3)</sup>	0.20%	10.23	10.17
Series AR	October 21, 2013	1.55% <sup>(3)</sup>	0.23%	10.07	10.00
Series D	March 19, 2014	1.00%	0.15%	9.86	9.77
Series F	May 9, 2013	0.65% <sup>(7)</sup>	0.15%	10.19	10.11
Series F6	July 8, 2013	0.65% <sup>(7)</sup>	0.15%	14.27	14.34
Series F8	None issued	0.65%	0.15%	—	—
Series FB	October 26, 2015	0.75%	0.20%	10.45	10.36
Series FB5	October 26, 2015	0.75%	0.20%	15.42	15.37
Series O	June 7, 2013	— <sup>(1)</sup>	— *	10.19	10.10
Series O6	September 23, 2013	— <sup>(1)</sup>	— *	14.74	14.71
Series PW	October 16, 2013	1.15%	0.15%	10.07	10.01
Series PWF	October 16, 2013	0.65%	0.15%	10.07	10.00
Series PWF6	April 3, 2017	0.65%	0.15%	14.99	—
Series PWF8	July 19, 2014	0.65%	0.15%	13.77	14.10
Series PWFB	April 3, 2017	0.65%	0.15%	10.12	—
Series PWFB5	April 3, 2017	0.65%	0.15%	15.11	—
Series PWT6	April 3, 2017	1.15%	0.15%	14.91	—
Series PWT8	October 30, 2013	1.15%	0.15%	12.67	13.06
Series PWX	December 9, 2013	— <sup>(2)</sup>	— <sup>(2)</sup>	10.02	9.92
Series PWX8	May 25, 2015	— <sup>(2)</sup>	— <sup>(2)</sup>	13.95	14.19
Series R	August 27, 2013	— *	— *	10.08	9.99
Series S	January 13, 2015	— <sup>(1)</sup>	0.02%	10.24	10.13
Series SC	May 7, 2013	1.25% <sup>(4)</sup>	0.20%	10.23	10.15
Series S6	June 26, 2013	1.25% <sup>(4)</sup>	0.20%	13.84	14.00
Series T6	May 29, 2013	1.55% <sup>(3)</sup>	0.20%	13.52	13.72
Quadrus Series	July 7, 2014	1.55% <sup>(5)</sup>	0.20%	9.81	9.75
H Series	July 7, 2014	0.75% <sup>(6)</sup>	0.15%	9.74	9.68
L Series	August 12, 2014	1.30%	0.15%	9.92	9.85
N Series	July 23, 2014	— <sup>(1)</sup>	— <sup>(1)</sup>	9.91	9.82
QF Series	July 12, 2016	0.75% <sup>(6)</sup>	0.20%	10.63	10.48

\* 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 1.60%.
- (4) Prior to April 3, 2017, the management fee for this series was charged to the Fund at a rate of 1.40%.
- (5) Prior to February 28, 2018, the management fee for Quadrus Series was charged to the Fund at a rate of 1.60%.
- (6) Prior to February 28, 2018, the management fee for this series was charged to the Fund at a rate of 0.85%.
- (7) Prior to June 1, 2018, the management fee for this series was charged to the Fund at a rate of 0.75%.

#### (b) Investments by Mackenzie and Affiliates

As at March 31, 2018, Mackenzie, other funds managed by Mackenzie and Related Insurance Companies had an investment of \$1,093, \$20,189 and \$157,127 (2017 – \$348, \$27,599 and \$67,713), respectively, in the Fund.

# MACKENZIE FLOATING RATE INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

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

(c) Loss Carryforwards

As at the last taxation year-end, the Fund has capital losses of \$2,008 which may be carried forward indefinitely to reduce future realized capital gains.

(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	8,510	3	2,072 - 3,578	0.750	June 18, 2018 - August 21, 2018
March 31, 2017	22,410	5	3,110 - 6,460	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	110	(110)	–	–
Unrealized losses on derivative contracts	(5,718)	110	–	(5,608)
Liability for options written	–	–	–	–
Total	(5,608)	–	–	(5,608)

	March 31, 2017			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	542	(288)	–	254
Unrealized losses on derivative contracts	(856)	288	–	(568)
Liability for options written	–	–	–	–
Total	(314)	–	–	(314)

(g) Risks Associated with Financial Instruments

*i. Risk exposure and management*

The Fund seeks current income by investing primarily in floating-rate debt obligations and other floating-rate debt instruments of issuers anywhere in the world.

# MACKENZIE FLOATING RATE INCOME FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

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

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

##### 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* (\$)
U.S. dollar	696,490	47,558	(654,977)	89,071
Euro	9,383	–	(1,801)	7,582
Total	705,873	47,558	(656,778)	96,653
% of Net Assets	92.8	6.3	(86.4)	12.7

March 31, 2017				
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	486,624	14,692	(402,431)	98,885
Euro	466	–	–	466
Mexican peso	3,795	–	(3,721)	74
Total	490,885	14,692	(406,152)	99,425
% of Net Assets	95.9	2.9	(79.3)	19.5

\* 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 decreased or increased by approximately \$4,833 or 0.6% of total net assets (2017 – \$4,971 or 1.0%). In practice, the actual trading results may differ and the difference could be material.

##### iii. Interest rate risk

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

Bonds	March 31, 2018	March 31, 2017
	(\$)	(\$)
Less than 1 year	3,011	1,452
1-5 years	233,772	179,914
5-10 years	489,047	336,883
Greater than 10 years	694	876
Total	726,524	519,125

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 \$4,072 or 0.5% (2017 – 3,414 or 0.7%) 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 \$4,005 or 0.5% (2017 – 3,414 or 0.7%) 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.

# MACKENZIE FLOATING RATE INCOME FUND

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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)

##### *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 2.6% of the net assets of the Fund (2017 – 2.5%).

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	0.2	1.0
AA	–	1.2
A	–	0.7
BBB	1.9	4.9
BB	15.6	19.9
B	63.3	54.0
Less than B	5.7	7.5
Unrated	8.9	12.2
Total	95.6	101.4

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

#### (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	315	726,209	–	726,524	–	519,125	–	519,125
Equities	7,699	–	–	7,699	8,323	–	–	8,323
Options	–	513	–	513	–	–	–	–
Derivative assets	–	1,134	–	1,134	–	2,687	–	2,687
Derivative liabilities	–	(14,783)	–	(14,783)	–	(1,010)	–	(1,010)
Short-term investments	–	98,688	–	98,688	–	34,580	–	34,580
Total	8,014	811,761	–	819,775	8,323	555,382	–	563,705

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.