

MACKENZIE CANADIAN AGGREGATE BOND INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

TRADITIONAL FIXED INCOME INDEX 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 Aggregate Bond Index 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 Aggregate Bond Index 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
	\$	\$
ASSETS		
Current assets		
Investments at fair value	80,858	71,143
Cash and cash equivalents	–	54
Accrued interest receivable	529	545
Accounts receivable for investments sold	2,016	2,792
Accounts receivable for units issued	–	–
Due from manager	–	2
Total assets	83,403	74,536
LIABILITIES		
Current liabilities		
Bank indebtedness	680	–
Accounts payable for investments purchased	1,183	2,793
Accounts payable for units redeemed	–	–
Due to manager	7	8
Total liabilities	1,870	2,801
Net assets attributable to unitholders	81,533	71,735
Net assets attributable to unitholders per series (note 3)		
Series E	81,533	71,735
Net assets attributable to unitholders per unit (note 3)		
Series E	104.53	102.48

STATEMENTS OF COMPREHENSIVE INCOME

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

	2020	2019
	\$	\$
Income		
Interest income	2,247	1,772
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	1,319	(18)
Net unrealized gain (loss)	(155)	1,744
Securities lending income	13	6
Other	65	–
Total income (loss)	3,489	3,504
Expenses (note 6)		
Management fees	68	58
Management fee rebates	(56)	(52)
Commissions and other portfolio transaction costs	5	5
Independent Review Committee fees	–	–
Other	1	–
Expenses before amounts absorbed by Manager	18	11
Expenses absorbed by Manager	1	5
Net expenses	17	6
Increase (decrease) in net assets attributable to unitholders from operations before tax	3,472	3,498
Foreign withholding taxes	–	–
Foreign income taxes paid (recovered)	–	–
Increase (decrease) in net assets attributable to unitholders from operations	3,472	3,498
Increase (decrease) in net assets attributable to unitholders from operations per series		
Series E	3,472	3,498
Increase (decrease) in net assets attributable to unitholders from operations per unit		
Series E	4.50	5.92

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



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STATEMENTS OF CHANGES IN FINANCIAL POSITION

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

	2020	2019
	Series E	
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	\$	
Beginning of period	71,735	14,046
Increase (decrease) in net assets from operations	3,472	3,498
Distributions paid to unitholders:		
Investment income	(1,956)	(1,626)
Capital gains	(665)	–
Management fee rebates	(56)	(52)
Total distributions paid to unitholders	(2,677)	(1,678)
Unit transactions:		
Proceeds from units issued	31,493	87,617
Reinvested distributions	665	–
Payments on redemption of units	(23,155)	(31,748)
Total unit transactions	9,003	55,869
Total increase (decrease) in net assets	9,798	57,689
End of period	81,533	71,735
Increase (decrease) in units (note 7):	Units	
Units outstanding – beginning of period	700	140
Issued	300	880
Reinvested distributions	–	–
Redeemed	(220)	(320)
Units outstanding – end of period	780	700

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STATEMENTS OF CASH FLOWS

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

	2020	2019
	\$	\$
Cash flows from operating activities		
Net increase (decrease) in net assets attributable to unitholders from operations	3,472	3,498
Adjustments for:		
Net realized loss (gain) on investments	(1,319)	18
Change in net unrealized loss (gain) on investments	155	(1,744)
Purchase of investments	(43,916)	(21,835)
Proceeds from sale and maturity of investments	48,932	22,399
Change in accrued interest receivable	16	(453)
Change in due from manager	2	(1)
Change in due to manager	(1)	6
Net cash from operating activities	7,341	1,888
Cash flows from financing activities		
Proceeds from units issued	6,423	10,310
Payments on redemption of units	(12,486)	(10,518)
Distributions paid net of reinvestments	(2,012)	(1,678)
Net cash from financing activities	(8,075)	(1,886)
Net increase (decrease) in cash and cash equivalents	(734)	2
Cash and cash equivalents at beginning of period	54	52
Effect of exchange rate fluctuations on cash and cash equivalents	—	—
Cash and cash equivalents at end of period	(680)	54
Cash	—	54
Cash equivalents	—	—
Bank indebtedness	(680)	—
Cash and cash equivalents at end of period	(680)	54
Supplementary disclosures on cash flow from operating activities:		
Dividends received	—	—
Foreign taxes paid	—	—
Interest received	2,263	1,319
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)
BONDS					
407 International Inc. 5.96% 12-03-2035 Callable	Canada	Corporate - Non Convertible	305,000	431	407
407 International Inc. 5.75% 02-14-2036 Callable	Canada	Corporate - Non Convertible	85,000	106	108
Aéroports de Montréal 5.47% 04-16-2040 Callable	Canada	Corporate - Non Convertible	91,000	115	116
Alimentation Couche-Tard Inc. 3.899% 11-01-2022 Callable	Canada	Corporate - Non Convertible	54,000	56	55
Alimentation Couche-Tard Inc. 3.06% 07-26-2024 Callable 2024	Canada	Corporate - Non Convertible	76,000	75	75
AltaGas Ltd. 4.12% 04-07-2026 Callable 2026	Canada	Corporate - Non Convertible	73,000	77	75
AltaGas Ltd. 3.98% 10-04-2027 Callable 2027	Canada	Corporate - Non Convertible	11,000	12	11
AltaLink LP 2.98% 11-28-2022	Canada	Corporate - Non Convertible	21,000	21	22
AltaLink LP 3.40% 06-06-2024 Callable 2024	Canada	Corporate - Non Convertible	32,000	33	33
AltaLink LP 2.75% 05-29-2026 Callable	Canada	Corporate - Non Convertible	51,000	50	52
AltaLink LP 5.381% 03-26-2040 Callable	Canada	Corporate - Non Convertible	84,000	107	109
AltaLink LP 4.872% 11-15-2040	Canada	Corporate - Non Convertible	19,000	25	23
AltaLink LP 4.054% 11-21-2044 Callable 2044	Canada	Corporate - Non Convertible	25,000	27	28
AltaLink LP 4.09% 06-30-2045 Callable MTN	Canada	Corporate - Non Convertible	23,000	26	26
AltaLink LP 3.72% 12-03-2046 Callable MTN	Canada	Corporate - Non Convertible	24,000	24	26
Bank of Montreal 2.12% 03-16-2022	Canada	Corporate - Non Convertible	231,000	230	231
Bank of Montreal 2.27% 07-11-2022	Canada	Corporate - Non Convertible	344,000	343	346
Bank of Montreal 2.89% 06-20-2023	Canada	Corporate - Non Convertible	92,000	96	94
Bank of Montreal 4.61% 09-10-2025 Callable	Canada	Corporate - Non Convertible	38,000	43	42
Bank of Montreal 3.32% 06-01-2026	Canada	Corporate - Non Convertible	42,000	42	42
Bank of Montreal 2.70% 12-09-2026	Canada	Corporate - Non Convertible	260,000	268	266
The Bank of Nova Scotia 2.87% 06-04-2021	Canada	Corporate - Non Convertible	13,000	13	13
The Bank of Nova Scotia 2.36% 11-08-2022	Canada	Corporate - Non Convertible	1,250,000	1,241	1,259
The Bank of Nova Scotia 2.98% 04-17-2023	Canada	Corporate - Non Convertible	140,000	143	143
Bell Canada Inc. 4.70% 09-11-2023	Canada	Corporate - Non Convertible	232,000	249	246
Bell Canada Inc. 3.55% 03-02-2026 Callable 2025	Canada	Corporate - Non Convertible	586,000	612	603
Bell Canada Inc. 2.90% 08-12-2026 Callable 2026	Canada	Corporate - Non Convertible	195,000	192	193
Bell Canada Inc. 2.90% 09-10-2029 Callable 2029	Canada	Corporate - Non Convertible	127,000	132	124
BMW Canada Inc. 2.15% 11-26-2021	Germany	Corporate - Non Convertible	94,000	95	93
British Columbia Ferry Services Inc. 4.70% 10-23-2043	Canada	Corporate - Non Convertible	61,000	80	75
Brookfield Asset Management Inc. 4.54% 03-31-2023	Canada	Corporate - Non Convertible	15,000	16	16
Brookfield Asset Management Inc. 5.04% 03-08-2024 Callable 2023	Canada	Corporate - Non Convertible	22,000	23	23
Brookfield Asset Management Inc. 4.82% 01-28-2026 Callable 2025	Canada	Corporate - Non Convertible	176,000	189	188
Brookfield Infrastructure Finance ULC 4.20% 09-11-2028 Callable 2028	Canada	Corporate - Non Convertible	12,000	12	12
Brookfield Renewable Energy Partners ULC 3.75% 06-02-2025 Callable 2025	Canada	Corporate - Non Convertible	122,000	131	126
Brookfield Renewable Energy Partners ULC 3.63% 01-15-2027 Callable 2026	Canada	Corporate - Non Convertible	14,000	15	14
BRP Finance ULC 4.79% 02-07-2022	Canada	Corporate - Non Convertible	16,000	17	17
Cameco Corp. 3.75% 11-14-2022	Canada	Corporate - Non Convertible	71,000	73	69
Canada Housing Trust 2.65% 03-15-2022	Canada	Federal Government	1,976,000	2,007	2,053
Canada Housing Trust 1.75% 06-15-2022	Canada	Federal Government	2,332,000	2,346	2,386
Canada Housing Trust 2.40% 12-15-2022	Canada	Federal Government	1,469,000	1,515	1,533
Canada Housing Trust 2.35% 06-15-2023	Canada	Federal Government	103,000	106	108
Canada Housing Trust 2.35% 09-15-2023	Canada	Federal Government	44,000	44	46
Canada Housing Trust 2.55% 12-15-2023	Canada	Federal Government	150,000	152	159
Canada Housing Trust 2.90% 06-15-2024	Canada	Federal Government	709,000	731	764
Canada Housing Trust 1.80% 12-15-2024	Canada	Federal Government	675,000	694	698
Canada Housing Trust 1.95% 12-15-2025	Canada	Federal Government	819,000	788	857



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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)
BONDS (cont'd)					
Canada Housing Trust 1.90% 09-15-2026	Canada	Federal Government	1,032,000	1,041	1,078
Canadian Imperial Bank of Commerce 2.04% 03-21-2022	Canada	Corporate - Non Convertible	182,000	182	182
Canadian Imperial Bank of Commerce 2.30% 07-11-2022 DPNT	Canada	Corporate - Non Convertible	189,000	190	190
Canadian Imperial Bank of Commerce 2.47% 12-05-2022	Canada	Corporate - Non Convertible	442,000	447	446
Canadian Imperial Bank of Commerce 3.30% 05-26-2025	Canada	Corporate - Non Convertible	215,000	231	226
Canadian Natural Resources Ltd. 3.55% 06-03-2024	Canada	Corporate - Non Convertible	145,000	146	134
Canadian Natural Resources Ltd. 3.42% 12-01-2026 Callable 2026	Canada	Corporate - Non Convertible	69,000	71	60
Canadian Pacific Railway Ltd. 3.15% 03-13-2029 Callable 2028	Canada	Corporate - Non Convertible	18,000	18	19
Choice Properties Real Estate Investment Trust 4.903% 07-05-2023 Callable 2023	Canada	Corporate - Non Convertible	30,000	32	32
Choice Properties Real Estate Investment Trust 3.56% 09-09-2024 Callable 2024	Canada	Corporate - Non Convertible	65,000	64	65
CU Inc. 5.032% 11-20-2036	Canada	Corporate - Non Convertible	281,000	327	340
CU Inc. 6.50% 03-07-2039	Canada	Corporate - Non Convertible	99,000	148	141
CU Inc. 3.81% 09-10-2042	Canada	Corporate - Non Convertible	49,000	58	52
Daimler Canada Finance Inc. 2.23% 12-16-2021	Germany	Corporate - Non Convertible	24,000	23	24
Daimler Canada Finance Inc. 3.05% 05-16-2022	Germany	Corporate - Non Convertible	165,000	167	165
Enbridge Gas Inc. 2.50% 08-05-2026 Callable 2026	Canada	Corporate - Non Convertible	121,000	120	122
Enbridge Gas Inc. 6.16% 12-16-2033	Canada	Corporate - Non Convertible	29,000	41	38
Enbridge Inc. 3.94% 01-13-2023	Canada	Corporate - Non Convertible	140,000	146	141
Enbridge Inc. 3.20% 06-08-2027 Callable 2027	Canada	Corporate - Non Convertible	86,000	88	81
Enbridge Inc. 7.22% 07-24-2030 Callable	Canada	Corporate - Non Convertible	10,000	14	12
Enbridge Inc. F/R 04-12-2078 Callable 2028	Canada	Corporate - Non Convertible	90,000	96	88
Enbridge Pipelines Inc. 3.00% 08-10-2026 Callable	Canada	Corporate - Non Convertible	249,000	241	245
Enbridge Pipelines Inc. 3.52% 02-22-2029 Callable 2028	Canada	Corporate - Non Convertible	59,000	63	59
Enbridge Pipelines Inc. 5.33% 04-06-2040 Callable	Canada	Corporate - Non Convertible	52,000	67	55
EPCOR Utilities Inc. 5.65% 11-16-2035 Callable	Canada	Corporate - Non Convertible	41,000	57	53
EPCOR Utilities Inc. 6.65% 04-15-2038	Canada	Corporate - Non Convertible	48,000	69	70
Fairfax Financial Holdings Ltd. 4.50% 03-22-2023	Canada	Corporate - Non Convertible	137,000	141	141
Fairfax Financial Holdings Ltd. 4.70% 12-16-2026 Callable 2026	Canada	Corporate - Non Convertible	120,000	127	124
Fédération des Caisses Desjardins du Québec 2.39% 08-25-2022	Canada	Corporate - Non Convertible	261,000	264	263
First Capital Realty Inc. 3.95% 12-05-2022	Canada	Corporate - Non Convertible	84,000	87	85
First Capital Realty Inc. 3.60% 05-06-2026 Callable 2026	Canada	Corporate - Non Convertible	18,000	18	18
Ford Credit Canada Co. 2.58% 05-10-2021	United States	Corporate - Non Convertible	77,000	75	71
Ford Credit Canada Co. 2.71% 02-23-2022	United States	Corporate - Non Convertible	193,000	191	173
FortisAlberta Inc. 4.54% 10-18-2041	Canada	Corporate - Non Convertible	117,000	128	138
General Electric Capital Corp. 4.60% 01-26-2022	United States	Corporate - Non Convertible	29,000	30	30
Government of Canada 0.50% 03-01-2022	Canada	Federal Government	2,443,000	2,370	2,445
Government of Canada 2.75% 06-01-2022	Canada	Federal Government	315,000	321	330
Government of Canada 1.00% 09-01-2022	Canada	Federal Government	8,934,000	8,812	9,047
Government of Canada 1.75% 03-01-2023	Canada	Federal Government	140,000	137	145
Government of Canada 2.50% 06-01-2024	Canada	Federal Government	10,000	10	11
Government of Canada 2.25% 06-01-2025	Canada	Federal Government	330,000	330	357
Government of Canada 1.50% 06-01-2026	Canada	Federal Government	567,000	547	596
Government of Canada 1.00% 06-01-2027	Canada	Federal Government	1,678,000	1,634	1,719
Government of Canada 8.00% 06-01-2027	Canada	Federal Government	179,000	258	271
Government of Canada 2.25% 06-01-2029	Canada	Federal Government	242,000	270	275
Government of Canada 5.75% 06-01-2029	Canada	Federal Government	30,000	41	43
Government of Canada 5.00% 06-01-2037	Canada	Federal Government	126,000	179	201
Government of Canada 4.00% 06-01-2041	Canada	Federal Government	1,515,000	2,086	2,284



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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)
BONDS (cont'd)					
Government of Canada 3.50% 12-01-2045	Canada	Federal Government	2,047,000	2,591	3,022
Government of Canada 2.75% 12-01-2048	Canada	Federal Government	1,653,000	2,131	2,216
Greater Toronto Airports Authority 6.45% 12-03-2027 Callable	Canada	Corporate - Non Convertible	15,000	19	19
Greater Toronto Airports Authority 7.05% 06-12-2030 Callable	Canada	Corporate - Non Convertible	97,000	139	133
Greater Toronto Airports Authority 7.10% 06-04-2031 Callable	Canada	Corporate - Non Convertible	120,000	168	168
Greater Toronto Airports Authority 6.47% 02-02-2034 Callable	Canada	Corporate - Non Convertible	104,000	145	143
Great-West Lifeco Inc. 3.34% 02-28-2028 Callable 2027*	Canada	Corporate - Non Convertible	34,000	34	35
Great-West Lifeco Inc. 6.67% 03-21-2033*	Canada	Corporate - Non Convertible	51,000	68	66
Honda Canada Finance Inc. 1.82% 12-07-2021 Series 16-4	Canada	Corporate - Non Convertible	41,000	41	40
HSBC Bank Canada 2.908% 09-29-2021	Canada	Corporate - Non Convertible	12,000	12	12
HSBC Bank Canada 2.17% 06-29-2022	Canada	Corporate - Non Convertible	202,000	204	201
HSBC Bank Canada 2.54% 01-31-2023	Canada	Corporate - Non Convertible	316,000	318	316
Hydro One Inc. 1.84% 02-24-2021	Canada	Corporate - Non Convertible	32,000	32	32
Hydro One Inc. 3.20% 01-13-2022	Canada	Corporate - Non Convertible	135,000	138	138
Hydro One Inc. 2.77% 02-24-2026	Canada	Corporate - Non Convertible	8,000	8	8
Hydro One Inc. 6.93% 06-01-2032	Canada	Corporate - Non Convertible	119,000	166	167
Hydro One Inc. 6.35% 01-31-2034	Canada	Corporate - Non Convertible	75,000	99	101
Hydro One Inc. 5.36% 05-20-2036	Canada	Corporate - Non Convertible	38,000	45	48
Hydro One Inc. 4.17% 06-06-2044 Callable	Canada	Corporate - Non Convertible	167,000	205	187
Hydro One Inc. 5.00% 10-19-2046	Canada	Corporate - Non Convertible	21,000	26	27
Hydro-Quebec 9.63% 07-15-2022	Canada	Provincial Governments	144,000	184	172
Hydro-Quebec 6.50% 02-15-2035	Canada	Provincial Governments	6,000	9	9
Hydro-Quebec 6.00% 02-15-2040	Canada	Provincial Governments	534,000	793	822
Hydro-Quebec 5.00% 02-15-2045	Canada	Provincial Governments	364,000	516	525
Hydro-Quebec 5.00% 02-15-2050	Canada	Provincial Governments	16,000	22	24
Hydro-Quebec 4.00% 02-15-2055	Canada	Provincial Governments	29,000	37	39
IGM Financial Inc. 3.44% 01-26-2027 Callable*	Canada	Corporate - Non Convertible	68,000	67	69
IGM Financial Inc. 6.00% 12-10-2040 Callable 2040*	Canada	Corporate - Non Convertible	69,000	94	81
IGM Financial Inc. 4.12% 07-13-2048 Callable*	Canada	Corporate - Non Convertible	24,000	24	23
Inter Pipeline Ltd. 2.73% 04-18-2024 Callable 2024	Canada	Corporate - Non Convertible	42,000	42	39
John Deere Canada Funding Inc. 1.85% 03-24-2021	United States	Corporate - Non Convertible	13,000	13	13
John Deere Canada Funding Inc. 2.63% 09-21-2022	United States	Corporate - Non Convertible	39,000	40	39
Loblaw Companies Ltd. 6.45% 02-09-2028 Callable	Canada	Corporate - Non Convertible	108,000	130	130
Loblaw Companies Ltd. 6.54% 02-17-2033 Callable	Canada	Corporate - Non Convertible	18,000	22	23
Loblaw Companies Ltd. 5.90% 01-18-2036 Callable	Canada	Corporate - Non Convertible	17,000	19	20
Lower Mattagami Energy LP 4.944% 09-21-2043	Canada	Corporate - Non Convertible	85,000	114	106
National Bank of Canada 1.96% 06-30-2022	Canada	Corporate - Non Convertible	190,000	189	189
National Bank of Canada 2.98% 03-04-2024	Canada	Corporate - Non Convertible	88,000	90	89
NAV Canada 3.21% 09-29-2050 Callable 2050	Canada	Corporate - Non Convertible	83,000	96	81
North West Redwater Partnership/NWR Financing Co. Ltd. 4.15% 06-01-2033	Canada	Corporate - Non Convertible	407,000	460	419
Nova Scotia Power Inc. 5.67% 11-14-2035	Canada	Corporate - Non Convertible	20,000	26	26
Nova Scotia Power Inc. 4.15% 03-06-2042	Canada	Corporate - Non Convertible	114,000	128	124
Ontario Power Generation Inc. 3.32% 10-04-2027 Callable 2027	Canada	Corporate - Non Convertible	30,000	29	31
Pembina Pipeline Corp. 3.71% 08-11-2026 Callable 2026	Canada	Corporate - Non Convertible	401,000	409	390
Pembina Pipeline Corp. 4.24% 06-15-2027 Callable 2027	Canada	Corporate - Non Convertible	69,000	74	69
Pembina Pipeline Corp. 4.02% 03-27-2028 Callable 2027	Canada	Corporate - Non Convertible	119,000	131	116
Province of Alberta 1.60% 09-01-2022	Canada	Provincial Governments	30,000	29	30
Province of Alberta 2.55% 12-15-2022	Canada	Provincial Governments	24,000	24	25
Province of Alberta 2.20% 06-01-2026	Canada	Provincial Governments	556,000	552	566



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MACKENZIE CANADIAN AGGREGATE BOND INDEX 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)
BONDS (cont'd)					
Province of Alberta 4.50% 12-01-2040	Canada	Provincial Governments	77,000	99	95
Province of Alberta 3.45% 12-01-2043	Canada	Provincial Governments	428,000	516	460
Province of Alberta 3.05% 12-01-2048	Canada	Provincial Governments	88,000	95	89
Province of Alberta 3.10% 06-01-2050	Canada	Provincial Governments	195,000	224	200
Province of British Columbia 3.25% 12-18-2021	Canada	Provincial Governments	36,000	37	37
Province of British Columbia 2.70% 12-18-2022	Canada	Provincial Governments	240,000	243	251
Province of British Columbia 8.00% 09-08-2023	Canada	Provincial Governments	44,000	56	54
Province of British Columbia 3.30% 12-18-2023	Canada	Provincial Governments	506,000	535	544
Province of British Columbia 2.55% 06-18-2027	Canada	Provincial Governments	124,000	129	131
Province of British Columbia 4.70% 06-18-2037	Canada	Provincial Governments	683,000	882	902
Province of British Columbia 4.95% 06-18-2040	Canada	Provincial Governments	404,000	551	561
Province of Manitoba 5.70% 03-05-2037	Canada	Provincial Governments	183,000	251	257
Province of Manitoba 4.60% 03-05-2038	Canada	Provincial Governments	465,000	567	589
Province of Manitoba 4.05% 09-05-2045	Canada	Provincial Governments	142,000	182	172
Province of New Brunswick 2.60% 08-14-2026	Canada	Provincial Governments	106,000	102	111
Province of New Brunswick 4.55% 03-26-2037	Canada	Provincial Governments	119,000	147	148
Province of New Brunswick 4.80% 09-26-2039	Canada	Provincial Governments	148,000	185	192
Province of New Brunswick 3.55% 06-03-2043	Canada	Provincial Governments	87,000	98	96
Province of Newfoundland and Labrador 5.60% 10-17-2033	Canada	Provincial Governments	14,000	18	19
Province of Newfoundland 3.30% 10-17-2046	Canada	Provincial Governments	30,000	29	30
Province of Nova Scotia 5.80% 06-01-2033	Canada	Provincial Governments	46,000	63	64
Province of Nova Scotia 4.70% 06-01-2041	Canada	Provincial Governments	110,000	148	145
Province of Nova Scotia 4.40% 06-01-2042	Canada	Provincial Governments	68,000	90	87
Province of Nova Scotia 3.15% 12-01-2051	Canada	Provincial Governments	70,000	74	77
Province of Ontario 1.35% 03-08-2022	Canada	Provincial Governments	1,690,000	1,676	1,705
Province of Ontario 9.50% 07-13-2022	Canada	Provincial Governments	683,000	832	813
Province of Ontario 2.85% 06-02-2023	Canada	Provincial Governments	307,000	313	323
Province of Ontario 8.10% 09-08-2023	Canada	Provincial Governments	208,000	264	256
Province of Ontario 2.60% 06-02-2025	Canada	Provincial Governments	2,465,000	2,516	2,599
Province of Ontario 2.40% 06-02-2026	Canada	Provincial Governments	1,230,000	1,251	1,286
Province of Ontario 2.60% 06-02-2027	Canada	Provincial Governments	708,000	733	751
Province of Ontario 5.60% 06-02-2035	Canada	Provincial Governments	58,000	79	82
Province of Ontario 4.70% 06-02-2037	Canada	Provincial Governments	877,000	1,086	1,155
Province of Ontario 4.60% 06-02-2039	Canada	Provincial Governments	1,102,000	1,402	1,455
Province of Ontario 4.65% 06-02-2041	Canada	Provincial Governments	1,399,000	1,773	1,879
Province of Ontario 3.50% 06-02-2043	Canada	Provincial Governments	1,188,000	1,375	1,381
Province of Ontario 3.45% 06-02-2045	Canada	Provincial Governments	906,000	1,108	1,051
Province of Ontario 2.80% 06-02-2048	Canada	Provincial Governments	380,000	414	398
Province of Quebec 1.65% 03-03-2022 Green Bond	Canada	Provincial Governments	290,000	290	294
Province of Quebec 3.50% 12-01-2022	Canada	Provincial Governments	976,000	1,027	1,040
Province of Quebec 9.38% 01-16-2023	Canada	Provincial Governments	112,000	137	137
Province of Quebec 3.00% 09-01-2023	Canada	Provincial Governments	55,000	56	58
Province of Quebec 6.25% 06-01-2032	Canada	Provincial Governments	22,000	31	32
Province of Quebec 5.75% 12-01-2036	Canada	Provincial Governments	337,000	456	493
Province of Quebec 5.00% 12-01-2038	Canada	Provincial Governments	331,000	449	457
Province of Quebec 5.00% 12-01-2041	Canada	Provincial Governments	1,322,000	1,788	1,865
Province of Quebec 4.25% 12-01-2043	Canada	Provincial Governments	308,000	377	401
Province of Quebec 3.50% 12-01-2045	Canada	Provincial Governments	549,000	629	646
Province of Saskatchewan 2.65% 06-02-2027	Canada	Provincial Governments	38,000	38	40
Province of Saskatchewan 5.80% 09-05-2033	Canada	Provincial Governments	10,000	13	14



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MACKENZIE CANADIAN AGGREGATE BOND INDEX ETF

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TRADITIONAL FIXED INCOME INDEX ETF

SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS (cont'd)					
Province of Saskatchewan 5.60% 09-05-2035	Canada	Provincial Governments	9,000	12	12
Province of Saskatchewan 5.00% 03-05-2037	Canada	Provincial Governments	73,000	95	96
Province of Saskatchewan 3.40% 02-03-2042	Canada	Provincial Governments	259,000	298	282
Province of Saskatchewan 2.95% 06-02-2058	Canada	Provincial Governments	158,000	168	162
RioCan Real Estate Investment Trust 3.73% 04-18-2023	Canada	Corporate - Non Convertible	176,000	185	179
Rogers Communications Inc. 4.00% 03-13-2024	Canada	Corporate - Non Convertible	229,000	247	238
Rogers Communications Inc. 3.25% 05-01-2029 Callable 2029	Canada	Corporate - Non Convertible	145,000	150	144
Royal Bank of Canada 1.968% 03-02-2022	Canada	Corporate - Non Convertible	727,000	721	726
Royal Bank of Canada 2.00% 03-21-2022	Canada	Corporate - Non Convertible	158,000	158	158
Royal Bank of Canada 2.36% 12-05-2022	Canada	Corporate - Non Convertible	21,000	21	21
Royal Bank of Canada 2.33% 12-05-2023 DPNT	Canada	Corporate - Non Convertible	188,000	183	189
Royal Bank of Canada 3.45% 09-29-2026 Callable 2021	Canada	Corporate - Non Convertible	41,000	42	41
Saputo Inc. 2.196% 06-23-2021	Canada	Corporate - Non Convertible	19,000	19	19
Shaw Communications Inc. 3.80% 11-02-2023 Callable 2023	Canada	Corporate - Non Convertible	27,000	27	28
Shaw Communications Inc. 4.40% 11-02-2028 Callable 2028	Canada	Corporate - Non Convertible	281,000	315	298
Sun Life Financial Inc. 4.57% 08-23-2021	Canada	Corporate - Non Convertible	27,000	28	28
Suncor Energy Inc. 3.00% 09-14-2026 MTN	Canada	Corporate - Non Convertible	81,000	80	75
Suncor Energy Inc. 5.39% 03-26-2037 Callable	Canada	Corporate - Non Convertible	56,000	69	57
TELUS Corp. 3.35% 04-01-2024 Callable	Canada	Corporate - Non Convertible	97,000	98	98
TELUS Corp. 3.75% 01-17-2025 Callable	Canada	Corporate - Non Convertible	74,000	78	76
TELUS Corp. 3.75% 03-10-2026 Callable 2025	Canada	Corporate - Non Convertible	452,000	472	469
TELUS Corp. 3.30% 05-02-2029 Callable 2029	Canada	Corporate - Non Convertible	29,000	30	29
TELUS Corp. 3.15% 02-19-2030 Callable 2029	Canada	Corporate - Non Convertible	127,000	134	124
Teranet Holdings LP 5.754% 12-17-2040	Canada	Asset Backed	6,000	7	6
Teranet Holdings LP 6.10% 06-17-2041	Canada	Corporate - Non Convertible	66,000	77	70
Toronto Hydro Corp. 5.54% 05-21-2040	Canada	Corporate - Non Convertible	108,000	141	144
The Toronto-Dominion Bank 2.621% 12-22-2021	Canada	Corporate - Non Convertible	664,000	663	671
The Toronto-Dominion Bank 1.99% 03-23-2022	Canada	Corporate - Non Convertible	467,000	465	466
The Toronto-Dominion Bank 3.226% 07-24-2024	Canada	Corporate - Non Convertible	22,000	23	23
Toyota Credit Canada Inc. 2.02% 02-28-2022	Canada	Corporate - Non Convertible	228,000	225	226
TransCanada Pipelines Ltd. 3.39% 03-15-2028 Callable 2027	Canada	Corporate - Non Convertible	123,000	123	123
TransCanada PipeLines Ltd. 6.28% 05-26-2028	Canada	Corporate - Non Convertible	134,000	169	160
Union Gas Ltd. 3.19% 09-17-2025 Callable	Canada	Corporate - Non Convertible	24,000	25	25
Union Gas Ltd. 2.88% 11-22-2027 Callable 2027	Canada	Corporate - Non Convertible	23,000	22	24
Union Gas Ltd. 6.05% 09-02-2038	Canada	Corporate - Non Convertible	114,000	164	156
Union Gas Ltd. 5.20% 07-23-2040 Callable	Canada	Corporate - Non Convertible	103,000	129	129
VW Credit Canada Inc. 3.70% 11-14-2022	Germany	Corporate - Non Convertible	182,000	188	183
Wells Fargo Financial Canada Corp. 3.46% 01-24-2023	Canada	Corporate - Non Convertible	574,000	598	591
Westcoast Energy Inc. 3.43% 09-12-2024 Callable	Canada	Corporate - Non Convertible	40,000	40	41
Westcoast Energy Inc. 3.77% 12-08-2025	Canada	Corporate - Non Convertible	88,000	90	91
Total bonds				79,191	80,858
Transaction costs				—	—
Total investments				79,191	80,858
Bank indebtedness					(680)
Other assets less liabilities					1,355
Total net assets					81,533

* Related to Mackenzie. See Note 1.



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MACKENZIE CANADIAN AGGREGATE BOND INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

TRADITIONAL FIXED INCOME INDEX ETF

SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2020	
Portfolio Allocation	% of NAV
Bonds	99.2
Other assets (liabilities)	1.6
Cash and short-term investments	(0.8)
Regional Allocation	
	% of NAV
Canada	98.2
Other assets (liabilities)	1.6
Germany	0.6
United States	0.4
Cash and short-term investments	(0.8)
Sector Allocation	
	% of NAV
Federal bonds	40.1
Provincial bonds	35.2
Corporate bonds	23.9
Other assets (liabilities)	1.6
Cash and short-term investments	(0.8)

March 31, 2019	
Portfolio Allocation	% of NAV
Bonds	99.2
Other assets (liabilities)	0.7
Cash and short-term investments	0.1
Regional Allocation	
	% of NAV
Canada	97.8
United States	0.9
Other assets (liabilities)	0.7
Germany	0.5
Cash and short-term investments	0.1
Sector Allocation	
	% of NAV
Federal bonds	38.8
Provincial bonds	32.7
Corporate bonds	26.4
Municipal bonds	1.3
Other assets (liabilities)	0.7
Cash and short-term investments	0.1



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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.

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

(a) ETF Formation and Series Information

Date of Formation January 9, 2018

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

Series E units were listed on the TSX under the symbol QBB on January 29, 2018. 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 \$103.90 (2019 – \$102.45).

The management fee rate for Series E units is 0.07%. Prior to September 20, 2019, the management fee rate for Series E units was 0.09%.

As at March 31, 2020, the ETF's NAV per unit was \$104.54 (2019 – \$102.46) and its Net Assets per unit calculated in accordance with IFRS was \$104.53 (2019 – \$102.48).

(b) Investments by Mackenzie and Affiliates

As at March 31, 2020, other funds managed by Mackenzie, I.G. Investment Management Ltd. and Counsel Portfolio Services Inc., both of which are affiliates of Mackenzie, had an investment of \$2,737, \$51,276 and \$Nil (2019 – \$13,038, \$50,271 and \$1,685), 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	16,704	18,493
Value of collateral received	17,548	19,500

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 Fund for the period ended March 31, 2020 and 2019 is as follows:

	2020		2019	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	16	100.0	8	100.0
Tax withheld	–	–	–	–
	16	100.0	8	100.0
Payments to Securities Lending Agent	(3)	(18.8)	(2)	(25.0)
Securities lending income	13	81.2	6	75.0

(e) Offsetting of Financial Assets and Liabilities

As at March 31, 2020 and 2019, there were no amounts subject to offsetting.

(f) Risks Associated with Financial Instruments

i. Risk exposure and management

The ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive Canadian Select Universe Bond Index, or any successor thereto. It invests primarily in Canadian investment grade bonds, including quasi-government and corporate bonds.

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

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

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 by term to maturity.

	March 31, 2020	March 31, 2019
Bonds	(\$)	(\$)
Less than 1 year	45	263
1-5 years	35,406	32,423
5-10 years	15,811	13,684
Greater than 10 years	29,596	24,773
Total	80,858	71,143

As at March 31, 2020, 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 \$6,265 or 7.7% (2019 – \$5,171 or 7.2%) of total net assets. In practice, the actual trading results may differ and the difference could be material.

iv. Other price risk

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

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 51.5% (2019 – 38.6%) of the net assets of the ETF.

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

	March 31, 2020	March 31, 2019
Bond Rating*	% of Net Assets	% of Net Assets
AAA	43.0	41.4
AA	13.6	18.2
A	31.3	29.0
BBB	9.0	10.6
Less than BBB	0.3	–
Unrated	2.0	–
Total	99.2	99.2

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



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

(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	–	80,858	–	80,858	–	71,143	–	71,143
Total	–	80,858	–	80,858	–	71,143	–	71,143

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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