

# MACKENZIE CANADIAN SHORT TERM FIXED INCOME ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

ACTIVE FIXED INCOME ETF

## MANAGEMENT REPORT

### Management's Responsibility for Financial Reporting

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

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

Deloitte LLP is the external auditor of the ETF. 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 ETF



Barry McInerney  
President and Chief Executive Officer



Terry Rountes  
Chief Financial Officer, Funds

July 13, 2020

## INDEPENDENT AUDITOR'S REPORT

To the Securityholders of Mackenzie Canadian Short Term Fixed Income ETF (the "ETF")

### Opinion

We have audited the financial statements of the ETF, which comprise the statements of financial position as at March 31, 2020 and 2019, 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 ETF as at March 31, 2020 and 2019, 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 ETF 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 which comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not and will 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 ETF'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 ETF or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the ETF'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 ETF'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 ETF'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 ETF 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mervyn Ramos.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
Toronto, Ontario  
July 13, 2020



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## STATEMENTS OF FINANCIAL POSITION

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

	2020	2019
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Investments at fair value	17,679	11,940
Cash and cash equivalents	1,020	32
Accrued interest receivable	109	67
Dividends receivable	1	–
Accounts receivable for investments sold	96	32
Accounts receivable for units issued	–	–
Margin on derivatives	173	15
Unrealized gains on derivative contracts	15	1
<b>Total assets</b>	<b>19,093</b>	<b>12,087</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable for investments purchased	86	63
Accounts payable for units redeemed	–	–
Due to manager	8	12
Unrealized losses on derivative contracts	220	9
<b>Total liabilities</b>	<b>314</b>	<b>84</b>
<b>Net assets attributable to unitholders</b>	<b>18,779</b>	<b>12,003</b>
<b>Net assets attributable to unitholders per series (note 3)</b>		
Series E	18,779	12,003
<b>Net assets attributable to unitholders per unit (note 3)</b>		
Series E	19.77	20.00

## STATEMENTS OF COMPREHENSIVE INCOME

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

	2020	2019
	\$	\$
<b>Income</b>		
Dividends	30	15
Interest income	523	204
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	146	(21)
Net unrealized gain (loss)	(381)	115
Securities lending income	2	–
Fee rebate income	4	3
Other	35	4
<b>Total income (loss)</b>	<b>359</b>	<b>320</b>
<b>Expenses (note 6)</b>		
Management fees	77	35
Management fee rebates	(9)	–
Commissions and other portfolio transaction costs	12	12
Independent Review Committee fees	–	–
Other	1	–
<b>Expenses before amounts absorbed by Manager</b>	<b>81</b>	<b>47</b>
Expenses absorbed by Manager	–	–
<b>Net expenses</b>	<b>81</b>	<b>47</b>
<b>Increase (decrease) in net assets attributable to unitholders from operations before tax</b>	<b>278</b>	<b>273</b>
Foreign withholding taxes	–	–
Foreign income taxes paid (recovered)	–	–
<b>Increase (decrease) in net assets attributable to unitholders from operations</b>	<b>278</b>	<b>273</b>
<b>Increase (decrease) in net assets attributable to unitholders from operations per series</b>		
Series E	278	273
<b>Increase (decrease) in net assets attributable to unitholders from operations per unit</b>		
Series E	0.28	0.73

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



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# MACKENZIE CANADIAN SHORT TERM FIXED INCOME ETF

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## STATEMENTS OF CHANGES IN FINANCIAL POSITION

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

	2020	2019
	<b>Series E</b>	
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<b>\$</b>	
<b>Beginning of period</b>	<b>12,003</b>	<b>6,985</b>
Increase (decrease) in net assets from operations	278	273
Distributions paid to unitholders:		
Investment income	(405)	(204)
Capital gains	–	–
Management fee rebates	(9)	–
Total distributions paid to unitholders	(414)	(204)
Unit transactions:		
Proceeds from units issued	36,113	6,933
Reinvested distributions	–	–
Payments on redemption of units	(29,201)	(1,984)
Total unit transactions	6,912	4,949
<b>Total increase (decrease) in net assets</b>	<b>6,776</b>	<b>5,018</b>
<b>End of period</b>	<b>18,779</b>	<b>12,003</b>
	<b>Units</b>	
<b>Increase (decrease) in units (note 7):</b>		
<b>Units outstanding – beginning of period</b>	<b>600</b>	<b>350</b>
Issued	1,800	350
Reinvested distributions	–	–
Redeemed	(1,450)	(100)
<b>Units outstanding – end of period</b>	<b>950</b>	<b>600</b>

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## STATEMENTS OF CASH FLOWS

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

	2020	2019
	\$	\$
<b>Cash flows from operating activities</b>		
Net increase (decrease) in net assets attributable to unitholders from operations	278	273
Adjustments for:		
Net realized loss (gain) on investments	(203)	2
Change in net unrealized loss (gain) on investments	381	(115)
Purchase of investments	(39,664)	(15,377)
Proceeds from sale and maturity of investments	36,926	10,156
Change in accrued interest receivable	(42)	(33)
Change in dividends receivable	(1)	–
Change in margin on derivatives	(158)	(15)
Change in due to manager	(4)	8
<b>Net cash from operating activities</b>	<b>(2,487)</b>	<b>(5,101)</b>
<b>Cash flows from financing activities</b>		
Proceeds from units issued	29,957	6,933
Payments on redemption of units	(26,082)	(1,984)
Distributions paid net of reinvestments	(414)	(204)
<b>Net cash from financing activities</b>	<b>3,461</b>	<b>4,745</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>974</b>	<b>(356)</b>
Cash and cash equivalents at beginning of period	32	385
Effect of exchange rate fluctuations on cash and cash equivalents	14	3
<b>Cash and cash equivalents at end of period</b>	<b>1,020</b>	<b>32</b>
Cash	1,020	32
Cash equivalents	–	–
<b>Cash and cash equivalents at end of period</b>	<b>1,020</b>	<b>32</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	29	15
Foreign taxes paid	–	–
Interest received	481	171
Interest paid	–	–

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## SCHEDULE OF INVESTMENTS

As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>BONDS</b>					
407 International Inc. 3.14% 03-06-2030 Callable 2029	Canada	Corporate – Non Convertible	80,000	83	84
407 International Inc. 3.43% 06-01-2033 MTN	Canada	Corporate – Non Convertible	30,000	31	32
AerCap Ireland Capital Designated Activity Co. 3.30% 01-23-2023 Callable 2022	Ireland	Corporate – Non Convertible	USD 50,000	68	60
AIMCo Realty Investors LP 2.27% 06-26-2024 Callable 2024	Canada	Corporate – Non Convertible	270,000	271	269
Air Lease Corp. 2.63% 12-05-2024 Callable 2024	United States	Corporate – Non Convertible	30,000	30	24
Alcami Carolinas Corp. Term Loan 1st Lien F/R 07-06-2025	United States	Term Loans	USD 9,850	13	13
Alchemy US Holdco LLC Term Loan B 1st Lien F/R 10-01-2025	United States	Term Loans	USD 9,750	12	12
Algonquin Power & Utilities Corp. 4.65% 02-15-2022	Canada	Corporate – Non Convertible	78,000	83	80
Alimentation Couche-Tard Inc. 3.899% 11-01-2022 Callable	Canada	Corporate – Non Convertible	30,000	31	31
AltaLink LP 3.62% 09-17-2020	Canada	Corporate – Non Convertible	20,000	20	20
AltaLink LP 3.67% 11-06-2023	Canada	Corporate – Non Convertible	180,000	192	189
AltaLink LP 3.40% 06-06-2024 Callable 2024	Canada	Corporate – Non Convertible	196,000	208	205
Anheuser-Busch InBev Finance Inc. 2.60% 05-15-2024 Callable 2024	Belgium	Corporate – Non Convertible	105,000	103	103
APFS Staffing Holdings Inc. Term Loan 1st Lien F/R 04-10-2026	United States	Term Loans	USD 9,925	13	12
Aroundtown SA 4.63% 09-18-2025 Callable 2025	Germany	Corporate – Non Convertible	10,000	10	10
Ascend Performance Materials Operations LLC Term Loan B 1st Lien F/R 08-16-2026	United States	Term Loans	USD 9,950	13	12
Ball Metalpack Finco LLC Term Loan B 1st Lien F/R 07-26-2025	United States	Term Loans	USD 9,825	13	11
Bank of America Corp. 3.30% 04-24-2024 Callable 2023	United States	Corporate – Non Convertible	200,000	205	202
Bank of America Corp. F/R 04-25-2025 Callable 2024	United States	Corporate – Non Convertible	220,000	222	219
Bank of America Corp. F/R 03-24-2026 Callable 2025	United States	Corporate – Non Convertible	30,000	30	31
Bank of Montreal 2.28% 07-29-2024	Canada	Corporate – Non Convertible	280,000	279	275
Bank of Montreal 2.70% 09-11-2024 DPNT	Canada	Corporate – Non Convertible	160,000	159	163
The Bank of Nova Scotia 2.98% 04-17-2023	Canada	Corporate – Non Convertible	130,000	133	133
The Bank of Nova Scotia 2.38% 05-01-2023	Canada	Corporate – Non Convertible	80,000	80	80
The Bank of Nova Scotia 2.16% 02-03-2025	Canada	Corporate – Non Convertible	90,000	90	88
bclMC Realty Corp. 3.00% 03-31-2027 Callable 2026	Canada	Corporate – Non Convertible	160,000	167	165
Bell Canada Inc. 3.00% 10-03-2022 Callable 2022	Canada	Corporate – Non Convertible	295,000	300	298
BP Capital Markets PLC 3.47% 05-15-2025	United Kingdom	Corporate – Non Convertible	60,000	63	60
Brookfield Infrastructure Finance ULC 4.20% 09-11-2028 Callable 2028	Canada	Corporate – Non Convertible	100,000	104	101
Brookfield Infrastructure Finance ULC 3.41% 10-09-2029 Callable 2029	Canada	Corporate – Non Convertible	10,000	10	9
Brookfield Renewable Partners ULC 4.25% 01-15-2029 Callable 2028	Canada	Corporate – Non Convertible	10,000	10	11
Brookfield Renewable Partners ULC 3.38% 01-15-2030 Callable 2029	Canada	Corporate – Non Convertible	10,000	10	10
Canada Housing Trust 2.90% 06-15-2024	Canada	Federal Government	610,000	641	658
Canada Housing Trust 1.80% 12-15-2024	Canada	Federal Government	1,400,000	1,394	1,449
Canadian Imperial Bank of Commerce 2.97% 07-11-2023	Canada	Corporate – Non Convertible	190,000	195	195
Canadian Imperial Bank of Commerce 2.35% 08-28-2024	Canada	Corporate – Non Convertible	130,000	130	128
Canadian Imperial Bank of Commerce 3.42% 01-26-2026 Callable 2021	Canada	Corporate – Non Convertible	114,000	116	114
Canadian Imperial Bank of Commerce F/R 06-19-2029 Callable 2024	Canada	Corporate – Non Convertible	15,000	15	15
Canadian National Railway Co. 3.00% 02-08-2029 Callable 2028	Canada	Corporate – Non Convertible	5,000	5	5
Canadian Natural Resources Ltd. 2.89% 08-14-2020 Callable	Canada	Corporate – Non Convertible	50,000	50	50
Canadian Natural Resources Ltd. 3.55% 06-03-2024	Canada	Corporate – Non Convertible	10,000	10	9
Canadian Pacific Railway Ltd. 3.15% 03-13-2029 Callable 2028	Canada	Corporate – Non Convertible	5,000	5	5
Canadian Western Bank 2.61% 01-30-2025 Callable 2024	Canada	Corporate – Non Convertible	30,000	30	29



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## SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>BONDS (cont'd)</b>					
Capital Power Corp. 4.28% 09-18-2024 Callable 2024	Canada	Corporate – Non Convertible	140,000	146	142
Capital Power Corp. 4.99% 01-23-2026 Callable 2025	Canada	Corporate – Non Convertible	25,000	25	26
Cascades Inc. 5.13% 01-15-2026 Callable 2023 144A	Canada	Corporate – Non Convertible	USD 5,000	7	7
CCS-CMGC Holdings Inc. Term Loan 1st Lien F/R 09-25-2025	United States	Term Loans	USD 9,875	13	11
CEVA Logistics Finance BV Term Loan B 1st Lien F/R 08-03-2025	United States	Term Loans	USD 9,925	13	8
Charter Communications Operating LLC F/R 02-01-2024 Callable 2024	United States	Corporate – Non Convertible	USD 220,000	296	301
Charter Communications Operating LLC 5.05% 03-30-2029 Callable 2028	United States	Corporate – Non Convertible	USD 10,000	13	15
Chartwell Retirement Residences 3.79% 12-11-2023 Callable 2023	Canada	Corporate – Non Convertible	90,000	90	93
Chartwell Retirement Residences 4.21% 04-28-2025 Callable 2025	Canada	Corporate – Non Convertible	5,000	5	5
Choice Properties LP 3.60% 09-20-2022 Callable	Canada	Corporate – Non Convertible	90,000	93	91
Choice Properties Real Estate Investment Trust 3.53% 06-11-2029 Callable 2029	Canada	Corporate – Non Convertible	10,000	10	10
Choice Properties Real Estate Investment Trust 2.98% 03-04-2030 Callable 2029	Canada	Corporate – Non Convertible	5,000	5	5
Citadel Securities LP Term Loan B 1st Lien F/R 02-27-2026	United States	Term Loans	USD 9,900	13	13
Colbun SA 4.50% 07-10-2024 Callable 2024	Chile	Corporate – Non Convertible	USD 5,000	7	7
CoolSys Inc. Delayed Draw Term Loan 1st Lien F/R 12-31-2049	United States	Term Loans	USD 1,164	2	2
CoolSys Inc. Term Loan 1st Lien 12-31-2049	United States	Term Loans	USD 6,819	9	9
Crombie Real Estate Investment Trust 3.92% 06-21-2027 Callable 2027	Canada	Corporate – Non Convertible	10,000	10	10
Crown Subsea Communications Holding Inc. Term Loan 1st Lien F/R 11-02-2025	United States	Term Loans	USD 3,968	5	5
DynCorp International Inc. Term Loan B 1st Lien F/R 08-15-2025	United States	Term Loans	USD 9,750	13	12
Eagle Credit Card Trust 3.04% 07-17-2023	Canada	Corporate – Non Convertible	50,000	52	51
Electrical Components International Inc. Term Loan 1st Lien F/R 06-22-2025	United States	Term Loans	USD 9,825	13	11
Emera Inc. 2.90% 06-16-2023	Canada	Corporate – Non Convertible	60,000	61	60
Enbridge Inc. 3.19% 12-05-2022	Canada	Corporate – Non Convertible	190,000	194	188
Enbridge Inc. F/R 04-12-2078 Callable 2028	Canada	Corporate – Non Convertible	160,000	170	156
ENMAX Corp. 2.92% 10-18-2022	Canada	Corporate – Non Convertible	10,000	10	10
ENMAX Corp. 3.33% 06-02-2025	Canada	Corporate – Non Convertible	10,000	10	10
EnTrans International LLC Term Loan 1st Lien F/R 10-29-2025	United States	Term Loans	USD 9,125	12	11
EPCOR Utilities Inc. 1.95% 07-08-2022	Canada	Corporate – Non Convertible	450,000	449	451
Fairfax Financial Holdings Ltd. 4.50% 03-22-2023	Canada	Corporate – Non Convertible	94,000	99	96
Fairfax Financial Holdings Ltd. 4.95% 03-03-2025	Canada	Corporate – Non Convertible	20,000	22	21
Fédération des Caisses Desjardins du Québec 2.09% 01-17-2022	Canada	Corporate – Non Convertible	290,000	289	290
Fédération des Caisses Desjardins du Québec 2.42% 10-04-2024	Canada	Corporate – Non Convertible	10,000	10	10
First American Payment Systems LP Term Loan B 1st Lien F/R 02-21-2027	United States	Term Loans	USD 8,000	11	10
Fortified Trust 2.56% 03-23-2024	Canada	Corporate – Non Convertible	170,000	172	170
Foxtrot Escrow Issuer LLC 12.25% 11-15-2026 Callable 2022 144A	United States	Corporate – Non Convertible	USD 4,000	5	4
GBT III BV Term Loan 1st Lien F/R 02-27-2027	Netherlands	Term Loans	USD 5,442	7	7
GBT US III LLC Term Loan Delayed Draw 1st Lien F/R 02-27-2027	United States	Term Loans	USD 4,558	6	6
Gibson Energy Inc. 5.25% 07-15-2024 Callable 2020 REGS	Canada	Corporate – Non Convertible	100,000	106	101
Gibson Energy Inc. 3.60% 09-17-2029 Callable 2029	Canada	Corporate – Non Convertible	15,000	15	13



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## SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>BONDS (cont'd)</b>					
GLOBALFOUNDRIES Inc. Term Loan B 1st Lien F/R 05-24-2026	United States	Term Loans	USD 9,925	13	12
The Goldman Sachs Group Inc. F/R 07-27-2022 Callable 2021	United States	Corporate – Non Convertible	10,000	10	10
The Goldman Sachs Group Inc. 2.43% 04-26-2023 Callable	United States	Corporate – Non Convertible	104,000	102	102
Government of Bermuda 4.13% 01-03-2023	Bermuda	Foreign Governments	USD 10,000	13	14
Government of Bermuda 4.85% 02-06-2024	Bermuda	Foreign Governments	USD 10,000	13	14
Government of Canada 1.50% 09-01-2024	Canada	Federal Government	160,000	164	166
Government of Canada 1.25% 03-01-2025	Canada	Foreign Governments	210,000	216	217
H&R Real Estate Investment Trust 2.92% 05-06-2022	Canada	Corporate – Non Convertible	90,000	89	90
H&R Real Estate Investment Trust 3.42% 01-23-2023 Callable 2022	Canada	Corporate – Non Convertible	60,000	61	61
Halo Buyer Inc. Term Loan 1st Lien F/R 06-28-2025	United States	Term Loans	USD 9,825	13	11
HCA Healthcare Inc. 3.50% 09-01-2030 Callable 2030	United States	Corporate – Non Convertible	USD 10,000	13	13
Heathrow Funding Ltd. 3.00% 06-17-2023	United Kingdom	Corporate – Non Convertible	230,000	232	231
Heathrow Funding Ltd. 3.25% 05-21-2025	United Kingdom	Corporate – Non Convertible	70,000	73	72
Heritage Power LLC Term Loan B 1st Lien F/R 07-08-2026	United States	Term Loans	USD 9,950	13	12
Hydro One Inc. 2.54% 04-05-2024 Callable 2024	Canada	Corporate – Non Convertible	250,000	255	253
II-VI Inc. Term Loan B 1st Lien F/R 05-08-2026	United States	Term Loans	USD 9,950	13	12
INEOS Enterprises Holdings US Finco LLC Term Loan B 1st Lien F/R 07-29-2026	United States	Term Loans	USD 8,177	11	10
Innovative Water Care Global Corp. Term Loan 1st Lien F/R 02-27-2026	United States	Term Loans	USD 9,900	12	8
Institutional Shareholder Services Inc. Term Loan 1st Lien F/R 02-26-2026	United States	Term Loans	USD 9,900	13	12
Inter Pipeline Ltd. 2.73% 04-18-2024 Callable 2024	Canada	Corporate – Non Convertible	132,000	132	123
Inter Pipeline Ltd. F/R 03-26-2079 Callable 2029	Canada	Corporate – Non Convertible	10,000	10	9
Inter Pipeline Ltd. F/R 11-19-2079 Callable 2029	Canada	Corporate – Non Convertible	10,000	10	8
Isagenix International LLC Term Loan 1st Lien F/R 04-26-2025	United States	Term Loans	USD 9,115	12	5
Ivanhoe Cambridge II Inc. 2.91% 06-27-2023 Callable 2023	Canada	Corporate – Non Convertible	130,000	134	133
Kestrel Bidco Inc. Term Loan 1st Lien F/R 08-07-2026	Canada	Term Loans	USD 7,980	11	9
Keyera Corp. F/R 06-13-2079 Callable 2029	Canada	Corporate – Non Convertible	5,000	5	4
LABL Escrow Issuer LLC 6.75% 07-15-2026 Callable 2022 144A	United States	Corporate – Non Convertible	USD 1,000	1	1
LABL Escrow Issuer LLC 10.50% 07-15-2027 Callable 2022 144A	United States	Corporate – Non Convertible	USD 1,000	1	1
Laurentian Bank of Canada 2.55% 06-20-2022	Canada	Corporate – Non Convertible	120,000	120	119
Manulife Bank of Canada 2.38% 11-19-2024	Canada	Corporate – Non Convertible	70,000	70	69
Manulife Financial Corp. F/R 05-09-2028 Callable 2023	Canada	Corporate – Non Convertible	270,000	278	271
McDonald's Corp. 3.13% 03-04-2025 Callable 2025	United States	Corporate – Non Convertible	120,000	122	122
Metro Inc. 3.20% 12-01-2021 Callable 2021	Canada	Corporate – Non Convertible	10,000	10	10
Metro Inc. 2.68% 12-05-2022 Callable 2022	Canada	Corporate – Non Convertible	100,000	101	100
Metronet Systems Holding LLC Term Loan 1st Lien F/R 12-31-2049	United States	Term Loans	USD 9,950	13	13
Morgan Stanley 3.00% 02-07-2024	United States	Corporate – Non Convertible	150,000	153	150
Multi-Color Corp. Term Loan B 1st Lien F/R 06-17-2026	United States	Term Loans	USD 9,950	13	12
MyNEXUS Inc. Term Loan 1st Lien F/R 06-19-2024	United States	Term Loans	USD 9,250	12	12
National Australia Bank Ltd. F/R 06-12-2030 Callable 2025	Australia	Corporate – Non Convertible	10,000	10	10
National Bank of Canada 2.55% 07-12-2024	Canada	Corporate – Non Convertible	250,000	253	248
National Bank of Canada 2.58% 02-03-2025	Canada	Corporate – Non Convertible	110,000	111	109
Norbord Inc. 5.75% 07-15-2027 Callable 2022 144A	Canada	Corporate – Non Convertible	USD 10,000	13	13
OMERS Finance Trust 2.60% 05-14-2029	Canada	Corporate – Non Convertible	10,000	10	10
OMERS Realty Corp. 3.24% 10-04-2027 Callable 2027	Canada	Corporate – Non Convertible	210,000	220	220



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## SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>BONDS (cont'd)</b>					
Ontario Power Generation Inc. 2.98% 09-13-2029	Canada	Corporate – Non Convertible	10,000	10	10
PayPal Holdings Inc. 2.20% 09-26-2022	United States	Corporate – Non Convertible	USD 30,000	40	42
Paypal Holdings Inc. 2.40% 10-01-2024 Callable 2024	United States	Corporate – Non Convertible	USD 20,000	27	28
Pembina Pipeline Corp. 3.54% 02-03-2025 Callable	Canada	Corporate – Non Convertible	91,000	93	89
Pembina Pipeline Corp. 4.02% 03-27-2028 Callable 2027	Canada	Corporate – Non Convertible	10,000	11	10
Pisces Midco Inc. 8.00% 04-15-2026 Callable 2021 144A	United States	Corporate – Non Convertible	USD 5,000	6	6
Pluto Acquisition I Inc. Term Loan 1st Lien F/R 06-18-2026	United States	Term Loans	USD 9,925	13	12
Polymer Process Holdings Inc. Term Loan 1st Lien F/R 04-29-2026	United States	Term Loans	USD 9,925	13	13
Prime Securities Mortgage Trust 1.97% 02-15-2023	Canada	Corporate – Non Convertible	40,000	40	39
Province of Newfoundland 3.00% 06-02-2026	Canada	Provincial Governments	90,000	90	95
Province of Ontario 2.30% 09-08-2024	Canada	Provincial Governments	730,000	745	759
Province of Ontario 1.75% 09-08-2025	Canada	Provincial Governments	70,000	71	71
Province of Quebec 2.25% 02-22-2024	Canada	Provincial Governments	470,000	479	487
PS HoldCo LLC Term Loan 1st Lien F/R 03-02-2025	United States	Term Loans	USD 9,850	13	13
Rogers Communications Inc. 3.65% 03-31-2027	Canada	Corporate – Non Convertible	5,000	5	5
Rogers Communications Inc. 3.25% 05-01-2029 Callable 2029	Canada	Corporate – Non Convertible	5,000	5	5
Royal Bank of Canada 2.95% 05-01-2023	Canada	Corporate – Non Convertible	265,000	269	271
Royal Bank of Canada 3.30% 09-26-2023	Canada	Corporate – Non Convertible	190,000	196	194
Saputo Inc. 2.88% 11-19-2024 Callable 2024	Canada	Corporate – Non Convertible	10,000	10	10
Scotia Capital Inc. 1.74% 01-01-2025	Canada	Mortgage Backed	59,495	59	61
Shaw Communications Inc. 3.80% 03-01-2027 Callable	Canada	Corporate – Non Convertible	40,000	43	41
Shaw Communications Inc. 4.40% 11-02-2028 Callable 2028	Canada	Corporate – Non Convertible	15,000	15	16
Shields Health Solutions Holdings LLC Term Loan 1st Lien F/R 08-13-2026	United States	Term Loans	USD 9,950	13	13
Sienna Senior Living Inc. 3.47% 02-03-2021	Canada	Corporate – Non Convertible	60,000	61	61
Sienna Senior Living Inc. 3.11% 11-04-2024	Canada	Corporate – Non Convertible	10,000	10	10
SmartCentres Real Estate Investment Trust 3.53% 12-20-2029 Callable 2029	Canada	Corporate – Non Convertible	20,000	20	19
SS&C Technologies Inc. Term Loan B5 1st Lien F/R 04-16-2025	United States	Term Loans	USD 9,848	13	13
Sun Life Financial Inc. 4.57% 08-23-2021	Canada	Corporate – Non Convertible	3,000	3	3
Sun Life Financial Inc. F/R 02-19-2026 Callable 2021	Canada	Corporate – Non Convertible	205,000	207	206
Sun Life Financial Inc. F/R 09-19-2028 Callable 2023	Canada	Corporate – Non Convertible	100,000	102	100
Suncor Energy Inc. 3.10% 11-26-2021 Callable 2021	Canada	Corporate – Non Convertible	50,000	51	50
Suncor Energy Inc. 3.10% 05-24-2029 Callable 2029	Canada	Corporate – Non Convertible	5,000	5	4
Sydney Airport Finance Co. Pty. Ltd. 3.63% 04-28-2026 Callable 2026	Australia	Corporate – Non Convertible	USD 20,000	25	30
Sysco Canada Inc. 3.65% 04-25-2025 Callable 2025	United States	Corporate – Non Convertible	80,000	83	73
Target Corp. 2.25% 04-15-2025 Callable 2025	United States	Corporate – Non Convertible	USD 10,000	14	14
TELUS Corp. 3.35% 04-01-2024 Callable	Canada	Corporate – Non Convertible	200,000	206	203
TELUS Corp. 2.75% 07-08-2026	Canada	Corporate – Non Convertible	5,000	5	5
TELUS Corp. 3.15% 02-19-2030 Callable 2029	Canada	Corporate – Non Convertible	20,000	20	19
Teneo Holdings LLC Term Loan B 1st Lien F/R 07-12-2025	United States	Term Loans	USD 9,975	12	12
Terrier Media Buyer Inc. Term Loan B 1st Lien F/R 12-12-2026	United States	Term Loans	USD 11,970	16	15
Teva Pharmaceutical Industries Ltd. 2.80% 07-21-2023	Israel	Corporate – Non Convertible	USD 10,000	11	13
Thor Industries Inc. Term Loan B 1st Lien F/R 11-01-2025	United States	Term Loans	USD 6,356	8	8
Titan Sub LLC Term Loan B 1st Lien F/R 09-19-2026	United States	Term Loans	USD 9,975	13	12
TMX Group Ltd. 2.30% 12-11-2024 Callable 2024	Canada	Corporate – Non Convertible	110,000	110	109
The Toronto-Dominion Bank 3.01% 05-30-2023	Canada	Corporate – Non Convertible	110,000	113	113



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# MACKENZIE CANADIAN SHORT TERM FIXED INCOME ETF

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## SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>BONDS (cont'd)</b>					
The Toronto-Dominion Bank 1.91% 07-18-2023 DPNT	Canada	Corporate – Non Convertible	390,000	385	387
The Toronto-Dominion Bank F/R 07-25-2029 Callable 2024	Canada	Corporate – Non Convertible	20,000	21	20
The Toronto-Dominion Bank 4.86% 03-04-2031 Callable 2026	Canada	Corporate – Non Convertible	10,000	11	11
Toyota Credit Canada Inc. 2.11% 02-26-2025	Canada	Corporate – Non Convertible	20,000	20	19
TransCanada PipeLines Ltd. 3.69% 07-19-2023	Canada	Corporate – Non Convertible	70,000	73	71
TransCanada Pipelines Ltd. 3.00% 09-18-2029 Callable 2029	Canada	Corporate – Non Convertible	5,000	5	5
TransCanada Trust F/R 05-18-2077 Callable 2027	Canada	Corporate – Non Convertible	44,000	44	35
Transurban Finance Co. Pty. Ltd. 4.56% 11-14-2028 Callable 2028	Australia	Corporate – Non Convertible	10,000	10	11
Ultra Clean Holdings Inc. Term Loan B 1st Lien F/R 08-27-2025	United States	Term Loans	USD 8,509	11	10
United States Treasury 0.50% 04-15-2024 Inflation Indexed	United States	Foreign Governments	USD 220,000	302	321
United States Treasury 1.75% 06-30-2024	United States	Foreign Governments	USD 280,000	366	417
United States Treasury 1.50% 10-31-2024	United States	Foreign Governments	USD 10,000	13	15
Ventas Canada Finance Ltd. 2.55% 03-15-2023 Callable 2023	United States	Corporate – Non Convertible	140,000	138	137
Ventas Inc. F/R 11-12-2021	United States	Corporate – Non Convertible	70,000	70	68
Ventas Inc. 2.80% 04-12-2024 Callable 2024	United States	Corporate – Non Convertible	30,000	30	30
Videotron Ltd. 4.50% 01-15-2030 Callable 2024	Canada	Corporate – Non Convertible	20,000	20	18
Vodafone Group PLC 3.75% 01-16-2024	United Kingdom	Corporate – Non Convertible	USD 80,000	111	117
Vungle Inc. Term Loan B 1st Lien F/R 09-30-2026	United States	Term Loans	USD 4,975	6	6
Waste Management of Canada Corp. 2.60% 09-23-2026 Callable 2026	Canada	Corporate – Non Convertible	110,000	110	110
Wells Fargo & Co. 3.19% 02-08-2024 Callable 2024	United States	Corporate – Non Convertible	84,000	86	85
Wells Fargo & Co. 2.49% 02-18-2027	United States	Corporate – Non Convertible	20,000	20	19
Welltower Inc. 3.63% 03-15-2024 Callable 2024	United States	Corporate – Non Convertible	USD 10,000	13	14
Yak Access LLC Term Loan B 1st Lien F/R 06-26-2025	United States	Term Loans	USD 9,500	12	10
<b>Total bonds</b>				<b>16,540</b>	<b>16,536</b>
<b>OPTIONS</b>					
Options purchased (see schedule of options purchased)				5	39
<b>Total options</b>				<b>5</b>	<b>39</b>



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# MACKENZIE CANADIAN SHORT TERM FIXED INCOME ETF

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## SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>EXCHANGE-TRADED FUNDS/NOTES</b>					
Mackenzie Emerging Markets Bond Index ETF (CAD-Hedged)	Canada	Exchange-Traded Funds/Notes	1,502	151	128
Mackenzie Emerging Markets Local Currency Bond Index ETF	United States	Exchange-Traded Funds/Notes	783	80	72
Mackenzie Floating Rate Income ETF	Canada	Exchange-Traded Funds/Notes	4,960	101	83
Mackenzie Global High Yield Fixed Income ETF	Canada	Exchange-Traded Funds/Notes	34,540	678	604
Mackenzie US Investment Grade Corporate Bond Index ETF (CAD-Hedged)	Canada	Exchange-Traded Funds/Notes	2,160	231	217
<b>Total exchange-traded funds/notes</b>				<b>1,241</b>	<b>1,104</b>
Transaction costs				—	—
<b>Total investments</b>				<b>17,786</b>	<b>17,679</b>
<b>DERIVATIVE INSTRUMENTS</b>					
(see schedule of derivative instruments)					(205)
Cash and cash equivalents					1,020
Other assets less liabilities					285
<b>Total net assets</b>					<b>18,779</b>



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# MACKENZIE CANADIAN SHORT TERM FIXED INCOME ETF

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## SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2020		March 31, 2019	
<b>Effective Portfolio Allocation</b>	<b>% of NAV</b>	<b>Portfolio Allocation</b>	<b>% of NAV</b>
Bonds	92.9	Bonds	97.2
<i>Bonds</i>	93.2	<i>Bonds</i>	97.2
<i>Purchased options</i>	0.2	<i>Purchased options</i>	0.0
<i>Short futures</i>	(0.5)	<i>Short futures</i>	0.0
Cash and short-term investments	5.6	Exchange-traded funds/notes	2.2
Other assets (liabilities)	1.4	Cash and short-term investments	0.3
Equities	0.1	Other assets (liabilities)	0.3
<b>Effective Regional Allocation</b>	<b>% of NAV</b>	<b>Regional Allocation</b>	<b>% of NAV</b>
Canada	69.0	Canada	83.2
United States	17.4	United States	12.8
Cash and short-term investments	5.6	United Kingdom	1.9
United Kingdom	2.8	Belgium	0.7
Other	1.6	Australia	0.3
Other assets (liabilities)	1.4	Cash and short-term investments	0.3
Belgium	0.6	Other assets (liabilities)	0.3
Ireland	0.3	Bermuda	0.2
Australia	0.3	Israel	0.1
Netherlands	0.2	Luxembourg	0.1
China	0.2	Germany	0.1
Bermuda	0.2		
Mexico	0.1		
Israel	0.1		
Germany	0.1		
Brazil	0.1		
<b>Effective Sector Allocation</b>	<b>% of NAV</b>	<b>Sector Allocation</b>	<b>% of NAV</b>
Corporate bonds	64.0	Corporate bonds	59.7
Federal bonds	12.4	Provincial bonds	20.5
Provincial bonds	7.1	Federal bonds	13.1
Foreign government bonds	6.8	Term loans	3.7
Cash and short-term investments	5.6	Exchange-traded funds/notes	2.2
Term loans	2.9	Cash and short-term investments	0.3
Other assets (liabilities)	1.4	Other assets (liabilities)	0.3
Other	(0.2)	Foreign government bonds	0.2

As at March 31, 2020, the effective allocation shows the portfolio, regional or sector exposure of the Fund calculated by combining its direct and indirect investments.

# MACKENZIE CANADIAN SHORT TERM FIXED INCOME ETF

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## SCHEDULE OF OPTIONS PURCHASED

As at March 31, 2020

Underlying Interest	Number of Contracts	Option Type	Expiration Date	Strike Price \$	Premium Paid (\$ 000s)	Fair Value (\$ 000s)
iShares iBoxx \$ High Yield Corporate Bond ETF	12	Put	May 15, 2020	85 USD	2	15
iShares iBoxx \$ High Yield Corporate Bond ETF	12	Put	Jun. 19, 2020	86 USD	2	18
iShares iBoxx \$ High Yield Corporate Bond ETF	4	Put	Jun. 19, 2020	87 USD	1	6
<b>Total options</b>					<b>5</b>	<b>39</b>



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# MACKENZIE CANADIAN SHORT TERM FIXED INCOME ETF

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## SCHEDULE OF DERIVATIVE INSTRUMENTS

As at March 31, 2020

### Schedule of Futures Contracts

Number of Contracts	Type of Contract	Expiration Date	Average Rate of Contracts (\$)	Notional Value* (\$ 000s)	Unrealized Gains (\$ 000s)
(1)	Euro-BTP Futures June 2020	Jun. 8, 2020	141.41 EUR	(219)	1
Unrealized Gains				(219)	1
(14)	10 Year United States Treasury Note Futures June 2020	Jun. 19, 2020	138.69 USD	(2,732)	(103)
Unrealized (Losses)				(2,732)	(103)
<b>Total futures contracts</b>				<b>(2,951)</b>	<b>(102)</b>

\* Notional value represents the exposure to the underlying instruments as at March 31, 2020

### Schedule of Forward Currency Contracts

Counterparty Credit Rating	Bought (\$ 000s)	Sold (\$ 000s)	Settlement Date	Contract Cost (\$ 000s)	Current Fair Value (\$ 000s)	Unrealized Gains (Losses) (\$ 000s)
A	33 U.S. dollar	(45) Canadian dollar	Apr. 3, 2020	45	46	1
A	20 U.S. dollar	(28) Canadian dollar	Apr. 3, 2020	28	28	–
A	77 U.S. dollar	(108) Canadian dollar	Apr. 3, 2020	108	108	–
A	42 U.S. dollar	(59) Canadian dollar	Apr. 3, 2020	59	59	–
AA	20 U.S. dollar	(28) Canadian dollar	Apr. 17, 2020	28	28	–
AA	20 U.S. dollar	(28) Canadian dollar	Apr. 17, 2020	28	28	–
A	40 U.S. dollar	(54) Canadian dollar	Apr. 24, 2020	54	58	4
AA	40 U.S. dollar	(54) Canadian dollar	Apr. 24, 2020	54	56	2
AA	13 U.S. dollar	(18) Canadian dollar	Apr. 24, 2020	18	19	1
A	130 Canadian dollar	(92) U.S. dollar	May 8, 2020	(130)	(129)	1
A	40 U.S. dollar	(54) Canadian dollar	May 8, 2020	54	56	2
A	20 U.S. dollar	(27) Canadian dollar	Jun. 12, 2020	27	28	1
A	13 U.S. dollar	(18) Canadian dollar	Jun. 12, 2020	18	19	1
AA	13 U.S. dollar	(18) Canadian dollar	Jun. 19, 2020	18	19	1
A	20 U.S. dollar	(28) Canadian dollar	Jun. 19, 2020	28	28	–
Unrealized Gains						14
A	55 Canadian dollar	(42) U.S. dollar	Apr. 3, 2020	(55)	(59)	(4)
A	170 Canadian dollar	(130) U.S. dollar	Apr. 3, 2020	(170)	(183)	(13)
AA	130 Canadian dollar	(100) U.S. dollar	Apr. 17, 2020	(130)	(141)	(11)
A	139 Canadian dollar	(107) U.S. dollar	Apr. 17, 2020	(139)	(151)	(12)
A	172 Canadian dollar	(132) U.S. dollar	Apr. 24, 2020	(172)	(186)	(14)
AA	163 Canadian dollar	(125) U.S. dollar	Apr. 24, 2020	(163)	(176)	(13)
A	92 U.S. dollar	(130) Canadian dollar	Apr. 24, 2020	130	129	(1)
A	169 Canadian dollar	(129) U.S. dollar	May 8, 2020	(169)	(181)	(12)
AA	33 Canadian dollar	(25) U.S. dollar	May 22, 2020	(33)	(35)	(2)
A	358 Canadian dollar	(270) U.S. dollar	Jun. 12, 2020	(358)	(380)	(22)
A	133 Canadian dollar	(100) U.S. dollar	Jun. 12, 2020	(133)	(141)	(8)
AA	40 Canadian dollar	(30) U.S. dollar	Jun. 19, 2020	(40)	(42)	(2)



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## SCHEDULE OF DERIVATIVE INSTRUMENTS (cont'd)

As at March 31, 2020

### Schedule of Forward Currency Contracts (cont'd)

Counterparty Credit Rating	Bought (\$ 000s)		Sold (\$ 000s)		Settlement Date	Contract Cost (\$ 000s)	Current Fair Value (\$ 000s)	Unrealized (Losses) (\$ 000s)
A	60	Canadian dollar	(45)	U.S. dollar	Jun. 19, 2020	(60)	(63)	(3)
A	108	Canadian dollar	(77)	U.S. dollar	Jul. 10, 2020	(108)	(108)	–
A	59	Canadian dollar	(42)	U.S. dollar	Jul. 10, 2020	(59)	(59)	–
Unrealized (Losses)								(117)
<b>Total forward currency contracts</b>								<b>(103)</b>
<b>Total derivative instruments at fair value</b>								<b>(205)</b>



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## 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, 2020 and 2019, as applicable. In the year an exchange-traded fund (“the ETF”) is established, ‘period’ represents the period from inception to the period end of that fiscal year. Refer to Note 10 for the formation date of the ETF.

The ETF 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 ETF’s registered office is 180 Queen Street West, Toronto, Ontario, Canada. The ETF is authorized to issue an unlimited number of units for sale under a Prospectus. The units of the ETF are listed on the Toronto Stock Exchange/Aequitas NEO Exchange (“the Exchange”).

Mackenzie Financial Corporation (“Mackenzie”) is the manager of the ETF and is wholly owned by IGM Financial Inc., a subsidiary of Power Corporation of Canada. Investments in companies within the Power Group of companies held by the ETF 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 ETF’s significant accounting policies under IFRS is presented in Note 3.

These financial statements are presented in Canadian dollars, which is the ETF’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 July 13, 2020.

### 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 ETF 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 ETF 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 ETF 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 ETF’s redeemable units are held by different types of unitholders that are entitled to different redemption rights. Unitholders may redeem units of the ETF at a redemption price per unit equal to 95% of the closing price of the units on the Exchange on the effective day of the redemption, subject to a maximum redemption price of the applicable NAV per unit. These different redemption features create equally subordinate but not identical units of the ETF which therefore meet the criteria for classification as financial liabilities under IAS 32, *Financial Instruments: Presentation*. The ETF’s obligation for net assets attributable to unitholders is presented at the redemption amount. Refer to Note 7 for details of subscriptions and redemptions of the ETF’s units.

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

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

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



## NOTES TO FINANCIAL STATEMENTS

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

#### (a) Financial instruments (cont'd)

The ETF 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 ETF invests, do not meet either the definition of a structured entity or the definition of an associate.

#### (b) Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments listed on a public securities exchange or traded on an over-the-counter market are valued on the basis of the last traded market price or close price recorded by the security exchange on which the security is principally traded, where this price falls within the quoted bid-ask spread for the investment. In circumstances where this price is not within the bid-ask spread, Mackenzie determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Mutual fund securities of an underlying fund are valued on a business day at the price calculated by the manager of such underlying fund in accordance with the constating documents of such underlying fund. Unlisted or non-exchange traded investments, or investments where a last sale or close price is unavailable or investments for which market quotations are, in Mackenzie's opinion, inaccurate, unreliable, or not reflective of all available material information, are valued at their fair value as determined by Mackenzie using appropriate and accepted industry valuation techniques including valuation models. The fair value determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the fair value may be determined using valuation techniques that are not supported by observable market data.

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

Cash and cash equivalents which includes cash on deposit with financial institutions and short-term investments that are readily convertible to cash, are subject to an insignificant risk of changes in value, and are used by the ETF 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 ETF 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 ETF 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 ETF's portfolio manager(s), provided that the use of the derivative is consistent with the ETF's investment objectives. Any use of derivatives will comply with Canadian mutual fund laws, subject to the regulatory exemptions granted to the ETF, 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 ETF are equal to the unrealized gains or losses on a "mark to market" basis. These unrealized gains or losses are recorded and reported as such until the ETF 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 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, 2020.

#### (c) Income recognition

Interest income from interest bearing investments is recognized using the effective interest method. Dividends are accrued as of the ex-dividend date. Realized gains or losses on the sale of investments, including foreign exchange gains or losses on such investments, are calculated on an average cost basis. Distributions received from an underlying fund are included in interest income, dividend income or realized gains (losses) on sale of investments, as appropriate.

## 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, advisers, brokers and dealers. Commissions may be paid to brokerage firms which provide (or pay for) certain services, other than order execution, which may include investment research, analysis and reports, and databases or software in support of these services. Where applicable and ascertainable, the value of third-party services that were paid for by brokers during the periods is disclosed in Note 10. The value of certain proprietary services provided by brokers cannot be reasonably estimated. Mackenzie may reimburse the ETF for certain commissions and other portfolio transaction costs. Mackenzie may make these reimbursements at its discretion and stop these reimbursements at any time without notice. Any such reimbursements are included in the Statement of Comprehensive Income – expenses absorbed by Manager.

(e) Securities lending, repurchase and reverse repurchase transactions

The ETF is permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in the ETF's Prospectus. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities on a future date. Securities lending transactions are administered by Canadian Imperial Bank of Commerce (the "Securities Lending Agent"). The value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned, sold or purchased. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is included in the Statement of Comprehensive Income – Securities lending income and recognized when earned.

Note 10 summarizes the details of securities loaned and collateral received, as well as a reconciliation of securities lending income, if applicable.

(f) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the ETF 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.

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 ETF.

(g) Foreign currency

The functional and presentation currency of the ETF 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 unitholders per unit

Net assets attributable to unitholders per unit is computed by dividing the net assets attributable to unitholders on a business day by the total number of units outstanding on that day.

(i) Net asset value per unit

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 unitholders (as reported in the financial statements), if any, is mainly due to differences in fair value of investments and other financial assets and liabilities. Refer to Note 10 for the ETF's NAV per unit.

(j) Increase (decrease) in net assets attributable to unitholders from operations per unit

Increase (decrease) in net assets attributable to unitholders from operations per unit in the Statement of Comprehensive Income represents the increase (decrease) in net assets attributable to unitholders from operations for the period, divided by the weighted average number of units outstanding during the period.

## NOTES TO FINANCIAL STATEMENTS

### 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.

The outbreak of the novel coronavirus (COVID-19) developed rapidly over the first three months of 2020, with the World Health Organization declaring it a pandemic on March 11, 2020, and governments around the world enacting emergency measures that resulted in business disruptions, volatility in markets and a global economic slowdown.

The Manager uses judgment in assessing the impact from such events on assumptions and estimates applied in reporting the assets and liabilities in the ETF's financial statements at March 31, 2020.

The duration and impact of the COVID-19 pandemic on businesses and markets, and the extent of economic relief measures provided by governments and central banks, are unknown at the reporting date and it is therefore not possible to reliably estimate the impact on the financial results and position of the ETF in future periods.

#### Use of Estimates

##### *Fair value of securities not quoted in an active market*

The ETF 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 ETF.

#### Use of Judgments

##### *Classification and measurement of investments and application of the fair value option*

In classifying and measuring financial instruments held by the ETF, Mackenzie is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. Mackenzie has assessed the ETF'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 ETF's financial instruments.

##### *Functional currency*

The ETF's functional and presentation currency is the Canadian dollar, which is the currency considered to best represent the economic effects of the ETF's underlying transactions, events and conditions taking into consideration the manner in which units are issued and redeemed and how returns and performance by the ETF are measured.

##### *Structured entities and associates*

In determining whether an unlisted open-ended investment fund or an exchange-traded fund in which the ETF 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 ETF does not have contracts or financing arrangements with these underlying funds and the ETF 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 ETF 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 unitholders as at the end of the taxation year. It is the intention of the ETF to distribute all of its net income and sufficient net realized capital gains so that the ETF will not be subject to income taxes other than foreign withholding taxes, if applicable.

Losses of the ETF cannot be allocated to investors and are retained in the ETF 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 ETF's loss carryforwards.

## NOTES TO FINANCIAL STATEMENTS

### 6. Management Fees and Operating Expenses

Mackenzie is paid a management fee for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions and making brokerage arrangements relating to the purchase and sale of the investment portfolio. The management fee is calculated as a fixed annual percentage of the daily net asset value of the units of the ETF.

In addition to the applicable management fee, the operating expenses payable by the ETF include interest and borrowing costs, brokerage expenses and related transaction fees, fees and expenses relating to the operation of the Mackenzie ETFs' Independent Review Committee (IRC), fees under any derivative instrument used by the ETF, cost of complying with the regulatory requirement to produce summary documents, ETF facts or other similar disclosure documents, the costs of complying with governmental or regulatory requirements introduced after the date of the most recently filed prospectus, including, without limitation, any new fees or increases in fees, the fees related to external services that are not commonly charged in the Canadian exchange-traded fund industry after the date of the most recently filed prospectus, fees paid to external service providers associated with tax reclaims, refunds or the preparation of foreign tax reports on behalf of the ETFs, fees paid to external legal counsel and/or others in connection with corporate or other actions affecting the portfolio holdings of the ETF, and any applicable taxes, including income, withholding or other taxes and also including G.S.T. or H.S.T. on expenses.

Mackenzie may waive or absorb management fees and operating expenses at its discretion and stop waiving or absorbing such fees at any time without notice. Mackenzie may charge a reduced management fee rate with respect to investments in the ETF by large investors, including other funds managed by Mackenzie or affiliates of Mackenzie. An amount equal to the difference between the fee otherwise chargeable and the reduced fee will be distributed in cash to those unitholders by the ETF as a management fee distribution. Refer to Note 10 for the management fee rates charged to units of the ETF.

### 7. Units and Unit Transactions

Mackenzie, on behalf of the ETF, has entered into a designated broker agreement with one or more designated brokers pursuant to which the designated broker has agreed to perform certain duties relating to the ETF including, without limitation: (i) to subscribe for a sufficient number of units to satisfy the Exchange's original listing requirements; (ii) to subscribe for units on an ongoing basis in connection with any rebalancing event, as applicable, and when cash redemptions of units occur; and (iii) to post a liquid two-way market for the trading of units on the Exchange. In accordance with the designated broker agreement, Mackenzie may from time to time require the designated broker to subscribe for units of the ETF for cash.

The number of units issued/redeemed for subscription/redemption orders (the "Prescribed Number of Units") is determined by Mackenzie. On any trading day, a designated broker may place a subscription or redemption order for any multiple of the Prescribed Number of Units of the ETF based on the NAV per unit determined on the applicable trading day. A trading day is each day on which the Exchange is opened for business.

Generally, all orders to purchase units directly from an ETF must be placed by a designated broker or a dealer. The ETF reserves the absolute right to reject any subscription order placed by a designated broker or a dealer. No fees will be payable by the ETF to a designated broker or a dealer in connection with the issuance of units. On the issuance of units, an amount may be charged to a designated broker or a dealer to offset the expenses incurred in issuing the units.

For each Prescribed Number of Units issued, a dealer must deliver payment consisting of: (i) a basket of securities and cash equal to the aggregate NAV per unit of the Prescribed Number of Units next determined following the receipt of the subscription order; (ii) cash in an amount equal to the aggregate NAV per unit of the Prescribed Number of Units next determined following the receipt of the subscription order; or (iii) a combination of securities and cash, as determined by Mackenzie, in an amount sufficient so that the value of the securities and cash received is equal to the aggregate NAV per unit of the Prescribed Number of Units next determined following the receipt of the subscription order.

### 8. ETF's Capital

The capital of the ETF is comprised of the net assets attributable to unitholders. The units outstanding for the ETF as at March 31, 2020 and 2019 and units issued, reinvested and redeemed for the periods are presented in the Statement of Changes in Financial Position. Mackenzie manages the capital of the ETF in accordance with the investment objectives as discussed in Note 10.

### 9. Financial Instruments Risk

#### i. Risk exposure and management

The ETF's investment activities expose it to a variety of financial risks, as defined in IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7"). The ETF's exposure to financial risks is concentrated in its investments, which are presented in the Schedule of Investments, as at March 31, 2020, grouped by asset type, with geographic and sector information.

## NOTES TO FINANCIAL STATEMENTS

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

#### i. Risk exposure and management (cont'd)

Mackenzie seeks to minimize potential adverse effects of financial risks on the ETF's performance by employing professional, experienced portfolio advisors, by monitoring the ETF's positions and market events daily, by diversifying the investment portfolio within the constraints of the ETF'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 ETF's investment activities and monitors compliance with the ETF's stated investment strategy, internal guidelines, and securities regulations.

#### ii. Liquidity risk

Liquidity risk arises when the ETF encounters difficulty in meeting its financial obligations as they come due. The ETF is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. In accordance with securities regulations, the ETF must maintain at least 90% of its assets in liquid investments (i.e., investments that can be readily sold). The ETF also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions and an additional 5% of its net assets for the purpose of funding distributions paid to its investors.

#### iii. Currency risk

Currency risk arises when the fair value of financial instruments that are denominated in a currency other than the Canadian dollar, which is the ETF's reporting currency, fluctuates due to changes in exchange rates. Note 10 summarizes the ETF's exposure, if applicable and significant, to currency risk.

#### iv. Interest rate risk

Interest rate risk arises when the fair value of interest-bearing financial instruments fluctuates due to changes in the prevailing levels of market interest rates. Cash and cash equivalents do not expose the ETF to significant amounts of interest rate risk. Note 10 summarizes the ETF's exposure, if applicable and significant, to interest rate risk.

#### v. Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategies. Except for certain derivative contracts, the maximum risk resulting from financial instruments is equivalent to their fair value. The maximum risk of loss on certain derivative contracts such as forwards, swaps, and futures contracts is equal to their notional values. In the case of written call (put) options and short futures contracts, the loss to the ETF continues to increase, without limit, as the fair value of the underlying interest increases (decreases). However, these instruments are generally used within the overall investment management process to manage the risk from the underlying investments and do not typically increase the overall risk of loss to the ETF. This risk is mitigated by ensuring that the ETF holds a combination of the underlying interest, cash cover and/or margin that is equal to or greater than the value of the derivative contract. Note 10 summarizes the ETF's exposure, if applicable and significant, to other price risk.

#### vi. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the ETF. Note 10 summarizes the ETF's exposure, if applicable and significant, to credit risk.

All transactions in listed securities are executed with approved brokers. To minimize the possibility of settlement default, securities are exchanged for payment simultaneously, where market practices permit, through the facilities of a central depository and/or clearing agency where customary.

The carrying amount of investments and other assets represents the maximum credit risk exposure as at the date of the Statement of Financial Position.

The ETF 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 ETFs

The ETF may invest in underlying ETFs 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 ETFs. Note 10 summarizes the ETF's exposure, if applicable and significant, to these risks from underlying ETF.

# MACKENZIE CANADIAN SHORT TERM FIXED INCOME ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

ACTIVE FIXED INCOME ETF

## NOTES TO FINANCIAL STATEMENTS

### 10. ETF Specific Information *(in '000s, except for (a))*

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

Date of Formation November 7, 2017

The ETF may issue an unlimited number of units. The number of issued and outstanding units is disclosed in the Statement of Changes in Financial Position.

Series E units were listed on the TSX under the symbol MCSB on November 22, 2017. The closing market price, or the midpoint of the bid and ask prices in the absence of a closing market price, at March 31, 2020 was \$19.61 (2019 – \$19.99).

The management fee rate for Series E units is 0.35%.

As at March 31, 2020, there were no differences between the ETF's NAV per unit (2019 – \$20.00) and its Net Assets per unit calculated in accordance with IFRS (2019 – \$20.00).

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

As at March 31, 2020, Mackenzie and other funds managed by Mackenzie had an investment of \$Nil and \$2,319 (2019 – \$1,700 and \$Nil), respectively, in the ETF.

#### (c) Loss Carryforwards

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

#### (d) Securities Lending

The value of securities loaned and collateral received from securities lending at March 31, 2020 and 2019 were as follows:

	March 31, 2020	March 31, 2019
	(\$)	(\$)
Value of securities loaned	1,028	1,955
Value of collateral received	1,080	2,055

Collateral received is comprised of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments and financial institutions.

A reconciliation of the gross amount generated from the securities lending transactions to the security lending income to the ETF for the period ended March 31, 2020 and 2019 is as follows:

	2020		2019	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	2	100.0	–	–
Tax withheld	–	–	–	–
	2	100.0	–	–
Payments to Securities Lending Agent	–	–	–	–
Securities lending income	2	100.0	–	–



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## NOTES TO FINANCIAL STATEMENTS

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

#### (e) Offsetting of Financial Assets and Liabilities

The table below presents financial assets and financial liabilities that are subject to master netting arrangements or other similar agreements and the net impact on the Fund's Statements of Financial Position if all set-off rights were exercised as part of future events such as bankruptcy or termination of contracts. No amounts were offset in the financial statements.

	March 31, 2020			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	15	(15)	–	–
Unrealized losses on derivative contracts	(220)	15	173	(32)
Liability for options written	–	–	–	–
Total	(205)	–	173	(32)

	March 31, 2019			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	1	(1)	–	–
Unrealized losses on derivative contracts	(1)	1	15	15
Liability for options written	–	–	–	–
Total	–	–	15	15

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

##### *i. Risk exposure and management*

The ETF seeks a steady flow of income with an emphasis on capital preservation by investing mainly in fixed income securities issued in Canada by governments, government-related entities and corporations. It will generally invest in high-quality fixed income securities with relatively shorter terms to maturity and may hold up to 40% of its assets in foreign investments.

##### *ii. Currency risk*

As at March 31, 2020 and 2019, the ETF did not have a significant exposure to currency risk.

##### *iii. Interest rate risk*

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

Term to Maturity	March 31, 2020		March 31, 2019 (\$)	
	Bonds	Derivative Instruments	Bonds	Derivative Instruments
Less than 1 year	306	(2,951)	623	(1,117)
1-5 years	13,654	–	8,555	–
5-10 years	2,309	–	2,267	–
Greater than 10 years	267	–	225	–
Total	16,536	(2,951)	11,670	(1,117)

As at March 31, 2020, had prevailing interest rates increased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets would have decreased by approximately \$429 or 2.3% of total net assets (2019 – \$238 or 2.0%). Similarly, had prevailing interest rates decreased by 1%, with all other variables held constant, net assets would have increased by approximately \$430 or 2.3% of total net assets (2019 – \$247 or 2.1%). In practice, the actual trading results may differ and the difference could be material.

##### *iv. Other price risk*

As at March 31, 2020 and 2019, the ETF did not have a significant exposure to price risk.

# MACKENZIE CANADIAN SHORT TERM FIXED INCOME ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

ACTIVE FIXED INCOME ETF

## NOTES TO FINANCIAL STATEMENTS

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

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

##### *v. Credit risk*

The ETF'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, 2020, was 40.0% (2019 – 95.3%) of the net assets of the ETF.

As at March 31, 2020 and 2019, debt securities by credit rating are as follows:

Bond Rating*	March 31, 2020	March 31, 2019
	% of Net Assets	% of Net Assets
AAA	13.6	17.9
AA	10.3	15.3
A	23.6	34.7
BBB	24.7	25.5
Less than BBB	2.5	3.6
Unrated	13.4	0.2
Total	88.1	97.2

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

#### (g) Fair Value Classification

The table below summarizes the fair value of the ETF's financial instruments using the following fair value hierarchy:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The inputs are considered observable if they are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumption that market participants would use when pricing the asset or liability.

	March 31, 2020				March 31, 2019			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Bonds	–	16,536	–	16,536	–	11,670	–	11,670
Options	39	–	–	39	4	–	–	4
Exchange-traded funds/notes	1,104	–	–	1,104	266	–	–	266
Derivative assets	1	14	–	15	1	–	–	1
Derivative liabilities	(103)	(117)	–	(220)	(1)	(8)	–	(9)
Total	1,041	16,433	–	17,474	270	11,662	–	11,932

The ETF'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.

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.



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