

MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by Mackenzie Financial Corporation, as Manager of Mackenzie Credit Absolute Return 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 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 3, 2022

INDEPENDENT AUDITOR'S REPORT

To the Securityholders of Mackenzie Credit Absolute Return Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at March 31, 2022 and 2021, and the statements of comprehensive income, changes in financial position and cash flows for the periods then ended, as indicated in Note 1, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2022 and 2021, 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 ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

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INDEPENDENT AUDITOR'S REPORT (cont'd)

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
June 15, 2022

MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

STATEMENTS OF FINANCIAL POSITION

at March 31 (in \$ 000 except per security amounts)

	2022 \$	2021 \$
ASSETS		
Current assets		
Investments at fair value	98,984	118,425
Cash and cash equivalents	27,420	23,583
Accrued interest receivable	1,555	1,710
Accounts receivable for investments sold	–	174
Accounts receivable for securities issued	37	10
Due from manager	1	–
Margin on derivatives	4,589	1,142
Derivative assets	2,191	4,019
Total assets	134,777	149,063
LIABILITIES		
Current liabilities		
Investments sold short at fair value	6,151	8,157
Accounts payable for investments purchased	–	5,273
Accounts payable for securities redeemed	1	–
Interest payable on securities sold short	103	85
Dividends payable on securities sold short	1	–
Liability for options written	245	346
Derivative liabilities	1,022	475
Total liabilities	7,523	14,336
Net assets attributable to securityholders	127,254	134,727

	Net assets attributable to securityholders (note 3)			
	per security		per series	
	2022	2021	2022	2021
Series A	8.91	9.76	310	850
Series CL	9.05	9.87	6,518	1
Series F	8.98	9.82	6,352	5,805
Series FB	8.95	9.79	1	1
Series O	9.12	9.94	1,026	11
Series PW	8.92	9.76	98	72
Series PWFB	9.01	9.83	1	1
Series PWX	9.12	9.94	1	1
Series R	9.12	9.94	112,947	127,985
			127,254	134,727

STATEMENTS OF COMPREHENSIVE INCOME

for the periods ended March 31 (in \$ 000 except per security amounts)

	2022 \$	2021 \$
Income (note 10(e)(f))		
Dividends	102	–
Interest income	6,160	4,602
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	(5,104)	6,291
Net unrealized gain (loss)	(7,787)	1,427
Fee rebate income	11	–
Total income (loss)	(6,618)	12,320
Expenses (note 6)		
Management fees	64	35
Administration fees	12	7
Interest charges	53	6
Borrowing fees	34	118
Commissions and other portfolio transaction costs	95	81
Independent Review Committee fees	–	–
Other	–	3
Expenses before amounts absorbed by Manager	258	250
Expenses absorbed by Manager	–	1
Net expenses	258	249
Increase (decrease) in net assets attributable to securityholders from operations before tax	(6,876)	12,071
Foreign withholding tax expense (recovery)	326	4
Foreign income taxes paid (recovered)	–	–
Increase (decrease) in net assets attributable to securityholders from operations	(7,202)	12,067

	Increase (decrease) in net assets attributable to securityholders from operations (note 3)			
	per security		per series	
	2022	2021	2022	2021
Series A	(0.41)	0.45	(26)	16
Series CL	(1.44)	(0.11)	(420)	–
Series F	(0.66)	0.72	(451)	246
Series FB	(0.63)	0.84	–	–
Series O	(1.35)	0.40	(59)	–
Series PW	(0.85)	0.88	(7)	3
Series PWFB	(0.58)	0.89	–	–
Series PWX	(0.52)	0.91	–	–
Series R	(0.49)	0.97	(6,239)	11,802
			(7,202)	12,067

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

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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STATEMENTS OF CHANGES IN FINANCIAL POSITION

for the periods ended March 31 (in \$ 000 except per security amounts)

	Total		Series A		Series CL		Series F		Series FB	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	134,727	118,923	850	84	1	–	5,805	1,647	1	1
Increase (decrease) in net assets from operations	(7,202)	12,067	(26)	16	(420)	–	(451)	246	–	–
Distributions paid to securityholders:										
Investment income	(4,004)	(9,065)	(10)	(36)	(65)	–	(152)	(317)	–	–
Capital gains	–	(1,890)	–	(8)	–	–	–	(67)	–	–
Total distributions paid to securityholders	(4,004)	(10,955)	(10)	(44)	(65)	–	(152)	(384)	–	–
Security transactions:										
Proceeds from securities issued	13,748	5,750	277	848	7,002	1	4,820	4,836	–	–
Reinvested distributions	110	9,889	10	44	–	–	84	256	–	–
Payments on redemption of securities	(10,125)	(947)	(791)	(98)	–	–	(3,754)	(796)	–	–
Total security transactions	3,733	14,692	(504)	794	7,002	1	1,150	4,296	–	–
Increase (decrease) in net assets attributable to securityholders	(7,473)	15,804	(540)	766	6,517	1	547	4,158	–	–
End of period	127,254	134,727	310	850	6,518	1	6,352	5,805	1	1
Increase (decrease) in fund securities (in thousands) (note 7):										
Securities outstanding – beginning of period			87	9	–	–	592	169	–	–
Issued			29	84	720	–	494	476	–	–
Reinvested distributions			1	4	–	–	9	26	–	–
Redeemed			(82)	(10)	–	–	(388)	(79)	–	–
Securities outstanding – end of period			35	87	720	–	707	592	–	–

	Series O		Series PW		Series PWFB		Series PWX		Series R	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	11	1	72	67	1	1	1	1	127,985	117,121
Increase (decrease) in net assets from operations	(59)	–	(7)	3	–	–	–	–	(6,239)	11,802
Distributions paid to securityholders:										
Investment income	(15)	(1)	(1)	(1)	–	–	–	–	(3,761)	(8,710)
Capital gains	–	–	–	–	–	–	–	–	–	(1,815)
Total distributions paid to securityholders	(15)	(1)	(1)	(1)	–	–	–	–	(3,761)	(10,525)
Security transactions:										
Proceeds from securities issued	1,153	10	68	55	–	–	–	–	428	–
Reinvested distributions	15	1	1	1	–	–	–	–	–	9,587
Payments on redemption of securities	(79)	–	(35)	(53)	–	–	–	–	(5,466)	–
Total security transactions	1,089	11	34	3	–	–	–	–	(5,038)	9,587
Increase (decrease) in net assets attributable to securityholders	1,015	10	26	5	–	–	–	–	(15,038)	10,864
End of period	1,026	11	98	72	1	1	1	1	112,947	127,985
Increase (decrease) in fund securities (in thousands) (note 7):										
Securities outstanding – beginning of period	1	–	7	7	–	–	–	–	12,888	11,925
Issued	117	1	8	5	–	–	–	–	43	–
Reinvested distributions	2	–	–	–	–	–	–	–	–	963
Redeemed	(8)	–	(4)	(5)	–	–	–	–	(546)	–
Securities outstanding – end of period	112	1	11	7	–	–	–	–	12,385	12,888

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

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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STATEMENTS OF CASH FLOWS

for the periods ended March 31 (in \$ 000)

	2022	2021
	\$	\$
Cash flows from operating activities		
Net increase (decrease) in net assets attributable to securityholders from operations	(7,202)	12,067
Adjustments for:		
Net realized loss (gain) on investments	8,011	737
Change in net unrealized loss (gain) on investments	7,787	(1,427)
Purchase of investments	(118,291)	(174,705)
Proceeds from sale and maturity of investments	117,024	161,851
(Increase) decrease in accounts receivable and other assets	(3,293)	(296)
Increase (decrease) in accounts payable and other liabilities	19	(21)
Net cash provided by (used in) operating activities	4,055	(1,794)
Cash flows from financing activities		
Proceeds from securities issued	13,653	5,704
Payments on redemption of securities	(10,056)	(923)
Distributions paid net of reinvestments	(3,894)	(1,066)
Net cash provided by (used in) financing activities	(297)	3,715
Net increase (decrease) in cash and cash equivalents	3,758	1,921
Cash and cash equivalents at beginning of period	23,583	22,064
Effect of exchange rate fluctuations on cash and cash equivalents	79	(402)
Cash and cash equivalents at end of period	27,420	23,583
Cash	8,150	18,377
Cash equivalents	19,270	5,206
Cash and cash equivalents at end of period	27,420	23,583
Supplementary disclosures on cash flow from operating activities:		
Dividends received	121	–
Dividends paid	18	–
Foreign taxes paid	326	4
Interest received	6,658	4,073
Interest paid	378	410

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

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SCHEDULE OF INVESTMENTS

as at March 31, 2022

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
LONG POSITIONS					
BONDS					
Acuris Finance US Inc. 5.00% 05-01-2028 144A	United States	Corporate - Non Convertible	USD 60,000	71	70
Agile Group Holdings Ltd. 5.75% 01-02-2025	China	Corporate - Non Convertible	USD 1,600,000	1,678	659
Albion Financing Ltd. 2 SARL 8.75% 04-15-2027 144A	Luxembourg	Corporate - Non Convertible	USD 200,000	252	241
Algonquin Power & Utilities Corp. F/R 01-18-2082	Canada	Corporate - Non Convertible	750,000	750	701
Allied Universal Holdco LLC 3.63% 06-01-2028	United States	Corporate - Non Convertible	EUR 400,000	589	507
AltaGas Ltd. F/R 01-11-2082	Canada	Corporate - Non Convertible	540,000	540	504
Altice Financing SA 5.75% 08-15-2029 144A	Luxembourg	Corporate - Non Convertible	USD 400,000	501	456
Altice France SA 2.13% 02-15-2025 Callable 2022	France	Corporate - Non Convertible	EUR 400,000	605	528
Altice France SA 5.13% 07-15-2029	France	Corporate - Non Convertible	USD 400,000	501	448
Arcos Dorados Holdings Inc. 5.88% 04-04-2027 Callable 2022	Uruguay	Corporate - Non Convertible	USD 310,000	418	396
ARD Finance SA 6.50% 06-30-2027 Callable 2022 144A	Luxembourg	Corporate - Non Convertible	USD 250,000	339	287
Ardagh Metal Packaging 4.00% 09-01-2029 144A	United States	Corporate - Non Convertible	USD 167,000	212	189
Ardagh Packaging Finance PLC 5.25% 08-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 200,000	274	233
Ashton Woods USA LLC 4.63% 04-01-2030 144A	United States	Corporate - Non Convertible	USD 213,000	271	234
Ashton Woods USA LLC 4.63% 08-01-2029 144A	United States	Corporate - Non Convertible	USD 434,000	548	481
Atlantica Sustainable Infrastructure PLC 4.13% 06-15-2028 144A	Spain	Corporate - Non Convertible	USD 290,000	353	351
AutoCanada Inc. 5.75% 02-07-2029	Canada	Corporate - Non Convertible	500,000	500	486
Bank of Montreal F/R 11-26-2080	Canada	Corporate - Non Convertible	1,025,000	1,025	1,005
Bausch Health Cos. Inc. 5.00% 02-15-2029 144A	United States	Corporate - Non Convertible	USD 150,000	196	148
Bausch Health Cos. Inc. 6.25% 02-15-2029 144A	United States	Corporate - Non Convertible	USD 318,000	433	329
BCPE Cycle Merger Sub II Inc. 10.63% 07-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 317,000	452	379
Black Knight InfoServ LLC 3.63% 09-01-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 209,000	280	248
BlueLinx Holdings Inc. 6.00% 11-15-2029 144A	United States	Corporate - Non Convertible	USD 254,000	310	296
Broadcast Media Partners Holdings Inc. 4.50% 05-01-2029	United States	Corporate - Non Convertible	USD 266,000	323	318
Brookfield Residential Properties Inc. 5.13% 06-15-2029	Canada	Corporate - Non Convertible	441,000	441	418
Brookfield Residential Properties Inc. 6.25% 09-15-2027 Callable 2022 144A	Canada	Corporate - Non Convertible	USD 209,000	280	256
BWAY Holding Co. 7.25% 04-15-2025 144A	United States	Corporate - Non Convertible	USD 998,000	1,285	1,237
Cablevision Lightpath LLC 3.88% 09-15-2027 Callable 2023 144A	United States	Corporate - Non Convertible	USD 33,000	44	39
Cablevision Lightpath LLC 5.63% 09-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 200,000	264	229
California Resources Corp. 7.13% 02-01-2026 144A	United States	Corporate - Non Convertible	USD 570,000	731	745
Canadian Imperial Bank of Commerce 4.38% 10-28-2080	Canada	Corporate - Non Convertible	310,000	310	305
CanWel Building Materials Group Ltd. 5.25% 05-15-2026	Canada	Corporate - Non Convertible	446,000	446	426
CAP SA 3.90% 04-27-2031	Chile	Corporate - Non Convertible	USD 200,000	250	227
Carnival Corp. 6.00% 05-01-2029 144A	United States	Corporate - Non Convertible	USD 110,000	136	130
Carnival Corp. 9.88% 08-01-2027 144A	United States	Corporate - Non Convertible	USD 180,000	263	249
Carriage Purchaser Inc. 7.88% 10-15-2029 144A	United States	Corporate - Non Convertible	USD 390,000	491	452
Cascades Inc. 5.13% 01-15-2026 Callable 2023 144A	Canada	Corporate - Non Convertible	USD 465,000	624	580
CCO Holdings LLC 4.25% 02-01-2031 Callable 2025 144A	United States	Corporate - Non Convertible	USD 1,671,000	2,297	1,906
Clearway Energy LLC 3.75% 01-15-2032 144A	United States	Corporate - Non Convertible	USD 230,000	291	266
Coinbase Global Inc. 3.38% 10-01-2028 144A	United States	Corporate - Non Convertible	USD 400,000	507	446
Coinbase Global Inc. 3.63% 10-01-2031 144A	United States	Corporate - Non Convertible	USD 470,000	580	506
Cologix Data Centers Issuer LLC 4.94% 1-25-2052	Canada	Mortgage Backed	540,000	540	540
Cologix Data Centers Issuer LLC 5.68% 1-25-2052	Canada	Mortgage Backed	430,000	430	430
Columbia Care Inc. 6.00% 06-29-2025 Conv.	Canada	Corporate - Non Convertible	USD 451,000	555	564
Columbia Care Inc. 9.50% 02-03-2026	Canada	Corporate - Non Convertible	USD 470,000	592	594
CommScope Inc. 4.75% 09-01-2029 144A	United States	Corporate - Non Convertible	USD 209,000	261	242
CommScope Technologies Finance LLC 8.25% 03-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 785,000	1,073	957
Condor Merger Sub Inc. 7.38% 02-15-2030 144A	United States	Corporate - Non Convertible	USD 470,000	596	566
Connect Finco SARL 6.75% 10-01-2026	United Kingdom	Corporate - Non Convertible	USD 300,000	406	383
Constellation NV 5.88% 02-15-2026 Callable 2022 144A	Netherlands	Corporate - Non Convertible	USD 243,000	331	305
Continental Resources Inc. 5.75% 01-15-2031 144A	United States	Corporate - Non Convertible	USD 175,000	229	240
Corus Entertainment Inc. 5.00% 05-11-2028	Canada	Corporate - Non Convertible	710,000	710	687
Covert Mergeco Inc. 4.88% 12-01-2029 144A	United States	Corporate - Non Convertible	USD 33,000	39	39
Crocs Inc. 4.13% 08-15-2031 144A	United States	Corporate - Non Convertible	USD 30,000	38	32
Crocs Inc. 4.25% 03-15-2029 144A	United States	Corporate - Non Convertible	USD 160,000	208	178
Crown Americas LLC 5.25% 04-01-2030 144A	United States	Corporate - Non Convertible	USD 410,000	525	526
CrownRock LP / CrownRock Finance Inc. 5.63% 10-15-2025 Callable 144A	United States	Corporate - Non Convertible	USD 276,000	367	352

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SCHEDULE OF INVESTMENTS (cont'd)

as at March 31, 2022

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
LONG POSITIONS (cont'd)					
BONDS (cont'd)					
CSC Holdings LLC 4.63% 12-01-2030 144A	United States	Corporate - Non Convertible	USD 340,000	444	356
CSC Holdings LLC 5.75% 01-15-2030	United States	Corporate - Non Convertible	USD 170,000	215	192
CSC Holdings LLC 6.50% 02-01-2029 Callable 2024 144A	United States	Corporate - Non Convertible	USD 250,000	349	317
Curaleaf Holdings Inc. 8.00% 12-15-2026	United States	Corporate - Non Convertible	USD 310,000	397	383
Dana Inc. 4.25% 09-01-2030	United States	Corporate - Non Convertible	USD 410,000	520	472
Dana Inc. 4.50% 02-15-2032	United States	Corporate - Non Convertible	USD 130,000	163	146
DaVita Inc. 3.75% 02-15-2031 Callable 2026 144A	United States	Corporate - Non Convertible	USD 627,000	827	689
Diamond Sports Group LLC 5.38% 08-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 652,000	668	314
Diamond Sports Group LLC 6.63% 08-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 334,000	242	88
DIRECTV Holdings LLC 5.88% 08-15-2027 144A	United States	Corporate - Non Convertible	USD 368,000	462	454
DISH DBS Corp. 5.25% 12-01-2026 144A	United States	Corporate - Non Convertible	USD 140,000	175	167
DISH DBS Corp. 5.75% 12-01-2028 144A	United States	Corporate - Non Convertible	USD 140,000	175	166
Domtar Corp. 6.75% 10-01-2028 144A	United States	Corporate - Non Convertible	USD 645,000	820	809
Ecopetrol SA 4.63% 11-02-2031	Colombia	Corporate - Non Convertible	USD 420,000	519	478
eG Global Finance PLC 6.75% 02-07-2025 Callable 2022 144A	United Kingdom	Corporate - Non Convertible	USD 447,000	599	557
Embecta Corp. 5.00% 02-15-2030 144A	United States	Corporate - Non Convertible	USD 130,000	166	154
Empire Communities Corp. 7.38% 12-15-2025	Canada	Corporate - Non Convertible	434,000	434	435
Enbridge Inc. 5.37% 09-27-2077 Callable 2027	Canada	Corporate - Non Convertible	2,088,000	2,119	2,055
Ensign Drilling Inc. 9.25% 04-15-2024 144A	Canada	Corporate - Non Convertible	USD 378,000	460	467
FAGE International SA 5.63% 08-15-2026 Callable 2022 144A	Luxembourg	Corporate - Non Convertible	USD 200,000	262	251
Fairfax India Holdings Corp. 5.00% 02-26-2028 144A	India	Corporate - Non Convertible	USD 290,000	363	360
Fédération des Caisses Desjardins du Québec 2.39% 08-25-2022	Canada	Corporate - Non Convertible	445,000	449	447
Fertitta Entertainment Inc. 6.75% 01-15-2030 144A	United States	Corporate - Non Convertible	USD 290,000	348	334
Ford Credit Canada Co. 2.96% 09-16-2026	United States	Corporate - Non Convertible	990,000	990	915
Foxtrot Escrow Issuer LLC 12.25% 11-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 328,000	463	444
Frontier Communications Corp. 5.88% 10-15-2027 144A	United States	Corporate - Non Convertible	USD 167,000	222	208
FXI Holdings Inc. 7.88% 11-01-2024 Callable 2022 144A	United States	Corporate - Non Convertible	USD 176,000	223	219
Gibson Energy Inc. F/R 12-22-2080	Canada	Corporate - Non Convertible	727,000	730	686
Go Daddy Operating Co. LLC 3.50% 03-01-2029 144A	United States	Corporate - Non Convertible	USD 342,000	429	395
Gol Linhas Aereas Inteligentes SA 8.00% 06-30-2026	Brazil	Corporate - Non Convertible	USD 360,000	446	404
Gray Television Inc. 5.38% 11-15-2031 144A	United States	Corporate - Non Convertible	USD 1,380,000	1,752	1,653
Guangzhou R&F Properties Co. Ltd. 5.75% 01-13-2022	China	Corporate - Non Convertible	USD 163,000	153	54
Gulfport Energy Corp. 8.00% 05-17-2026 144A	United States	Corporate - Non Convertible	USD 142,000	187	185
Hadrian Merger Sub Inc. 8.50% 05-01-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 425,000	541	535
Innovative Industrial Properties Inc. 5.50% 05-25-2026	United States	Corporate - Non Convertible	USD 404,000	504	509
Inter Pipeline Ltd. F/R 11-19-2079 Callable 2029	Canada	Corporate - Non Convertible	1,965,000	1,903	1,957
Iris Merger Sub 2019 Inc. 9.38% 02-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 209,000	298	280
Iron Mountain Inc. 5.00% 07-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 209,000	286	256
Iron Mountain Inc. 5.25% 07-15-2030 Callable 2025 144A	United States	Corporate - Non Convertible	USD 105,000	146	129
Jazz Pharmaceuticals PLC 4.38% 01-15-2029	United States	Corporate - Non Convertible	USD 500,000	625	608
Kaisa Group Holdings Ltd. 10.50% 09-07-2022	China	Corporate - Non Convertible	USD 600,000	376	146
Kaisa Group Holdings Ltd. 8.50% 06-30-2022	China	Corporate - Non Convertible	USD 1,500,000	640	366
Kaisa Group Holdings Ltd. 8.65% 07-22-2022	China	Corporate - Non Convertible	USD 400,000	181	97
Kaisa Group Holdings Ltd. 9.38% 06-30-2024	China	Corporate - Non Convertible	USD 200,000	193	48
Keyera Corp. F/R 03-10-2081	Canada	Corporate - Non Convertible	635,000	635	613
Keyera Corp. F/R 06-13-2079 Callable 2029	Canada	Corporate - Non Convertible	835,000	859	862
Kleopatra Holdings 2 SCA 6.50% 09-01-2026	Luxembourg	Corporate - Non Convertible	EUR 400,000	517	419
Kruger Products LP 5.38% 04-09-2029	Canada	Corporate - Non Convertible	835,000	835	814
LABL Escrow Issuer LLC 10.50% 07-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 1,491,000	2,154	1,869
LABL Escrow Issuer LLC 6.75% 07-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 418,000	590	517
LABL Inc. 8.25% 11-01-2029 144A	United States	Corporate - Non Convertible	USD 112,000	134	124
Lamar Media Corp. 4.00% 02-15-2030 Callable 2025	United States	Corporate - Non Convertible	USD 418,000	557	500
Laurentian Bank of Canada F/R 06-15-2081	Canada	Corporate - Non Convertible	630,000	631	602
Level 3 Financing Inc. 3.75% 07-15-2029 144A	United States	Corporate - Non Convertible	USD 92,000	118	102
Lions Gate Entertainment Inc. 5.50% 04-15-2029 144A	United States	Corporate - Non Convertible	USD 192,000	242	233
Logan Group Co. Ltd. 4.70% 07-06-2026	China	Corporate - Non Convertible	USD 1,807,000	1,472	469
Mattel Inc. 3.38% 04-01-2026 144A	United States	Corporate - Non Convertible	USD 294,000	372	360
Mav Acquisition Corp. 5.75% 08-01-2028 144A	United States	Corporate - Non Convertible	USD 560,000	704	666
MEG Energy Corp. 5.88% 02-01-2029 144A	Canada	Corporate - Non Convertible	USD 568,000	724	721
MEG Energy Corp. 7.13% 02-01-2027 Callable 2023 144A	Canada	Corporate - Non Convertible	USD 961,000	1,214	1,261
Mercer International Inc. F/R 02-01-2029	Germany	Corporate - Non Convertible	USD 142,000	180	172
Merck & Co. Inc. 5.13% 04-30-2031	United States	Corporate - Non Convertible	USD 200,000	248	242

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SCHEDULE OF INVESTMENTS (cont'd)

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	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
LONG POSITIONS (cont'd)					
BONDS (cont'd)					
Mexico Remittances Funding Fiduciary Estate Management SARL 4.88% 01-15-2028	Mexico	Corporate - Non Convertible	USD 250,000	316	247
MicroStrategy Inc. 6.13% 06-15-2028 144A	United States	Corporate - Non Convertible	USD 220,000	278	269
Minerva Merger Sub Inc. 6.50% 02-15-2030 144A	United States	Corporate - Non Convertible	USD 593,000	755	722
Minerva SA 4.38% 03-18-2031	Brazil	Corporate - Non Convertible	USD 200,000	250	227
Molina Healthcare Inc. 3.88% 05-15-2032 144A	United States	Corporate - Non Convertible	USD 100,000	124	119
Mozart Debt Merger Sub Inc. 3.88% 04-01-2029 144A	United States	Corporate - Non Convertible	USD 515,000	646	596
Mozart Debt Merger Sub Inc. 5.25% 10-01-2029 144A	United States	Corporate - Non Convertible	USD 658,000	832	771
Municipal Finance Authority of British Columbia 3.35% 06-01-2022	Canada	Municipal Governments	200,000	206	201
Nabors Industries Ltd. 7.25% 01-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 136,000	157	170
National Bank of Canada F/R 08-15-2081	Canada	Corporate - Non Convertible	450,000	451	410
Natural Resource Partners LP 9.13% 06-30-2025 144A	United States	Corporate - Non Convertible	USD 210,000	268	269
New Red Finance Inc. 4.00% 10-15-2030	Canada	Corporate - Non Convertible	USD 727,000	957	825
Nine Energy Service Inc. 8.75% 11-01-2023 Callable 2022 144A	United States	Corporate - Non Convertible	USD 150,000	102	107
Nobian Finance BV 3.63% 07-15-2026	Netherlands	Corporate - Non Convertible	EUR 200,000	294	253
NuVista Energy Ltd. 7.88% 07-23-2026	Canada	Corporate - Non Convertible	393,000	389	416
Owens & Minor Inc. 6.63% 04-01-2030	United States	Corporate - Non Convertible	USD 250,000	314	322
Parkland Corp. 4.38% 03-26-2029	Canada	Corporate - Non Convertible	1,086,000	1,086	993
Parkland Corp. of Canada 4.50% 10-01-2029 144A	Canada	Corporate - Non Convertible	USD 1,388,000	1,748	1,607
Pattern Energy Operations LP 4.50% 08-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 209,000	289	256
Pembina Pipeline Corp. F/R 01-25-2081	Canada	Corporate - Non Convertible	1,178,000	1,178	1,075
Petroleos Mexicanos 6.70% 02-16-2032	Mexico	Corporate - Non Convertible	USD 186,000	239	222
PharmaCann LLC 12.00% 06-30-2025	United States	Corporate - Non Convertible	USD 282,000	337	378
R&F Properties HK Co. Ltd. 11.75% 08-02-2023	China	Corporate - Non Convertible	USD 1,093,000	886	294
Rackspace Technology Global Inc. 3.50% 02-15-2028 144A	United States	Corporate - Non Convertible	USD 301,000	382	338
Real Hero Merger Sub 2 Inc. 6.25% 02-01-2029 144A	United States	Corporate - Non Convertible	USD 142,000	180	163
Ritchie Bros Auctioneers Inc. 4.95% 12-15-2029	Canada	Corporate - Non Convertible	200,000	200	195
Rite Aid Corp. 7.70% 02-15-2027	United States	Corporate - Non Convertible	USD 679,000	772	673
Rogers Communications Inc. F/R 03-15-2082 144A	Canada	Corporate - Non Convertible	USD 1,000,000	1,269	1,222
Rogers Communications Inc. F/R 12-17-2081	Canada	Corporate - Non Convertible	669,000	669	651
Royal Bank of Canada F/R 11-24-2080 Callable 2025	Canada	Corporate - Non Convertible	1,011,000	1,034	999
Seaspan Corp. 5.50% 08-01-2029 144A	Hong Kong	Corporate - Non Convertible	USD 189,000	235	223
Secure Energy Services Inc. 7.25% 12-30-2026	Canada	Corporate - Non Convertible	1,006,000	1,016	1,017
Sienna Senior Living Inc. 2.82% 03-31-2027	Canada	Corporate - Non Convertible	385,000	386	362
Sinclair Television Group Inc. 4.13% 12-01-2030 144A	United States	Corporate - Non Convertible	USD 167,000	218	187
Sinclair Television Group Inc. 5.13% 02-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 242,000	301	277
Sinclair Television Group Inc. 5.50% 03-01-2030 Callable 2024 144A	United States	Corporate - Non Convertible	USD 209,000	272	228
Six Flags Entertainment Corp. 5.50% 04-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 700,000	898	876
Source energy Services 10.50% 03-15-2025	Canada	Corporate - Non Convertible	351,121	180	210
Southwestern Energy Co. 5.38% 03-15-2030	United States	Corporate - Non Convertible	USD 270,000	340	344
SpA Holdings 3 Oy 4.88% 02-04-2028 144A	Finland	Corporate - Non Convertible	USD 200,000	249	228
Square Inc. 2.75% 06-01-2026 144A	United States	Corporate - Non Convertible	USD 320,000	398	379
Superior Plus LP 4.25% 05-18-2028 144A	Canada	Corporate - Non Convertible	994,000	997	938
Superior Plus LP 4.50% 03-15-2029 144A	Canada	Corporate - Non Convertible	USD 409,000	520	480
Switch Ltd. 3.75% 09-15-2028 144A	United States	Corporate - Non Convertible	USD 115,000	149	140
Tacora Resources Inc. 8.25% 05-15-2026 144A	Canada	Corporate - Non Convertible	USD 151,000	185	184
Talen Energy Supply LLC 6.63% 01-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 627,000	828	726
Talen Energy Supply LLC 7.25% 05-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 209,000	286	244
Tamarack Valley Energy Ltd. 7.25% 05-10-2027	Canada	Corporate - Non Convertible	390,000	390	400
TEGNA Inc. 4.63% 03-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 209,000	278	261
Tenet Healthcare Corp. 4.25% 06-01-2029 144A	United States	Corporate - Non Convertible	USD 343,000	414	414
Tenet Healthcare Corp. 4.38% 01-15-2030 144A	United States	Corporate - Non Convertible	USD 320,000	402	386
Tenet Healthcare Corp. 6.13% 10-01-2028 144A	United States	Corporate - Non Convertible	USD 205,000	271	261
TerraForm Power Operating LLC 4.75% 01-15-2030 Callable 2025 144A	United States	Corporate - Non Convertible	USD 209,000	298	256
TerraForm Power Operating LLC 5.00% 01-31-2028 Callable 2027 144A	United States	Corporate - Non Convertible	USD 400,000	538	500
Teva Pharmaceutical Industries Ltd. 2.80% 07-21-2023	Israel	Corporate - Non Convertible	USD 800,000	1,011	992

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SCHEDULE OF INVESTMENTS (cont'd)

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	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
LONG POSITIONS (cont'd)					
BONDS (cont'd)					
The Hertz Corp. 4.63% 12-01-2026 144A	United States	Corporate - Non Convertible	USD 410,000	522	482
The Toronto-Dominion Bank F/R 04-22-2030 Callable 2025	Canada	Corporate - Non Convertible	403,000	427	396
The Toronto-Dominion Bank F/R 10-31-2081	Canada	Corporate - Non Convertible	397,000	397	353
Tianqi Finco Co. Ltd. 3.75% 11-28-2022	China	Corporate - Non Convertible	USD 600,000	703	715
TopBuild Corp. 4.13% 02-15-2032 144A	United States	Corporate - Non Convertible	USD 390,000	495	444
TransCanada PipeLines Ltd. 4.20% 03-04-2081	Canada	Corporate - Non Convertible	5,000	5	4
TransCanada Trust F/R 05-18-2077 Callable 2027	Canada	Corporate - Non Convertible	2,088,000	2,083	2,013
Trulieve Cannabis Corp. 8.00% 10-06-2026	United States	Corporate - Non Convertible	USD 213,000	268	263
Trulieve Cannabis Corp. 9.75% 06-18-2024	United States	Corporate - Non Convertible	USD 116,000	160	151
Uber Technologies Inc. 4.50% 08-15-2029 144A	United States	Corporate - Non Convertible	USD 242,000	304	285
Uber Technologies Inc. 8.00% 11-01-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 410,000	570	545
UPC Broadband Finco BV 4.88% 07-15-2031 144A	Netherlands	Corporate - Non Convertible	USD 320,000	404	378
Urban One Inc. 7.38% 02-01-2028 144A	United States	Corporate - Non Convertible	USD 125,000	161	157
ViaSat Inc. 6.50% 07-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 218,000	298	262
Videotron Ltd. 3.13% 01-15-2031	Canada	Corporate - Non Convertible	1,218,000	1,184	1,045
Videotron Ltd. 4.50% 01-15-2030 Callable 2024	Canada	Corporate - Non Convertible	750,000	774	721
Vidéotron Ltée 5.13% 04-15-2027 Callable 2022 144A	Canada	Corporate - Non Convertible	USD 627,000	881	794
Virgin Media Secured Finance PLC 4.50% 08-15-2030 Callable 2025 144A	United Kingdom	Corporate - Non Convertible	USD 250,000	347	293
VistaJet Malta Finance PLC 6.38% 02-01-2030 144A	Switzerland	Corporate - Non Convertible	USD 930,000	1,168	1,100
Vmed O2 UK Financing I PLC 4.25% 01-31-2031	United Kingdom	Corporate - Non Convertible	USD 600,000	793	684
VMED O2 UK Financing I PLC 4.75% 07-15-2031 144A	United Kingdom	Corporate - Non Convertible	USD 130,000	160	153
VZ Vendor Financing BV 2.88% 01-15-2029	Netherlands	Corporate - Non Convertible	EUR 200,000	310	251
W&T Offshore Inc. 9.75% 11-01-2023 Callable 2022 144A	United States	Corporate - Non Convertible	USD 267,000	252	333
Weatherford International Ltd. 8.63% 04-30-2030 144A	United States	Corporate - Non Convertible	USD 901,000	1,154	1,147
Weatherford International PLC 11.00% 12-01-2024 Callable 2022	United States	Corporate - Non Convertible	USD 32,000	42	42
Wells Fargo Financial Canada Corp. 3.46% 01-24-2023	Canada	Corporate - Non Convertible	653,000	664	660
WeWork Inc. 5.00% 07-10-2025 144A	United States	Corporate - Non Convertible	USD 176,000	192	189
Wildbrain Ltd. 5.88% 09-30-2024 Conv.	Canada	Corporate - Convertible	718,000	521	705
Ziggo BV 4.88% 01-15-2030 Callable 2024 144A	Netherlands	Corporate - Non Convertible	USD 250,000	348	294
Total bonds				105,466	95,639
EQUITIES					
BCE Inc. Pfd. Series AA	Canada	Communication Services	1,405	22	29
BCE Inc. Pfd. Series AI	Canada	Communication Services	1,986	37	38
BCE Inc. Pfd. Series AL	Canada	Communication Services	625	11	11
BCE Inc. 4.54% Cum. Red. First Pfd. Series R Callable	Canada	Communication Services	1,829	33	34
Brookfield Asset Management Inc. Pfd. Series 46	Canada	Real Estate	789	20	21
Brookfield Renewable Partners LP Pfd. Series 11	Canada	Utilities	1,421	35	36
Brookfield Renewable Partners LP Pfd. Series 13	Canada	Utilities	667	16	17
Cenovus Energy Inc. Pfd. Series 3	Canada	Energy	251	5	6
Cenovus Energy Inc. Pfd. Series 7	Canada	Energy	2,088	42	48
Columbia Care Inc. Purchase Warrants Exp. 05-14-2023	Canada	Health Care	28,200	-	8
Emera Inc. Pfd. Series J	Canada	Utilities	63	2	2
Emera Inc. Pfd. Series L	Canada	Utilities	11,670	292	264
Fairfax Financial Holdings Ltd. Pfd. Series E	Canada	Financials	276	5	5
Loblaw Companies Ltd. 5.30% Cum. Red. 2nd Pfd. Series B	Canada	Consumer Staples	3,030	79	78
TC Energy Corp. Pfd. Series 15	Canada	Energy	3,904	98	99
TransAlta Corp. Pfd. Series A	Canada	Utilities	1,737	24	28
Transalta Corp. 4.60% Perpetual Pfd. Callable 2022 Series C	Canada	Utilities	3,968	74	86
Total equities				795	810
OPTIONS					
Options purchased (see schedule of options purchased)				1,029	775
Total options				1,029	775
EXCHANGE-TRADED FUNDS/NOTES					
iShares iBoxx \$ Investment Grade Corporate Bond ETF	United States	Exchange-Traded Funds/Notes	3,270	589	494
Total exchange-traded funds/notes				589	494

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	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
PRIVATE CREDIT FUNDS					
¹ Northleaf Private Credit II LP	Canada	Financials	186	1,030	1,088
² Sagard Credit Partners II LP	Canada	Financials	186	180	178
Total private credit funds				1,210	1,266
Total long positions				109,089	98,984
SHORT POSITIONS					
BONDS					
Adient Global Holdings Ltd. 4.88% 08-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD (200,000)	(252)	(239)
American Airlines Group Inc. 3.75% 03-01-2025 144A	United States	Corporate - Non Convertible	USD (160,000)	(181)	(182)
At Home Group Inc. 7.13% 07-15-2029 144A	United States	Corporate - Non Convertible	USD (165,000)	(200)	(180)
Bombardier Inc. 7.50% 03-15-2025 Callable 2022 144A	Canada	Corporate - Non Convertible	USD (325,000)	(405)	(409)
Bombardier Inc. 7.88% 04-15-2027 Callable 2022 144A	Canada	Corporate - Non Convertible	USD (325,000)	(407)	(399)
Cinemark USA Inc. 5.25% 07-15-2028 144A	United States	Corporate - Non Convertible	USD (130,000)	(150)	(153)
Cinemark USA Inc. 8.75% 05-01-2025 Callable 2022 144A	United States	Corporate - Non Convertible	USD (160,000)	(224)	(209)
Coty Inc. 4.75% 01-15-2029 144A	United States	Corporate - Non Convertible	USD (160,000)	(207)	(188)
Credit Acceptance Corp. 6.63% 03-15-2026 Callable 2022	United States	Corporate - Non Convertible	USD (200,000)	(264)	(256)
EPR Properties 3.75% 08-15-2029 Callable 2029	United States	Corporate - Non Convertible	USD (385,000)	(487)	(453)
Motion MidCo Ltd. 6.63% 11-15-2027 Callable 2022 144A	United Kingdom	Corporate - Non Convertible	USD (700,000)	(917)	(827)
Murphy Oil Corp. 5.88% 12-01-2027	United States	Corporate - Non Convertible	USD (60,000)	(76)	(77)
SCIH Salt Holdings Inc. 6.63% 05-01-2029	United States	Corporate - Non Convertible	USD (410,000)	(504)	(466)
Surgery Center Holdings Inc. 10.00% 04-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD (205,000)	(286)	(270)
The Goodyear Tire & Rubber Co. 4.88% 03-15-2027 Callable 2026	United States	Corporate - Non Convertible	USD (206,000)	(255)	(251)
TRI Pointe Group Inc. 5.70% 06-15-2028	United States	Corporate - Non Convertible	USD (200,000)	(274)	(250)
Wynn Resorts Finance LLC 5.13% 10-01-2029	United States	Corporate - Non Convertible	USD (400,000)	(525)	(472)
Total bonds				(5,614)	(5,281)
EXCHANGE-TRADED FUNDS/NOTES					
iShares iBoxx \$ High Yield Corporate Bond ETF	United States	Exchange-Traded Funds/Notes	(817)	(89)	(84)
SPDR Bloomberg Barclays Convertible Securities ETF	United States	Exchange-Traded Funds/Notes	(8,174)	(697)	(786)
Total exchange-traded funds/notes				(786)	(870)
Total short positions				(6,400)	(6,151)
Transaction costs				(15)	–
Total investments				102,674	92,833
Derivative instruments (see schedule of derivative instruments)					1,169
Liability for options written (see schedule of options written)					(245)
Cash and cash equivalents					27,420
Other assets less liabilities					6,077
Net assets attributable to securityholders					127,254

¹ This fund is managed by Northleaf Capital Partners (Canada) Ltd., an affiliate of Mackenzie.

² This fund is managed by Sagard Holdings Inc., an affiliate of Mackenzie.

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SUMMARY OF INVESTMENT PORTFOLIO

MARCH 31, 2022

PORTFOLIO ALLOCATION	% OF NAV		
	Long	Short	Net
Bonds	126.0	(5.9)	120.1
<i>Bonds</i>	75.2	(4.2)	71.0
<i>Futures</i>	50.2	(1.5)	48.7
<i>Purchased options</i>	0.6	–	0.6
<i>Written options</i>	–	(0.2)	(0.2)
Private credit funds	1.0	–	1.0
Equities	0.6	–	0.6
Swaps	0.4	–	0.4
Cash and short-term investments	0.0	0.0	0.0
Exchange-traded funds/notes	0.4	(0.7)	(0.3)
Other assets (liabilities)	(23.3)	1.5	(21.8)

REGIONAL ALLOCATION	% OF NAV		
	Long	Short	Net
United States	82.3	(3.9)	78.4
Canada	29.9	(0.6)	29.3
Australia	4.6	–	4.6
Other	2.3	–	2.3
China	2.2	–	2.2
Luxembourg	1.3	–	1.3
Netherlands	1.2	–	1.2
United Kingdom	1.6	(0.6)	1.0
Switzerland	0.9	–	0.9
France	0.8	–	0.8
Israel	0.8	–	0.8
Brazil	0.5	–	0.5
Cash and short-term investments	0.0	0.0	0.0
Germany	–	(0.7)	(0.7)
Japan	–	(0.8)	(0.8)
Other assets (liabilities)	(23.3)	1.5	(21.8)

SECTOR ALLOCATION	% OF NAV		
	Long	Short	Net
Corporate bonds	74.2	(4.2)	70.0
Bond futures	50.2	(1.5)	48.7
Private credit funds	1.0	–	1.0
Mortgage backed	0.8	–	0.8
Other	1.0	(0.2)	0.8
Financials	0.6	–	0.6
Municipal bonds	0.2	–	0.2
Cash and short-term investments	0.0	0.0	0.0
Exchange-traded funds/notes	0.4	(0.7)	(0.3)
Other assets (liabilities)	(23.3)	1.5	(21.8)

MARCH 31, 2021

PORTFOLIO ALLOCATION	% OF NAV		
	Long	Short	Net
Other assets (liabilities)	(0.3)	65.3	65.0
Bonds	101.8	(69.7)	32.1
<i>Bonds</i>	86.8	(5.6)	81.2
<i>Purchased options</i>	0.5	0.0	0.5
<i>Written options</i>	0.0	(0.3)	(0.3)
<i>Futures</i>	14.5	(63.8)	(49.3)
Cash and short-term investments	2.8	0.0	2.8
Equities	0.3	0.0	0.3
Swaps	0.0	0.0	0.0
Exchange-traded funds/notes	0.2	(0.4)	(0.2)

REGIONAL ALLOCATION	% OF NAV		
	Long	Short	Net
Other assets (liabilities)	(0.3)	65.3	65.0
United States	61.1	(5.3)	55.8
Cash and short-term investments	2.8	0.0	2.8
United Kingdom	2.9	(0.4)	2.5
Netherlands	1.9	0.0	1.9
Other	1.6	(0.4)	1.2
Poland	1.2	0.0	1.2
France	1.0	0.0	1.0
Luxembourg	1.0	0.0	1.0
Israel	0.9	0.0	0.9
Switzerland	0.9	0.0	0.9
Zambia	0.9	0.0	0.9
Brazil	0.5	0.0	0.5
Ireland	0.5	0.0	0.5
Mexico	0.5	0.0	0.5
Canada	27.4	(64.0)	(36.6)

SECTOR ALLOCATION	% OF NAV		
	Long	Short	Net
Corporate bonds	85.6	(5.6)	80.0
Other assets (liabilities)	(0.3)	65.3	65.0
Foreign government bonds	15.9	(1.6)	14.3
Cash and short-term investments	2.8	0.0	2.8
Other	0.3	1.2	1.5
Financials	0.3	0.0	0.3
Health care	0.0	0.0	0.0
Exchange-traded funds/notes	0.2	(0.4)	(0.2)
Federal bonds	0.0	(63.7)	(63.7)

MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

SCHEDULE OF OPTIONS PURCHASED

as at March 31, 2022

Underlying Interest	Number of Contracts	Option Type	Expiration Date	Strike Price \$	Premium Paid (\$ 000)	Fair Value (\$ 000)
iShares iBoxx \$ High Yield Corporate Bond ETF	2,000	Put	May 20, 2022	USD 77.00	179	86
iShares iBoxx \$ High Yield Corporate Bond ETF	850	Put	May 20, 2022	USD 79.00	101	59
iShares iBoxx \$ High Yield Corporate Bond ETF	3,250	Put	Jun. 17, 2022	USD 78.00	464	294
iShares iBoxx \$ High Yield Corporate Bond ETF	1,500	Put	Jun. 17, 2022	USD 82.00	285	336
Total options					1,029	775

SCHEDULE OF OPTIONS WRITTEN

as at March 31, 2022

Underlying Interest	Number of Contracts	Option Type	Expiration Date	Strike Price \$	Premium Received (\$ 000)	Fair Value (\$ 000)
iShares iBoxx \$ High Yield Corporate Bond ETF	(850)	Written Put	May 20, 2022	USD 72.00	(27)	(18)
iShares iBoxx \$ High Yield Corporate Bond ETF	(2,000)	Written Put	May 20, 2022	USD 73.00	(86)	(47)
iShares iBoxx \$ High Yield Corporate Bond ETF	(3,250)	Written Put	Jun. 17, 2022	USD 70.00	(139)	(88)
iShares iBoxx \$ High Yield Corporate Bond ETF	(1,500)	Written Put	Jun. 17, 2022	USD 76.00	(109)	(92)
Total options					(361)	(245)

MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

SCHEDULE OF DERIVATIVE INSTRUMENTS

as at March 31, 2022

Schedule of Swap Contracts

Counterparty Credit Rating	Number of Contracts	Maturity	Fund Pays Return On	Fund Receives Return On	Notional Value (\$ 000)	Unrealized Gains (\$ 000)	Unrealized Losses (\$ 000)
AA	23,647	May 04, 2022	Floating interest LIBOR (USD) 1 month rate minus 0.75%	iShares iBoxx \$ Investment Grade Corporate Bond ETF	3,779	61	–
AA	105,990	May 11, 2022	Floating interest LIBOR (USD) 1 month rate minus 2.25%	iShares iBoxx \$ High Yield Corporate Bond ETF	11,129	155	–
AA	54,414	May 11, 2022	Floating interest LIBOR (USD) 1 month rate minus 2.25%	iShares iBoxx \$ High Yield Corporate Bond ETF	5,683	50	–
A	33,775	May 19, 2022	Floating interest LIBOR (USD) 1 month rate minus 0.65%	iShares iBoxx \$ Investment Grade Corporate Bond ETF	5,209	26	–
AA	33,777	May 25, 2022	Floating interest LIBOR (USD) 1 month rate minus 0.75%	iShares iBoxx \$ Investment Grade Corporate Bond ETF	5,193	74	–
AA	45,806	Jun. 03, 2022	Floating interest LIBOR (USD) 1 month rate minus 2.75%	iShares iBoxx \$ High Yield Corporate Bond ETF	4,761	40	–
A	66,986	Jun. 07, 2022	Floating interest LIBOR (USD) 1 month rate minus 2.90%	iShares iBoxx \$ High Yield Corporate Bond ETF	6,956	54	–
A	33,841	Jun. 10, 2022	Floating interest LIBOR (USD) 1 month rate minus 0.75%	iShares iBoxx \$ Investment Grade Corporate Bond ETF	5,138	21	–
Total swap contracts					47,848	481	–

Schedule of Futures Contracts

Type of Contract	Number of Contracts	Expiration Date	Average Rate of Contracts (\$)	Notional Value* (\$ 000)	Unrealized Gains (\$ 000)	Unrealized Losses (\$ 000)	
iBoxx iShares \$ Investment Grade Corporate Bond Index Futures April 2022	86	Apr. 1, 2022	138.01 USD	14,655	–	(173)	
iBoxx iShares Corporate Bond Index Futures April 2022	32	Apr. 1, 2022	143.72 USD	5,796	78	–	
iBoxx iShares \$ Investment Grade Corporate Bond Index Futures May 2022	13	May 2, 2022	134.21 USD	2,213	32	–	
iBoxx iShares Corporate Bond Index Futures May 2022	123	May 2, 2022	142.59 USD	22,205	277	–	
Euro-Bund Futures June 2022	(4)	Jun. 8, 2022	158.66 EUR	(878)	–	–	
mini-10 year JGB Future June 2022	(7)	Jun. 10, 2022	151.03 JPY	(1,078)	8	–	
10 Year Australian Treasury Note Futures June 2022	49	Jun. 15, 2022	129.59 AUD	5,809	–	(201)	
Ultra 10 Year United States Treasury Note Futures June 2022	44	Jun. 21, 2022	142.03 USD	7,450	–	(344)	
5 Year United States Treasury Note Futures June 2022	44	Jun. 30, 2022	117.37 USD	6,307	–	(148)	
Total futures contracts					62,479	395	(866)

* Notional value represents the exposure to the underlying instruments as at March 31, 2022

Schedule of Forward Currency Contracts

Counterparty Credit Rating	Currency to be Received (\$ 000)	Currency to be Delivered (\$ 000)	Settlement Date	Contract Cost (\$ 000)	Current Fair Value (\$ 000)	Unrealized Gains (\$ 000)	Unrealized Losses (\$ 000)
A	222 USD	(305) AUD	Apr. 4, 2022	(277)	(286)	–	(9)
A	305 AUD	(229) USD	Apr. 4, 2022	286	285	–	(1)
A	700 CAD	(552) USD	Apr. 4, 2022	(700)	(690)	10	–
A	560 USD	(700) CAD	Apr. 4, 2022	700	700	–	–
A	681 USD	(624) CHF	Apr. 4, 2022	(851)	(844)	7	–
A	624 CHF	(678) USD	Apr. 4, 2022	848	845	–	(3)
A	347 USD	(309) EUR	Apr. 4, 2022	(434)	(427)	7	–
A	309 EUR	(344) USD	Apr. 4, 2022	430	428	–	(2)
A	43 USD	(32) GBP	Apr. 4, 2022	(54)	(53)	1	–
A	32 GBP	(42) USD	Apr. 4, 2022	53	53	–	–
A	12,900 JPY	(112) USD	Apr. 4, 2022	140	132	–	(8)

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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SCHEDULE OF DERIVATIVE INSTRUMENTS (cont'd)

as at March 31, 2022

Schedule of Forward Currency Contracts (cont'd)

Counterparty Credit Rating	Currency to be Received (\$ 000)	Currency to be Delivered (\$ 000)	Settlement Date	Contract Cost (\$ 000)	Current Fair Value (\$ 000)	Unrealized Gains (\$ 000)	Unrealized Losses (\$ 000)
A	106 USD	(12,900) JPY	Apr. 4, 2022	(133)	(133)	–	–
A	3,460 NOK	(394) USD	Apr. 4, 2022	492	492	–	–
A	396 USD	(3,460) NOK	Apr. 4, 2022	(495)	(492)	3	–
A	1,396 NZD	(945) USD	Apr. 4, 2022	1,181	1,210	29	–
A	971 USD	(1,396) NZD	Apr. 4, 2022	(1,214)	(1,210)	4	–
A	1,609 USD	(15,170) SEK	Apr. 4, 2022	(2,011)	(2,017)	–	(6)
A	15,170 SEK	(1,628) USD	Apr. 4, 2022	2,035	2,017	–	(18)
A	1,702 CAD	(1,339) USD	Apr. 12, 2022	(1,702)	(1,673)	29	–
A	200 CAD	(160) USD	Apr. 22, 2022	(200)	(200)	–	–
A	160 USD	(204) CAD	Apr. 22, 2022	204	199	–	(5)
A	513 CAD	(410) USD	Apr. 22, 2022	(513)	(512)	1	–
A	165 CAD	(130) USD	Apr. 22, 2022	(165)	(162)	3	–
A	320 CAD	(250) USD	Apr. 22, 2022	(320)	(312)	8	–
A	270 USD	(344) CAD	Apr. 22, 2022	344	338	–	(6)
AA	43,144 CAD	(34,157) USD	Apr. 27, 2022	(43,144)	(42,680)	464	–
AA	241 CAD	(191) USD	Apr. 27, 2022	(241)	(238)	3	–
A	19 USD	(110) BRL	Apr. 28, 2022	(24)	(28)	–	(4)
A	27 USD	(110,000) COP	Apr. 28, 2022	(34)	(36)	–	(2)
A	85 USD	(1,220,000) IDR	Apr. 28, 2022	(106)	(107)	–	(1)
A	49 USD	(58,000) KOR	Apr. 28, 2022	(61)	(60)	1	–
A	26 USD	(100) PEN	Apr. 28, 2022	(32)	(34)	–	(2)
A	180 PLN	(45) USD	Apr. 28, 2022	56	53	–	(3)
A	37 USD	(2,900) RUB	Apr. 28, 2022	(46)	(43)	3	–
A	88 SGD	(66) USD	Apr. 28, 2022	82	81	–	(1)
A	3,600 THB	(109) USD	Apr. 28, 2022	136	136	–	–
A	17 USD	(260) ZAR	Apr. 28, 2022	(21)	(22)	–	(1)
A	1,287 AUD	(966) USD	May 4, 2022	1,208	1,205	–	(3)
A	745 CAD	(596) USD	May 4, 2022	(745)	(745)	–	–
A	1,743 USD	(1,602) CHF	May 4, 2022	(2,178)	(2,171)	7	–
A	546 USD	(490) EUR	May 4, 2022	(682)	(679)	3	–
A	288 GBP	(379) USD	May 4, 2022	474	473	–	(1)
A	50 USD	(440) NOK	May 4, 2022	(63)	(63)	–	–
A	1,009 NZD	(702) USD	May 4, 2022	877	874	–	(3)
A	685 USD	(6,380) SEK	May 4, 2022	(856)	(849)	7	–
A	148 CAD	(103) EUR	May 6, 2022	(148)	(143)	5	–
A	210 EUR	(302) CAD	May 6, 2022	302	291	–	(11)
A	115 CAD	(80) EUR	May 6, 2022	(115)	(110)	5	–
A	90 EUR	(128) CAD	May 6, 2022	128	125	–	(3)
A	27 CAD	(20) EUR	May 6, 2022	(27)	(27)	–	–
A	919 USD	(111,500) JPY	May 6, 2022	(1,149)	(1,146)	3	–
A	1,113 CAD	(100,517) JPY	May 10, 2022	(1,113)	(1,032)	81	–
A	2,162 CAD	(1,702) USD	May 10, 2022	(2,162)	(2,127)	35	–
A	1,196 USD	(3,786) ILS	May 10, 2022	(1,495)	(1,483)	12	–
AA	5,556 CAD	(4,375) USD	May 13, 2022	(5,556)	(5,467)	89	–
A	13,268 CAD	(10,449) USD	May 13, 2022	(13,268)	(13,056)	212	–
A	2,500 USD	(3,170) CAD	May 13, 2022	3,170	3,122	–	(48)
A	2,040 USD	(2,560) CAD	May 13, 2022	2,560	2,550	–	(10)
AA	267 CAD	(210) USD	May 13, 2022	(267)	(263)	4	–
A	3,616 CAD	(2,848) USD	May 13, 2022	(3,616)	(3,558)	58	–
A	130 USD	(165) CAD	May 13, 2022	165	163	–	(2)

MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

SCHEDULE OF DERIVATIVE INSTRUMENTS (cont'd)

as at March 31, 2022

Schedule of Forward Currency Contracts (cont'd)

Counterparty Credit Rating	Currency to be Received (\$ 000)	Currency to be Delivered (\$ 000)	Settlement Date	Contract Cost (\$ 000)	Current Fair Value (\$ 000)	Unrealized Gains (\$ 000)	Unrealized Losses (\$ 000)
A	175 USD	(222) CAD	May 13, 2022	222	219	–	(3)
A	112 CAD	(90) USD	May 13, 2022	(112)	(112)	–	–
AA	2,166 CAD	(1,495) EUR	May 20, 2022	(2,166)	(2,072)	94	–
AA	28 CAD	(20) EUR	May 20, 2022	(28)	(28)	–	–
A	5,588 CAD	(4,380) USD	May 20, 2022	(5,588)	(5,473)	115	–
A	357 CAD	(280) USD	May 20, 2022	(357)	(350)	7	–
AA	115 CAD	(90) USD	Jun. 3, 2022	(115)	(112)	3	–
A	77 CAD	(60) USD	Jun. 17, 2022	(77)	(75)	2	–
Total forward currency contracts						1,315	(156)
Total Derivative assets							2,191
Total Derivative liabilities							(1,022)

MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

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, 2022 and 2021, as applicable. In the year a Fund or series is established or reinstated, 'period' represents the period from inception or reinstatement. Where a series of a Fund was terminated during either period, the information for the series is provided up to close of business on the termination date. Refer to Note 10 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 Corporation of Canada. Canada Life Investment Management Ltd. ("CLIML") is wholly owned by The Canada Life Assurance Company ("Canada Life"), a subsidiary of Power Corporation of Canada. 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 3, 2022.

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 or 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 – Other changes in fair value of investments and other net assets – Net unrealized gain (loss).

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

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.

The Fund accounts for its holdings in unlisted open-ended investment funds and exchange-traded funds, if any, at FVTPL. Mackenzie has concluded that any unlisted open-ended investment funds 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.

The Fund's redeemable securities entitle securityholders the right to redeem their interest in the Fund for cash equal to their proportionate share of the net asset value of the Fund, amongst other contractual rights. The Fund's redeemable securities 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 period-end.

(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.

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(b) Fair value measurement (cont'd)

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 and other net assets – 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 change in unrealized gains or losses that are best determined at the settlement price. 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 derivatives. Any change in the variation margin requirement is settled daily.

Premiums paid for purchasing an option are recorded in the Statement of Financial Position – Investments at fair value.

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, 2022.

The Fund categorizes the fair value of its assets and liabilities into three categories, which are differentiated based on the observable nature of the inputs and extent of estimation required.

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. Examples of Level 2 valuations include quoted prices for similar securities, quoted prices on inactive markets and from recognized investment dealers, and the application of factors derived from observable data to non-North American quoted prices in order to estimate the impact of differences in market closing times.

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.

The estimated fair values for these securities may be different from the values that would have been used had a ready market for the investment existed; 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.

See Note 10 for the fair value classifications of the Fund.

(c) Income and expense recognition

Interest income and expense from interest bearing investments is recognized using the effective interest method. Dividend income and expense is recognized as of the ex-dividend date. Dividends and interest paid on the short selling of equity and bond securities are included in the Statement of Comprehensive Income – Dividends and Interest Income, respectively. Unrealized gains or losses on investments, 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, expense, realized gains (losses) on sale of investments or fee rebate income, as appropriate, on the ex-dividend or distribution date.

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

MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(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, exchanges, brokers, dealers and other intermediaries. The total brokerage commissions incurred by the Fund in connection with portfolio transactions for the periods, together with other transaction charges, is disclosed in the Statements of Comprehensive Income. Brokerage business is allocated to brokers based on the best net result for the Fund. Subject to this criteria, 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 10. 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.

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 included in the Statement of Comprehensive Income and recognized when earned. Securities lending transactions are administered by The Bank of New York Mellon (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.

Note 10 summarizes the details of securities loaned and collateral received as at the end of period, as well as a reconciliation of securities lending income during the period, if applicable. Collateral received is comprised of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments, and financial institutions.

(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 10 summarizes the details of such offsetting, if applicable, subject to master netting arrangements or other similar agreements and the net impact to the Statements of Financial Position if all such rights were exercised.

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) 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 – Other changes in fair value of investments and other net assets – 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 and is disclosed in Note 10.

(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

In a fund merger, the Fund acquires all of the assets and assumes all of the liabilities of the terminating fund at fair value in exchange for securities of the Fund on the effective date of the merger.

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3. Significant Accounting Policies (cont'd)

(l) Short selling and borrowing fees

The Fund may engage in the short selling of equity and bond securities as a part of its overall investment strategy. When the Fund sells an equity or bond security short, it must borrow the security from a broker, and in exchange pay a borrowing fee to that broker, to complete the sale. The Fund can realize a gain on a short sale, if the price of the security decreases from the date the security was sold short until the date at which the Fund closes out its short position, by buying the security at a lower price and returning it back to the broker. A loss will be incurred if the price of the security increases. Limitations within the Fund's investment strategy on the Fund's ability to engage in short selling and borrowing include: (i) the aggregate market value of all securities sold short by the Fund will not exceed 50% of the total net assets of the Fund; (ii) the aggregate market value of all securities of any particular issuer sold short by the Fund will not exceed 20% of the total net assets of the Fund; (iii) the Fund may borrow cash up to a maximum of 50% of its net asset value; and (iv) the combined use of short-selling and cash borrowing by the Fund is subject to an overall limit of 50% of its net asset value. Gains and losses realized on the short selling of equity and bond securities are included in the Statement of Comprehensive Income – Net realized gain (loss).

(m) Future accounting changes

The Fund has determined there are no material implications to the Fund's financial statements arising from IFRS issued but not yet effective.

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.

Ongoing uncertainty regarding the duration and long-term impact of the COVID-19 pandemic and the effectiveness of vaccines against new variants of the virus contributes to uncertainty regarding the timing of a full economic recovery. As a result, it is not possible to reliably estimate the impact of the pandemic on the financial results and condition of the Fund in future periods.

The following discusses the most significant accounting judgments and estimates made in preparing the financial statements:

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. The Fund maintains a December year-end for tax purposes. The Fund may be subject to withholding taxes on foreign income. In general, the Fund treats withholding tax as a charge against income for tax purposes. The Fund will distribute sufficient amounts from net income for tax purposes, as required, so that the Fund will not pay income taxes other than refundable tax on capital gains, 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 10 for the Fund's loss carryforwards.

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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 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.

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 10 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, 2022 and 2021 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 10.

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, 2022, 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 become due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable securities. In order to monitor the liquidity of its assets, the Fund utilizes a liquidity risk management program that calculates the number of days to convert the investments held by the Fund into cash using a multi-day liquidation approach. This liquidity risk analysis assesses the Fund's liquidity against predetermined minimum liquidity percentages established for different time periods and is monitored quarterly. In addition, the Fund has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions.

In order to comply with securities regulations, the Fund must maintain at least 85% of its assets in liquid investments (i.e., investments that can be readily sold).

iii. Currency risk

Currency risk is the risk that financial instruments which are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's functional currency, will fluctuate due to changes in exchange rates. Generally, foreign denominated investments increase in value when the value of the Canadian dollar (relative to foreign currencies) falls. Conversely, when the value of the Canadian dollar rises relative to foreign currencies, the values of foreign denominated investments fall.

Note 10 indicates the foreign currencies, if applicable, to which the Fund had significant exposure, including both monetary and non-monetary financial instruments, and illustrates the potential impact, in Canadian dollar terms, to the Fund's net assets had the Canadian dollar strengthened or weakened by 5% relative to all foreign currencies, all other variables held constant. In practice, the actual trading results may differ and the difference could be material.

The Fund's sensitivity to currency risk illustrated in Note 10 includes potential indirect impacts from underlying funds and Exchange Traded Funds ("ETFs") in which the Fund invests, and/or derivative contracts including forward currency contracts. Other financial assets and liabilities (including dividends and interest receivable, and receivables/payables for investments sold/purchased) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

iv. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Generally, these securities increase in value when interest rates fall and decrease in value when interest rates rise.

If significant, Note 10 summarizes the Fund's interest-bearing financial instruments by remaining term to maturity and illustrates the potential impact to the Fund's net assets had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, all other variables held constant. The Fund's sensitivity to interest rate changes was estimated using weighted average duration. In practice, the actual trading results may differ and the difference could be material.

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NOTES TO FINANCIAL STATEMENTS

8. Financial Instruments Risk (cont'd)

iv. Interest rate risk (cont'd)

The Fund's sensitivity to interest rate risk illustrated in Note 10 includes potential indirect impacts from underlying funds and ETFs in which the Fund invests, and/or derivative contracts. Cash and cash equivalents and other money market instruments are short term in nature and are not generally subject to significant amounts of 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 and securities sold short, 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, theoretically 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. In the case of securities sold short, the loss to the Fund continues to increase, without limit, as the fair value of the underlying interest increases. This risk is mitigated by placing limitations on the Fund's ability to sell securities short, which are outlined in Note 3(l).

Other price risk typically arises from exposure to equity and commodity securities. If significant, Note 10 illustrates the potential increase or decrease in the Fund's net assets, had the prices on the respective exchanges for these securities increased or decreased by 10%, all other variables held constant. In practice, the actual trading results may differ and the difference could be material.

The Fund's sensitivity to other price risk illustrated in Note 10 includes potential indirect impacts from underlying funds and ETFs in which the Fund invests, and/or derivative contracts.

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 10 summarizes the Fund's exposure, if applicable and significant, to credit risk.

If presented, credit ratings and rating categories are based on ratings issued by a designated rating organization. Indirect exposure to credit risk may arise from fixed-income securities, such as bonds, held by underlying funds and ETFs, if any. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

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 10 summarizes the Fund's exposure, if applicable and significant, to these risks from underlying funds.

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9. Other Information

Abbreviations

Foreign currencies, if any, are presented in these financial statements using the following abbreviated currency codes:

Currency Code	Description	Currency Code	Description	Currency Code	Description
AUD	Australian dollars	HKD	Hong Kong dollars	PKR	Pakistani rupee
AED	United Arab Emirates Dirham	HUF	Hungarian forint	PLN	Polish zloty
BRL	Brazilian real	IDR	Indonesian rupiah	QAR	Qatar Rial
CAD	Canadian dollars	ILS	Israeli shekel	RON	Romanian leu
CHF	Swiss franc	INR	Indian rupee	RUB	Russian ruble
CKZ	Czech koruna	JPY	Japanese yen	SAR	Saudi riyal
CLP	Chilean peso	KOR	South Korean won	SEK	Swedish krona
CNY	Chinese yuan	MXN	Mexican peso	SGD	Singapore dollars
COP	Colombian peso	MYR	Malaysian ringgit	THB	Thailand baht
CZK	Czech koruna	NGN	Nigerian naira	TRL	Turkish lira
DKK	Danish krone	NOK	Norwegian krona	USD	United States dollars
EGP	Egyptian pound	NTD	New Taiwan dollar	VND	Vietnamese dong
EUR	Euro	NZD	New Zealand dollars	ZAR	South African rand
GBP	United Kingdom pounds	PEN	Peruvian nuevo sol	ZMW	Zambian kwacha
GHS	Ghana Cedi	PHP	Philippine peso		

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NOTES TO FINANCIAL STATEMENTS

10. Fund Specific Information (in '000, except for (a))

(a) Fund Formation and Series Information

Date of Formation: January 31, 2019

The Fund may issue an unlimited number of securities of each series. The number of issued and outstanding securities of each series is disclosed 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 are offered to retail investors investing a minimum of \$500.

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

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

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

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

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

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

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

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

Each series is available for purchase under the sales charge purchase option. The charges under the sales charge purchase option are negotiated by investors with their dealers. All deferred sales charge purchase options will cease on or prior to June 2022. For further details on this purchase option, please refer to the Fund's Simplified Prospectus and Fund Facts.

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees
Series A	February 26, 2019	1.35% ⁽³⁾	0.24%
Series CL	February 10, 2021	— *	— *
Series F	February 26, 2019	0.75% ⁽⁴⁾	0.15%
Series FB	February 26, 2019	0.85% ⁽⁵⁾	0.24%
Series O	February 26, 2019	— ⁽¹⁾	— *
Series PW	February 26, 2019	1.25% ⁽⁶⁾	0.15%
Series PWFB	February 26, 2019	0.75% ⁽⁴⁾	0.15%
Series PWX	February 26, 2019	— ⁽²⁾	— ⁽²⁾
Series R	February 26, 2019	— *	— *

* 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 15, 2020, the management fee for Series A was charged to the Fund at a rate of 1.55%.

(4) Prior to April 15, 2020, the management fee for this series was charged to the Fund at a rate of 0.95%.

(5) Prior to April 15, 2020, the management fee for Series FB was charged to the Fund at a rate of 1.05%.

(6) Prior to April 15, 2020, the management fee for Series PW was charged to the Fund at a rate of 1.45%.

(b) Tax Loss Carryforwards

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

(c) Securities Lending

As at March 31, 2022 and 2021, the Fund did not have any open securities lending, repurchase or reverse repurchase transactions.

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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NOTES TO FINANCIAL STATEMENTS

10. Fund Specific Information (in '000, except for (a)) (cont'd)

(d) Commissions

	(\$)
March 31, 2022	–
March 31, 2021	–

(e) Risks Associated with Financial Instruments

i. Risk exposure and management

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

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

The cumulative effect of the use of leverage in a market that moves adversely to a leveraged investment could result in a substantial loss which would be greater than if leverage were not used. Therefore, any event that adversely affects the value of an investment by the Fund would be magnified to the extent leverage is employed.

ii. Currency risk

The tables below summarize the Fund's exposure to currency risk.

Currency	March 31, 2022				Impact on net assets			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)	Strengthened by 5%		Weakened by 5%	
					(\$)	%	(\$)	%
AUD	–	81	1,003	1,084				
NZD	–	–	874	874				
GBP	–	3	473	476				
THB	–	–	136	136				
SGD	–	–	81	81				
PLN	–	–	53	53				
ILS	–	1,483	(1,483)	–				
ZAR	–	–	(22)	(22)				
BRL	–	–	(28)	(28)				
PEN	–	–	(34)	(34)				
COP	–	–	(36)	(36)				
RUB	–	–	(43)	(43)				
KOR	–	–	(60)	(60)				
NOK	–	–	(63)	(63)				
IDR	–	–	(107)	(107)				
EUR	1,958	332	(2,642)	(352)				
USD	61,413	5,174	(67,138)	(551)				
SEK	–	–	(849)	(849)				
JPY	–	1,019	(2,171)	(1,152)				
CHF	–	–	(2,170)	(2,170)				
Total	63,371	8,092	(74,226)	(2,763)				
% of Net Assets	49.8	6.4	(58.3)	(2.1)				
Total currency rate sensitivity					138	0.1	(138)	(0.1)

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NOTES TO FINANCIAL STATEMENTS

10. Fund Specific Information (in '000, except for (a)) (cont'd)

(e) Risks Associated with Financial Instruments (cont'd)

ii. Currency risk (cont'd)

Currency	March 31, 2021				Impact on net assets			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)	Strengthened by 5%		Weakened by 5%	
					(\$)	%	(\$)	%
NZD	–	–	1,567	1,567				
AUD	–	(37)	904	867				
GBP	–	–	350	350				
PHP	–	–	285	285				
SGD	–	–	263	263				
KOR	–	–	149	149				
CZK	–	–	126	126				
COP	–	–	100	100				
ILS	–	1,427	(1,424)	3				
CLP	–	–	(1)	(1)				
PLN	1,570	–	(1,590)	(20)				
MXN	–	–	(26)	(26)				
ZAR	–	–	(46)	(46)				
RUB	–	–	(68)	(68)				
SEK	–	–	(85)	(85)				
THB	–	–	(227)	(227)				
JPY	–	2,496	(2,798)	(302)				
NTD	–	–	(328)	(328)				
EUR	1,001	341	(1,780)	(438)				
NOK	–	–	(1,117)	(1,117)				
CHF	–	–	(1,612)	(1,612)				
USD	82,086	6,079	(90,104)	(1,939)				
Total	84,657	10,306	(97,462)	(2,499)				
% of Net Assets	62.8	7.6	(72.3)	(1.9)				
Total currency rate sensitivity					125	0.1	(125)	(0.1)

* Includes both monetary and non-monetary financial instruments

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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NOTES TO FINANCIAL STATEMENTS

10. Fund Specific Information (in '000, except for (a)) (cont'd)

(e) Risks Associated with Financial Instruments (cont'd)

iii. Interest rate risk

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

	Bonds (\$)		Derivative Instruments (\$)		Impact on net assets			
	Long	Short	Long	Short	Increase by 1%		Decrease by 1%	
March 31, 2022					(\$)	(%)	(\$)	(%)
Less than 1 year	2,686	–	143,830	(1,956)				
1-5 years	24,518	(1,546)	–	–				
5-10 years	51,329	(3,735)	–	–				
Greater than 10 years	17,106	–	–	–				
Total	95,639	(5,281)	143,830	(1,956)				
Total sensitivity to interest rate changes					(10,984)	(8.6)	11,377	8.9

	Bonds (\$)		Derivative Instruments (\$)		Impact on net assets			
	Long	Short	Long	Short	Increase by 1%		Decrease by 1%	
March 31, 2021					(\$)	(%)	(\$)	(%)
Less than 1 year	2,659	(2,485)	146,428	(87,969)				
1-5 years	26,585	(1,207)	–	–				
5-10 years	69,200	(3,886)	–	–				
Greater than 10 years	18,557	–	–	–				
Total	117,001	(7,578)	146,428	(87,969)				
Total sensitivity to interest rate changes					(6,703)	(5.0)	7,101	5.3

iv. Other price risk

As at March 31, 2022 and 2021, the Fund did not have a significant exposure to price risk.

v. Credit risk

The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The maximum exposure to any one debt issuer as at March 31, 2022, was 2.0% (2021 – 3.3%) of the net assets of the Fund.

As at March 31, 2022 and 2021, debt securities by credit rating are as follows:

Bond Rating*	March 31, 2022	March 31, 2021
	% of Net Assets	% of Net Assets
AAA	0.2	–
A	0.7	2.0
BBB	6.9	8.5
Less than BBB	55.2	67.8
Unrated	8.0	2.9
Total	71.0	81.2

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

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NOTES TO FINANCIAL STATEMENTS

10. Fund Specific Information (in '000, except for (a)) (cont'd)

(f) Fair Value Classification

The table below summarizes the fair value of the Fund's financial instruments using the fair value hierarchy described in note 3.

	March 31, 2022				March 31, 2021			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Bonds – Long	705	94,934	–	95,639	808	116,193	–	117,001
Bonds – Short	–	(5,281)	–	(5,281)	–	(7,578)	–	(7,578)
Equities	802	8	–	810	281	64	–	345
Options	–	775	–	775	–	752	–	752
Exchange-traded funds/notes – Long	494	–	–	494	327	–	–	327
Exchange-traded funds/notes – Short	(870)	–	–	(870)	(579)	–	–	(579)
Private credit funds	–	–	1,266	1,266	–	–	–	–
Derivative assets	395	1,796	–	2,191	2,015	2,004	–	4,019
Derivative liabilities	(866)	(401)	–	(1,267)	(229)	(592)	–	(821)
Short-term investments	–	19,270	–	19,270	–	5,206	–	5,206
Total	660	111,101	1,266	113,027	2,623	116,049	–	118,672

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 transfers between Level 1 and Level 2.

The table below presents a reconciliation of financial instruments measured at fair value using unobservable inputs (Level 3) for the periods ended March 31, 2022 and 2021:

	March 31, 2022	March 31, 2021
	Private credit funds	Mutual funds (\$)
Balance – beginning of period	–	–
Purchases	1,210	–
Sales	–	–
Transfers in	–	–
Transfers out	–	–
Gains (losses) during the period:		
Realized	–	–
Unrealized	56	–
Balance – end of period	1,266	–
Change in unrealized gains (losses) during the period attributable to securities held at end of period	56	–

Changing one or more of the inputs to reasonably possible alternative assumptions for valuing Level 3 financial instruments would not significantly affect the fair value of those instruments.

(g) Investments by the Manager and Affiliates

The investments held by the Manager, other funds managed by the Manager, and funds managed by affiliates of the Manager, investing in series CL, IG or S of the Fund, as applicable (as described in *Fund Formation and Series Information* in note 10), were as follows:

	March 31, 2022	March 31, 2021
	(\$)	(\$)
The Manager	–	–
Other funds managed by the Manager	112,947	127,985
Funds managed by affiliates of the Manager	6,518	1

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NOTES TO FINANCIAL STATEMENTS

10. Fund Specific Information (in '000, except for (a)) (cont'd)

(h) Offsetting of Financial Assets and Liabilities

The tables below present 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, 2022			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	1,190	(460)	–	730
Unrealized losses on derivative contracts	(931)	460	3,802	3,331
Liability for options written	(245)	–	–	(245)
Total	14	–	3,802	3,816

	March 31, 2021			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	3,144	(366)	–	2,778
Unrealized losses on derivative contracts	(453)	366	1,142	1,055
Liability for options written	(346)	–	–	(346)
Total	2,345	–	1,142	3,487

(i) Dividend and interest income

Included in dividend and interest income for the period ended March 31, 2022 are dividends paid on securities sold short of \$19 (2021 – \$Nil) and interest paid on securities sold short of \$343 (2021 – \$383).

(j) Leverage

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

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

During the year ended March 31, 2022, the Fund's aggregate exposure to sources of leverage ranged from 40% to 140% of the Fund's NAV. The high end of the range occurred in April 2021 when the Fund had significant leveraged exposure to investment grade bonds. The low end of the range occurred in May 2021, when total return swaps expired. The primary sources of leverage were physical short positions in fixed income securities, futures, options, forward currency contracts and swaps. Including the notional value of derivatives used for hedging, the low and high amounts of leverage ranged from 206% to 413%.

During the year ended March 31, 2021, the Fund's aggregate exposure to sources of leverage ranged from 54% to 173% of the Fund's NAV. The low end of the range occurred in April 2020, when exposures across the portfolio were generally low in order to manage the Fund's expected volatility.

As the portfolio management team's outlook improved, leverage was added, first to investment grade bonds and then to high-yield bonds. The high end of the range occurred in January 2021, after which leverage decreased as the credit momentum strategy reduced exposure to investment grade bonds and emerging markets debt. The primary sources of leverage were physical short positions in fixed income securities, futures, options, forward currency contracts and swaps. Including the notional value of derivatives used for hedging, the low and high amounts of leverage ranged from 45% to 451%.

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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NOTES TO FINANCIAL STATEMENTS

10. Fund Specific Information (in '000, except for (a)) (cont'd)

(k) Commitment

	March 31, 2022		March 31, 2021	
	Called Amount (\$)	Total Commitment to Invest (US\$)	Called Amount (\$)	Total Commitment to Invest (US\$)
Northleaf Private Credit II LP ⁽¹⁾	1,088	1,856	–	–
Sagard Credit Partners II LP ⁽²⁾	178	1,856	–	–

⁽¹⁾ This fund is managed by Northleaf Capital Partners (Canada) Ltd., an affiliate of Mackenzie.

⁽²⁾ This fund is managed by Sagard Holdings Inc., an affiliate of Mackenzie.

(l) 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, 2022, none of the Commitment Amounts were funded (2021 – \$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, 2022	–	–	–	–	–
March 31, 2021	–	–	–	–	–

(m) Investments Pledged as Collateral

As at March 31, 2022, investments in securities with a fair value of \$6,312 (2021 – \$2,682) have been pledged as collateral against securities sold short and futures contracts.