

# MACKENZIE PRIVATE INCOME BALANCED POOL

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 Private Income Balanced Pool (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 Private Income Balanced Pool (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 PRIVATE INCOME BALANCED POOL

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

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

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

	Series LF		Series LW	
	2022	2021	2022	2021
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>				
<b>Beginning of period</b>	<b>3,005</b>	<b>1,950</b>	<b>3,131</b>	<b>2,066</b>
Increase (decrease) in net assets from operations	227	428	147	418
Distributions paid to securityholders:				
Investment income	(134)	(39)	(24)	(13)
Capital gains	(316)	(1)	(128)	(1)
Return of capital	(341)	(71)	(148)	(97)
Management fee rebates	–	–	–	–
Total distributions paid to securityholders	(791)	(111)	(300)	(111)
Security transactions:				
Proceeds from securities issued	3,001	891	452	688
Securities issued and redeemed on merger (note 10)	9,478	–	909	–
Reinvested distributions	762	111	299	110
Payments on redemption of securities	(1,469)	(264)	(814)	(40)
Total security transactions	11,772	738	846	758
<b>Increase (decrease) in net assets attributable to securityholders</b>	<b>11,208</b>	<b>1,055</b>	<b>693</b>	<b>1,065</b>
<b>End of period</b>	<b>14,213</b>	<b>3,005</b>	<b>3,824</b>	<b>3,131</b>
<b>Increase (decrease) in fund securities (in thousands) (note 7):</b>				
<b>Securities outstanding – beginning of period</b>	<b>188</b>	<b>141</b>	<b>200</b>	<b>151</b>
Issued	184	57	28	45
Issued and redeemed on merger (note 10)	585	–	58	–
Reinvested distributions	47	7	19	7
Redeemed	(91)	(17)	(51)	(3)
<b>Securities outstanding – end of period</b>	<b>913</b>	<b>188</b>	<b>254</b>	<b>200</b>

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

# MACKENZIE PRIVATE INCOME BALANCED POOL

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## STATEMENTS OF CASH FLOWS

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

	2022	2021
	\$	\$
<b>Cash flows from operating activities</b>		
Net increase (decrease) in net assets attributable to securityholders from operations	10,008	35,782
Adjustments for:		
Net realized loss (gain) on investments	(4,529)	(2,058)
Change in net unrealized loss (gain) on investments	2,528	(28,095)
Distributions received in-kind from underlying funds	(2,461)	(2,672)
Purchase of investments	(56,331)	(25,425)
Proceeds from sale and maturity of investments	64,286	37,367
(Increase) decrease in accounts receivable and other assets	(51)	10
Increase (decrease) in accounts payable and other liabilities	3	1
<b>Net cash provided by (used in) operating activities</b>	<b>13,453</b>	<b>14,910</b>
<b>Cash flows from financing activities</b>		
Proceeds from securities issued	26,035	23,799
Payments on redemption of securities	(36,172)	(40,198)
Distributions paid net of reinvestments	(4,409)	(2,412)
<b>Net cash provided by (used in) financing activities</b>	<b>(14,546)</b>	<b>(18,811)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,093)</b>	<b>(3,901)</b>
Cash and cash equivalents at beginning of period	1,195	5,107
Effect of exchange rate fluctuations on cash and cash equivalents	8	(11)
<b>Cash and cash equivalents at end of period</b>	<b>110</b>	<b>1,195</b>
Cash	110	1,195
Cash equivalents	—	—
<b>Cash and cash equivalents at end of period</b>	<b>110</b>	<b>1,195</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	1,526	2,449
Foreign taxes paid	33	40
Interest received	2,763	2,364
Interest paid	—	—

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

# MACKENZIE PRIVATE INCOME BALANCED POOL

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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)
<b>EQUITIES</b>					
Agnico-Eagle Mines Ltd. (US Shares)	Canada	Materials	242	17	19
Agnico-Eagle Mines Ltd.	Canada	Materials	255	17	20
Alamos Gold Inc.	Canada	Materials	1,662	16	17
Allegion PLC	United States	Industrials	149	20	20
AngloGold Ltd.	South Africa	Materials	609	19	18
Apollo Investment Corp.	United States	Financials	2,422	40	40
Ares Capital Corp.	United States	Financials	1,764	46	46
AT&T Inc.	United States	Communication Services	444	17	13
B2Gold Corp.	Canada	Materials	2,534	16	15
Bain Capital Specialty Finance Inc.	United States	Financials	2,207	42	43
Barings BDC Inc.	United States	Financials	3,349	47	43
Barrick Gold Corp. (US Shares)	Canada	Materials	516	17	16
BlackRock Kelso Capital Corp.	United States	Financials	9,410	47	50
BlackRock TCP Capital Corp.	United States	Financials	2,349	41	42
C.H. Robinson Worldwide Inc.	United States	Industrials	147	17	20
Canadian Pacific Railway Ltd.	Canada	Industrials	372	35	38
Capital Southwest Corp.	United States	Financials	1,463	47	43
Centerra Gold Inc.	Canada	Materials	1,662	16	20
Compania de Minas Buenaventura SA ADR	Peru	Materials	1,554	17	20
Constellation Energy	United States	Utilities	92	6	6
Crescent Capital BDC Inc.	United States	Financials	1,858	40	41
CSX Corp.	United States	Industrials	576	18	27
DT Midstream Inc.	United States	Energy	52	2	4
DTE Energy Co.	United States	Utilities	117	18	19
Eagle Materials Inc.	United States	Materials	238	27	38
Eldorado Gold Corp. (US Shares)	Canada	Materials	1,335	16	19
Endeavour Mining Corp.	Monaco	Materials	686	18	21
Exelon Corp.	United States	Utilities	277	17	16
Expeditors International of Washington Inc.	United States	Industrials	192	20	25
Fidus Investment Corp.	United States	Financials	2,060	46	52
First Eagle Alternative Capital BDC Inc.	United States	Financials	8,101	45	45
Fortune Brands Home & Security Inc.	United States	Industrials	297	21	28
FS KKR Capital Corp.	United States	Financials	1,701	48	49
Gladstone Capital Corp.	United States	Financials	3,185	46	47
Gladstone Investment Corp.	United States	Financials	2,430	43	49
Gold Fields Ltd.	South Africa	Materials	1,947	21	38
Goldman Sachs BDC Inc.	United States	Financials	1,784	42	44
Golub Capital BDC Inc.	United States	Financials	2,235	45	42
Hercules Capital Inc.	United States	Financials	2,020	43	46
Horizon Technology Finance Corp.	United States	Financials	2,144	44	37
IAMGOLD Corp. (US Shares)	Canada	Materials	3,729	16	16
J.B. Hunt Transport Services Inc.	United States	Industrials	121	19	30
Kinross Gold Corp.	Canada	Materials	1,907	16	14
Lennox International Inc.	United States	Industrials	49	16	16
Main Street Capital Corp.	United States	Financials	815	43	43
Masco Corp.	United States	Industrials	401	22	26
Monroe Capital Corp.	United States	Financials	3,238	43	44
New Mountain Finance Corp.	United States	Financials	2,653	45	46
Newcrest Mining Ltd.	Australia	Materials	799	20	20
Newmont Goldcorp Corp. (USD Shares)	United States	Materials	215	18	21
Newtek Business Services Corp.	United States	Financials	1,263	45	42
NextEra Energy Inc.	United States	Utilities	303	24	32
Norfolk Southern Corp.	United States	Industrials	77	19	27
Nucor Corp.	United States	Materials	216	18	40
Oaktree Specialty Lending Corp.	United States	Financials	5,126	46	47
OGE Energy Corp.	United States	Utilities	332	17	17
Old Dominion Freight Line Inc.	United States	Industrials	134	24	50
Owens Corning Inc.	United States	Industrials	257	19	29
Owl Rock Capital Corp.	United States	Financials	2,425	44	45
PennantPark Floating Rate Capital Ltd.	United States	Financials	2,709	44	46
PennantPark Investment Corp.	United States	Financials	5,258	44	51
Polymetal International PLC	Russia	Materials	666	18	3
Portman Ridge Finance Corp.	United States	Financials	1,453	45	44
PPL Corp.	United States	Utilities	429	17	15

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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)
<b>EQUITIES (cont'd)</b>					
Prospect Capital Corp.	United States	Financials	4,293	43	44
Public Service Enterprise Group Inc.	United States	Utilities	238	18	21
Reliance Steel & Aluminum Co.	United States	Materials	156	20	36
Saratoga Investment Corp.	United States	Financials	1,372	50	47
Sempra Energy	United States	Utilities	129	22	27
Sixth Street Specialty Lending Inc.	United States	Financials	1,546	44	45
Solar Capital Ltd.	United States	Financials	1,850	45	42
Solar Senior Capital Ltd.	United States	Financials	2,141	42	38
SSR Mining Inc.	Canada	Materials	758	17	21
Steel Dynamics Inc.	United States	Materials	363	18	38
SuRo Capital Corp.	United States	Financials	3,819	58	41
Sysco Corp.	United States	Consumer Staples	208	18	21
TCG BDC Inc.	United States	Financials	2,496	43	45
Union Pacific Corp.	United States	Industrials	86	19	29
United Parcel Service Inc. (UPS) Class B	United States	Industrials	122	19	33
Universal Health Services Inc. Class B	United States	Health Care	83	14	15
Verizon Communications Inc.	United States	Communication Services	249	18	16
The Wharf Holdings Ltd.	Hong Kong	Real Estate	3,823	11	15
WhiteHorse Finance Inc.	United States	Financials	2,177	42	41
Yamana Gold Inc.	Canada	Materials	2,768	16	19
<b>Total equities</b>				<b>2,419</b>	<b>2,634</b>
<b>EXCHANGE-TRADED FUNDS/NOTES</b>					
iShares Global Infrastructure ETF	United States	Exchange-Traded Funds/Notes	12,822	705	815
iShares J.P. Morgan USD Emerging Markets Bond ETF	United States	Exchange-Traded Funds/Notes	4,619	655	564
iShares Mortgage Real Estate ETF	United States	Exchange-Traded Funds/Notes	3,651	168	149
iShares Preferred and Income Securities ETF	United States	Exchange-Traded Funds/Notes	10,661	516	485
iShares S&P/TSX Canadian Preferred Share Index Fund ETF	Canada	Exchange-Traded Funds/Notes	38,664	544	520
<sup>1</sup> Mackenzie Floating Rate Income ETF	Canada	Exchange-Traded Funds/Notes	55,483	1,067	1,049
SPDR Bloomberg Barclays Capital High Yield Bond ETF	United States	Exchange-Traded Funds/Notes	5,258	718	674
SPDR Gold Shares ETF	United States	Exchange-Traded Funds/Notes	3,590	628	811
SPDR S&P Metals & Mining ETF	United States	Exchange-Traded Funds/Notes	9,879	529	757
Vanguard Global ex-U.S. Real Estate ETF	United States	Exchange-Traded Funds/Notes	11,886	777	772
Vanguard Real Estate ETF	United States	Exchange-Traded Funds/Notes	9,109	1,019	1,234
<b>Total exchange-traded funds/notes</b>				<b>7,326</b>	<b>7,830</b>
<b>MUTUAL FUNDS</b>					
<sup>2</sup> Mackenzie Canadian Dividend Fund Series R	Canada	Mutual Funds	2,870,772	34,321	41,029
<sup>2</sup> Mackenzie Canadian Growth Fund Series R	Canada	Mutual Funds	1,020,947	24,075	29,943
<sup>2</sup> Mackenzie Emerging Markets Fund Series R	Canada	Mutual Funds	277,535	2,480	2,835
<sup>2</sup> Mackenzie Global Dividend Fund Series R	Canada	Mutual Funds	1,104,281	14,621	18,608
<sup>2</sup> Mackenzie Global Tactical Investment Grade Bond Fund Series R	Canada	Mutual Funds	1,399,831	13,776	12,935
<sup>2</sup> Mackenzie Multi-Strategy Absolute Return Fund Series R	Canada	Mutual Funds	1,033,426	9,901	9,240
<sup>2</sup> Mackenzie North American Corporate Bond Fund Series R	Canada	Mutual Funds	1,033,487	10,979	10,213
<sup>2</sup> Mackenzie Strategic Bond Fund Series R	Canada	Mutual Funds	4,852,200	49,741	46,784
<sup>2</sup> Mackenzie US Mid Cap Opportunities Fund Series R	Canada	Mutual Funds	336,984	4,767	4,599
<b>Total mutual funds</b>				<b>164,661</b>	<b>176,186</b>
Transaction costs				(15)	–
<b>Total investments</b>				<b>174,391</b>	<b>186,650</b>
Derivative instruments (see schedule of derivative instruments)					39
Cash and cash equivalents					110
Other assets less liabilities					740
<b>Net assets attributable to securityholders</b>					<b>187,539</b>

<sup>1</sup> This exchange-traded fund is managed by Mackenzie.

<sup>2</sup> This fund is managed by Mackenzie.

# MACKENZIE PRIVATE INCOME BALANCED POOL

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## SUMMARY OF INVESTMENT PORTFOLIO

MARCH 31, 2022

EFFECTIVE PORTFOLIO ALLOCATION	% OF NAV
Equities	54.6
Bonds	29.0
Other assets (liabilities)	8.9
Cash and short-term investments	5.1
Mutual funds	1.9
Commodities	0.4
Private credit funds	0.1

EFFECTIVE REGIONAL ALLOCATION	% OF NAV
Canada	46.1
United States	27.8
Other assets (liabilities)	8.9
Cash and short-term investments	5.1
Other	3.9
Switzerland	1.3
France	1.2
Ireland	1.2
China	1.1
Germany	0.6
Netherlands	0.6
United Kingdom	0.6
Japan	0.6
Taiwan	0.4
India	0.3
South Korea	0.3

EFFECTIVE SECTOR ALLOCATION	% OF NAV
Corporate bonds	16.4
Financials	14.8
Other assets (liabilities)	8.9
Industrials	7.5
Information technology	6.9
Other	5.9
Cash and short-term investments	5.1
Provincial bonds	4.8
Health care	4.8
Energy	4.7
Materials	3.6
Consumer discretionary	3.5
Federal bonds	3.4
Consumer staples	3.0
Term loans	2.4
Communication services	2.4
Mutual funds	1.9

MARCH 31, 2021

EFFECTIVE PORTFOLIO ALLOCATION	% OF NAV
Equities	54.4
Bonds	38.1
Cash and short-term investments	6.4
Mutual funds	0.6
Commodities	0.6
Other assets (liabilities)	(0.1)

EFFECTIVE REGIONAL ALLOCATION	% OF NAV
Canada	43.7
United States	29.4
Other	6.8
Cash and short-term investments	6.4
China	2.9
France	1.5
United Kingdom	1.4
Switzerland	1.3
Japan	1.3
Ireland	0.9
Netherlands	0.8
Germany	0.8
Mexico	0.8
South Korea	0.8
Taiwan	0.7
Hong Kong	0.6
Other assets (liabilities)	(0.1)

EFFECTIVE SECTOR ALLOCATION	% OF NAV
Corporate bonds	19.4
Financials	13.9
Information technology	8.4
Foreign government bonds	8.2
Industrials	7.2
Cash and short-term investments	6.4
Other	5.3
Provincial bonds	5.0
Health care	4.3
Consumer staples	4.0
Consumer discretionary	4.0
Materials	3.2
Energy	3.0
Term loans	2.7
Communication services	2.6
Federal bonds	2.5
Other assets (liabilities)	(0.1)

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

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## SCHEDULE OF DERIVATIVE 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)
AA	12,542 CAD	(9,889) USD	May 17, 2022	(12,546)	(12,360)	186	–
AA	3,199 CAD	(2,523) USD	May 17, 2022	(3,200)	(3,153)	47	–
A	3,199 CAD	(2,523) USD	May 17, 2022	(3,200)	(3,153)	47	–
A	3,357 EUR	(3,847) USD	May 17, 2022	4,808	4,653	–	(155)
A	2,415 GBP	(3,270) USD	May 17, 2022	4,087	3,967	–	(120)
A	927 USD	(685) GBP	May 17, 2022	(1,159)	(1,125)	34	–
<b>Total forward currency contracts</b>						<b>314</b>	<b>(275)</b>
<b>Total Derivative assets</b>							<b>314</b>
<b>Total Derivative liabilities</b>							<b>(275)</b>

# MACKENZIE PRIVATE INCOME BALANCED POOL

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 PRIVATE INCOME BALANCED POOL

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## 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 recognition

Interest income from interest bearing investments is recognized using the effective interest method. Dividends are accrued as of the ex-dividend date. 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, 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.

#### (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.

# MACKENZIE PRIVATE INCOME BALANCED POOL

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## NOTES TO FINANCIAL STATEMENTS

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

#### (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.

#### (l) 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.

# MACKENZIE PRIVATE INCOME BALANCED POOL

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## NOTES TO FINANCIAL STATEMENTS

### 4. Critical Accounting Estimates and Judgments (cont'd)

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.

### 6. Management Fees and Operating Expenses

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

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

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

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

Mackenzie may waive or absorb management fees and/or Administration Fees at its discretion and stop waiving or absorbing such fees at any time without notice. Refer to Note 10 for the management fee and Administration Fee rates charged to each series of securities.

# MACKENZIE PRIVATE INCOME BALANCED POOL

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## NOTES TO FINANCIAL STATEMENTS

### 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.

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, 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.

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.

# MACKENZIE PRIVATE INCOME BALANCED POOL

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## NOTES TO FINANCIAL STATEMENTS

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

#### v. Other price risk (cont'd)

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.

### 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		

# MACKENZIE PRIVATE INCOME BALANCED POOL

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## NOTES TO FINANCIAL STATEMENTS

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

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

Date of Formation: November 20, 2015

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

**Series Offered by Mackenzie Financial Corporation** (180 Queen Street West, Toronto, Ontario, M5V 3K1; 1-800-387-0614; [www.mackenzieinvestments.com](http://www.mackenzieinvestments.com))

Series PW and Series PWT8 securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors in Series PW and Series PWT8 securities also want to receive a monthly cash flow of 4% or 8% per year, respectively.

Series PWF and Series PWF8 securities are offered through our Private Wealth Solutions to certain high net worth investors who are enrolled in a dealer-sponsored fee-for-service or wrap program, who are subject to an asset-based fee rather than commissions on each transaction and who invest at least \$100,000. Investors in Series PWF and Series PWF8 securities also want to receive a monthly cash flow of 4% or 8% per year, respectively.

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. Investors in Series PWFB securities also want to receive a monthly cash flow of 4% per year.

Series PWX and Series PWX8 securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor. Investors in Series PWX and Series PWX8 securities also want to receive a monthly cash flow of 4% or 8% per year, respectively.

Series O securities are offered only to investors investing a minimum of \$500,000 who are enrolled in Mackenzie Portfolio Architecture Service or Open Architecture Service; certain institutional investors; investors in a qualified group plan, and certain qualifying employees of Mackenzie and its subsidiaries. Investors in Series O securities also want to receive a monthly cash flow of 4% per year.

Series R securities are no longer available for sale.

**Series Distributed by LBC Financial Services Inc.** (1360 René-Lévesque Blvd. West, 13th Floor, Montréal, Québec H3G 0A9; 1-800-522-1846; [www.laurentianbank.ca/mackenzie](http://www.laurentianbank.ca/mackenzie))

Series LF securities are offered to retail investors investing a minimum of \$500, who are enrolled in the LBC Private Banking sponsored fee-for-service program. Investors in Series LF securities also want to receive a monthly cash flow of 4% per year.

Series LW securities are offered through our Preferred Pricing Program to certain high net worth investors who invest a minimum of \$100,000. Investors in Series LW securities also want to receive a monthly cash flow of 4% per year.

An investor in the Fund may choose among different purchase options that are available under each series. These purchase options are a sales charge purchase option and a no-load purchase option. The charges under the sales charge purchase option are negotiated by investors with their dealers. Not all purchase options are available under each series of the Fund, and the charges for each purchase option may vary among the different series. All deferred sales charge purchase options will cease on or prior to June 2022. For further details on these purchase options, please refer to the Fund's Simplified Prospectus and Fund Facts.

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees
Series PW	December 14, 2015	1.60%	0.15%
Series PWF	December 14, 2015	0.60%	0.15%
Series PWF8	October 16, 2017	0.60%	0.15%
Series PWFB	April 3, 2017	0.60%	0.15%
Series PWT8	October 16, 2017	1.60%	0.15%
Series PWX	December 14, 2015	— <sup>(1)</sup>	— <sup>(1)</sup>
Series PWX8	October 16, 2017	— <sup>(1)</sup>	— <sup>(1)</sup>
Series O	June 1, 2018	— <sup>(2)</sup>	—*
Series R	None issued <sup>(3)</sup>	—*	—*
Series LF	December 7, 2018	0.60%	0.15%
Series LW	December 7, 2018	1.60%	0.15%

\* Not applicable.

(1) This fee is payable directly to Mackenzie by investors in this series through redemptions of their securities.

(2) This fee is negotiable and payable directly to Mackenzie by investors in this series.

(3) The series' original start date was December 14, 2015. All securities in the series were redeemed on September 24, 2021.

#### (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.

# MACKENZIE PRIVATE INCOME BALANCED POOL

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## NOTES TO FINANCIAL STATEMENTS

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

#### (c) Securities Lending

	March 31, 2022	March 31, 2021
	(\$)	(\$)
Value of securities loaned	2,978	3,897
Value of collateral received	3,133	4,096

	2022		2021	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	21	100.0	6	100.0
Tax withheld	(3)	(14.3)	(1)	(16.7)
	18	85.7	5	83.3
Payments to Securities Lending Agent	(3)	(14.3)	(1)	(16.6)
Securities lending income	15	71.4	4	66.7

#### (d) Commissions

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

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

##### i. Risk exposure and management

The Fund seeks income with potential long-term capital growth by investing mainly in Canadian fixed income and income-oriented equities, either directly or through other mutual funds. The Fund utilizes multiple portfolio management teams with a mix of investing styles. The Fund's asset mix will generally range between 45%–75% equities and 25%–55% fixed income securities. It may hold up to 45% of its assets in foreign investments. The Fund diversifies in terms of geographic exposure, sector exposure, company market capitalization, portfolio manager style, credit quality and duration.

##### ii. Currency risk

The Fund is exposed to currency risk from its investments in equities and mutual funds.

All underlying funds are denominated in Canadian dollars. However, the Fund is indirectly exposed to the risk that the value of foreign currency denominated financial instruments held by underlying funds will fluctuate due to changes in exchange rates. The underlying funds may hedge some or all of their currency exposure.

As at March 31, 2022, had foreign currency exchange rates increased or decreased by 5% relative to the Canadian dollar, with all other variables held constant, net assets would have decreased or increased by approximately \$1,580 or 0.8% of total net assets (2021 – \$2,345 or 1.2%). In practice, the actual trading results may differ and the difference could be material.

##### iii. Interest rate risk

The Fund does not directly hold any interest-bearing financial instruments other than a nominal amount of cash and short-term investments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the underlying funds will fluctuate due to changes in the prevailing levels of market interest rates.

As at March 31, 2022, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets would have decreased or increased by approximately \$4,881 or 2.6% of total net assets (2021 – \$4,116 or 2.2%). In practice, the actual trading results may differ and the difference could be material.

##### iv. Other price risk

The table below summarizes the Fund's exposure to other price risk.

Impact on net assets	Increased by 10%		Decreased by 10%	
	(\$)	(%)	(\$)	(%)
March 31, 2022	10,848	5.8	(10,858)	(5.8)
March 31, 2021	10,209	5.3	(10,209)	(5.3)

##### v. Credit risk

The Fund's greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. For more information regarding the credit risk of underlying funds, refer to the underlying funds' financial statements available on the SEDAR website at [www.sedar.com](http://www.sedar.com) or at [www.mackenzieinvestments.com](http://www.mackenzieinvestments.com).

# MACKENZIE PRIVATE INCOME BALANCED POOL

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## 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 (\$)
Equities	2,540	94	–	2,634	3,120	103	–	3,223
Exchange-traded funds/notes	7,830	–	–	7,830	9,464	–	–	9,464
Mutual funds	176,186	–	–	176,186	177,451	–	–	177,451
Derivative assets	–	314	–	314	–	202	–	202
Derivative liabilities	–	(275)	–	(275)	–	(68)	–	(68)
Total	186,556	133	–	186,689	190,035	237	–	190,272

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 ended March 31, 2022, non-North American equities frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at March 31, 2022, these securities were classified as Level 2 (2021 – Level 2).

#### (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	15	–
Other funds managed by the Manager	–	114,308
Funds managed by affiliates of the Manager	–	–

#### (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	94	–	–	94
Unrealized losses on derivative contracts	–	–	–	–
Liability for options written	–	–	–	–
Total	94	–	–	94

  

	March 31, 2021			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	153	–	–	153
Unrealized losses on derivative contracts	–	–	–	–
Liability for options written	–	–	–	–
Total	153	–	–	153

#### (i) Fund Merger

On May 20, 2021, the Mackenzie Funds' Independent Review Committee approved a proposal to wind up Mackenzie Financial Capital Corporation because it was in a taxable position. As a result of this wind-up, the Mackenzie Private Income Balanced Pool Class (the "Terminating Fund") merged into the Fund on July 30, 2021. This merger took place on a tax deferred basis. As the Terminating Fund invested all of its net assets in Series R of the Fund prior to the merger, the merger was effected by exchanging these Series R securities for other securities of the Fund at fair market value. Series LF, Series LW, Series PWFB, Series PW, Series PWT8, Series PWF and Series PWF8 of the Terminating Fund were issued 585 Series LF securities, 58 Series LW securities, 143 Series PWFB securities, 3,263 Series PW securities, 148 Series PWT8 securities, 3,378 Series PWF securities and 594 Series PWF8 securities of the Fund in exchange for 9,476 Series R securities, resulting in no transfer of net assets to the Fund on July 30, 2021.

Following the merger, the Terminating Fund was terminated. Mackenzie paid the expenses incurred to effect the merger.