

MACKENZIE CANADIAN ALL CORPORATE 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 All Corporate 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 All Corporate 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	37,608	14,062
Cash and cash equivalents	37	6
Accrued interest receivable	304	96
Accounts receivable for investments sold	120	642
Accounts receivable for units issued	–	–
Due from manager	–	2
Total assets	38,069	14,808
LIABILITIES		
Current liabilities		
Accounts payable for investments purchased	59	631
Accounts payable for units redeemed	–	–
Due to manager	6	6
Total liabilities	65	637
Net assets attributable to unitholders	38,004	14,171
Net assets attributable to unitholders per series (note 3)		
Series E	38,004	14,171
Net assets attributable to unitholders per unit (note 3)		
Series E	100.01	101.22

STATEMENTS OF COMPREHENSIVE INCOME

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

	2020	2019
	\$	\$
Income		
Interest income	522	314
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	260	(20)
Net unrealized gain (loss)	(1,732)	309
Other	57	–
Total income (loss)	(893)	603
Expenses (note 6)		
Management fees	35	32
Management fee rebates	(13)	(9)
Commissions and other portfolio transaction costs	2	2
Independent Review Committee fees	–	–
Other	1	–
Expenses before amounts absorbed by Manager	25	25
Expenses absorbed by Manager	1	2
Net expenses	24	23
Increase (decrease) in net assets attributable to unitholders from operations before tax	(917)	580
Foreign withholding taxes	–	–
Foreign income taxes paid (recovered)	–	–
Increase (decrease) in net assets attributable to unitholders from operations	(917)	580
Increase (decrease) in net assets attributable to unitholders from operations per series		
Series E	(917)	580
Increase (decrease) in net assets attributable to unitholders from operations per unit		
Series E	(5.91)	6.05

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	14,171	5,992
Increase (decrease) in net assets from operations	(917)	580
Distributions paid to unitholders:		
Investment income	(415)	(283)
Capital gains	(114)	–
Management fee rebates	(13)	(9)
Total distributions paid to unitholders	(542)	(292)
Unit transactions:		
Proceeds from units issued	41,678	9,848
Reinvested distributions	114	–
Payments on redemption of units	(16,500)	(1,957)
Total unit transactions	25,292	7,891
Total increase (decrease) in net assets	23,833	8,179
End of period	38,004	14,171
Increase (decrease) in units (note 7):	Units	
Units outstanding – beginning of period	140	60
Issued	400	100
Reinvested distributions	–	–
Redeemed	(160)	(20)
Units outstanding – end of period	380	140

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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	(917)	580
Adjustments for:		
Net realized loss (gain) on investments	(260)	20
Change in net unrealized loss (gain) on investments	1,732	(309)
Purchase of investments	(32,993)	(3,892)
Proceeds from sale and maturity of investments	11,413	3,916
Change in accrued interest receivable	(208)	(55)
Change in due from manager	2	(2)
Change in due to manager	–	4
Net cash from operating activities	(21,231)	262
Cash flows from financing activities		
Proceeds from units issued	28,381	48
Payments on redemption of units	(6,691)	(27)
Distributions paid net of reinvestments	(428)	(292)
Net cash from financing activities	21,262	(271)
Net increase (decrease) in cash and cash equivalents	31	(9)
Cash and cash equivalents at beginning of period	6	15
Effect of exchange rate fluctuations on cash and cash equivalents	–	–
Cash and cash equivalents at end of period	37	6
Cash	37	6
Cash equivalents	–	–
Cash and cash equivalents at end of period	37	6
Supplementary disclosures on cash flow from operating activities:		
Dividends received	–	–
Foreign taxes paid	–	–
Interest received	314	259
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	682,000	964	911
Aéroports de Montréal 5.67% 10-16-2037 Callable	Canada	Corporate - Non Convertible	210,000	297	269
AIMCo Realty Investors LP 3.04% 06-01-2028 Callable 2028	Canada	Corporate - Non Convertible	9,000	9	9
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	146,000	151	144
AltaGas Ltd. 3.84% 01-15-2025 Callable 2024 MTN	Canada	Corporate - Non Convertible	62,000	63	62
AltaGas Ltd. 4.12% 04-07-2026 Callable 2026	Canada	Corporate - Non Convertible	293,000	317	299
AltaGas Ltd. 3.98% 10-04-2027 Callable 2027	Canada	Corporate - Non Convertible	25,000	26	24
AltaLink LP 3.67% 11-06-2023	Canada	Corporate - Non Convertible	18,000	19	19
AltaLink LP 5.249% 09-22-2036 Callable	Canada	Corporate - Non Convertible	272,000	356	337
AltaLink LP 5.381% 03-26-2040 Callable	Canada	Corporate - Non Convertible	25,000	32	32
AltaLink LP 4.872% 11-15-2040	Canada	Corporate - Non Convertible	191,000	257	235
AltaLink LP 3.99% 06-30-2042 Callable	Canada	Corporate - Non Convertible	3,000	3	3
AltaLink LP 4.922% 09-17-2043	Canada	Corporate - Non Convertible	3,000	4	4
Bank of Montreal 2.12% 03-16-2022	Canada	Corporate - Non Convertible	245,000	242	245
Bank of Montreal 2.27% 07-11-2022	Canada	Corporate - Non Convertible	1,574,000	1,590	1,582
Bank of Montreal 2.89% 06-20-2023	Canada	Corporate - Non Convertible	37,000	37	38
Bank of Montreal 2.70% 12-09-2026	Canada	Corporate - Non Convertible	152,000	153	155
The Bank of Nova Scotia 2.36% 11-08-2022	Canada	Corporate - Non Convertible	1,290,000	1,301	1,300
The Bank of Nova Scotia 2.98% 04-17-2023	Canada	Corporate - Non Convertible	1,381,000	1,427	1,416
The Bank of Nova Scotia 2.62% 12-02-2026	Canada	Corporate - Non Convertible	25,000	24	25
bclMC Realty Corp. 3.00% 03-31-2027 Callable 2026	Canada	Corporate - Non Convertible	15,000	15	15
Bell Canada Inc. 4.95% 05-19-2021	Canada	Corporate - Non Convertible	10,000	11	10
Bell Canada Inc. 4.70% 09-11-2023	Canada	Corporate - Non Convertible	4,000	4	4
Bell Canada Inc. 3.55% 03-02-2026 Callable 2025	Canada	Corporate - Non Convertible	1,031,000	1,083	1,061
Bell Canada Inc. 2.90% 08-12-2026 Callable 2026	Canada	Corporate - Non Convertible	1,140,000	1,165	1,130
BMW Canada Inc. 2.57% 08-06-2021	Germany	Corporate - Non Convertible	68,000	68	68
BMW Canada Inc. 2.15% 11-26-2021	Germany	Corporate - Non Convertible	70,000	71	69
British Columbia Ferry Service Inc. 5.58% 01-11-2038	Canada	Corporate - Non Convertible	68,000	91	89
British Columbia Ferry Services Inc. 4.70% 10-23-2043	Canada	Corporate - Non Convertible	70,000	88	86
Brookfield Asset Management Inc. 4.54% 03-31-2023	Canada	Corporate - Non Convertible	105,000	113	109
Brookfield Asset Management Inc. 5.04% 03-08-2024 Callable 2023	Canada	Corporate - Non Convertible	26,000	28	27
Brookfield Asset Management Inc. 4.82% 01-28-2026 Callable 2025	Canada	Corporate - Non Convertible	274,000	307	292
Brookfield Asset Management Inc. 3.80% 03-16-2027 Callable 2026	Canada	Corporate - Non Convertible	7,000	7	7
Brookfield Renewable Energy Partners ULC 3.63% 01-15-2027 Callable 2026	Canada	Corporate - Non Convertible	338,000	360	344
Bruce Power LP 3.00% 06-21-2024 Callable 2024	Canada	Corporate - Non Convertible	2,000	2	2
Cameco Corp. 3.75% 11-14-2022	Canada	Corporate - Non Convertible	80,000	83	78
Cameco Corp. 4.19% 06-24-2024 Callable	Canada	Corporate - Non Convertible	32,000	33	30
Canadian Imperial Bank of Commerce 2.30% 07-11-2022 DPNT	Canada	Corporate - Non Convertible	1,207,000	1,220	1,214
Canadian Imperial Bank of Commerce 2.47% 12-05-2022	Canada	Corporate - Non Convertible	810,000	825	817
Canadian Imperial Bank of Commerce F/R 04-04-2028 Callable 2023	Canada	Corporate - Non Convertible	4,000	4	4
Canadian Natural Resources Ltd. 3.55% 06-03-2024	Canada	Corporate - Non Convertible	71,000	73	66
Canadian Natural Resources Ltd. 3.42% 12-01-2026 Callable 2026	Canada	Corporate - Non Convertible	249,000	256	216
Canadian Pacific Railway Ltd. 3.15% 03-13-2029 Callable 2028	Canada	Corporate - Non Convertible	111,000	119	114
Capital Desjardins Inc. 4.95% 12-15-2026 Callable 2021	Canada	Corporate - Non Convertible	17,000	18	17
Capital Power Corp. 4.28% 09-18-2024 Callable 2024	Canada	Corporate - Non Convertible	8,000	8	8
Choice Properties Real Estate Investment Trust 4.903% 07-05-2023 Callable 2023	Canada	Corporate - Non Convertible	43,000	46	45



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	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS (cont'd)					
Choice Properties Real Estate Investment Trust 4.293% 02-08-2024 Callable 2023	Canada	Corporate - Non Convertible	2,000	2	2
CU Inc. 5.032% 11-20-2036	Canada	Corporate - Non Convertible	525,000	677	635
CU Inc. 6.50% 03-07-2039	Canada	Corporate - Non Convertible	290,000	436	412
Daimler Canada Finance Inc. 2.23% 12-16-2021	Germany	Corporate - Non Convertible	64,000	62	63
Daimler Canada Finance Inc. 3.30% 08-16-2022	Germany	Corporate - Non Convertible	301,000	309	301
Emera Inc. 2.90% 06-16-2023	Canada	Corporate - Non Convertible	2,000	2	2
Enbridge Gas Inc. 3.31% 09-11-2025 Callable 2025	Canada	Corporate - Non Convertible	9,000	9	9
Enbridge Gas Inc. 2.50% 08-05-2026 Callable 2026	Canada	Corporate - Non Convertible	5,000	5	5
Enbridge Gas Inc. 2.37% 08-09-2029 Callable 2029	Canada	Corporate - Non Convertible	153,000	156	151
Enbridge Gas Inc. 6.16% 12-16-2033	Canada	Corporate - Non Convertible	357,000	498	469
Enbridge Inc. 3.94% 01-13-2023	Canada	Corporate - Non Convertible	9,000	9	9
Enbridge Inc. 2.99% 10-03-2029	Canada	Corporate - Non Convertible	708,000	713	644
Enbridge Inc. 7.22% 07-24-2030 Callable	Canada	Corporate - Non Convertible	132,000	175	164
Enbridge Inc. 6.90% 11-15-2032 Callable	Canada	Corporate - Non Convertible	44,000	64	60
Enbridge Pipelines Inc. 3.52% 02-22-2029 Callable 2028	Canada	Corporate - Non Convertible	510,000	545	512
Enbridge Pipelines Inc. 5.08% 12-19-2036 Callable	Canada	Corporate - Non Convertible	121,000	149	129
EPCOR Utilities Inc. 5.65% 11-16-2035 Callable	Canada	Corporate - Non Convertible	152,000	209	197
EPCOR Utilities Inc. 6.65% 04-15-2038	Canada	Corporate - Non Convertible	53,000	76	77
Fairfax Financial Holdings Ltd. 4.50% 03-22-2023	Canada	Corporate - Non Convertible	4,000	4	4
Fairfax Financial Holdings Ltd. 4.95% 03-03-2025	Canada	Corporate - Non Convertible	137,000	152	143
Fairfax Financial Holdings Ltd. 4.70% 12-16-2026 Callable 2026	Canada	Corporate - Non Convertible	221,000	239	228
Fédération des Caisses Desjardins du Québec 2.09% 01-17-2022	Canada	Corporate - Non Convertible	343,000	345	343
Fédération des Caisses Desjardins du Québec 2.39% 08-25-2022	Canada	Corporate - Non Convertible	167,000	169	168
First Capital Realty Inc. 3.95% 12-05-2022	Canada	Corporate - Non Convertible	19,000	20	19
First Capital Realty Inc. 3.90% 10-30-2023 Callable	Canada	Corporate - Non Convertible	2,000	2	2
First Capital Realty Inc. 4.79% 08-30-2024	Canada	Corporate - Non Convertible	282,000	309	297
Ford Credit Canada Co. 2.71% 02-23-2022	United States	Corporate - Non Convertible	317,000	311	285
Ford Credit Canada Co. 3.35% 09-19-2022	United States	Corporate - Non Convertible	308,000	308	269
FortisAlberta Inc. 4.54% 10-18-2041	Canada	Corporate - Non Convertible	104,000	132	122
FortisAlberta Inc. 4.99% 01-03-2047 Callable	Canada	Corporate - Non Convertible	44,000	58	56
General Electric Capital Corp. 4.60% 01-26-2022	United States	Corporate - Non Convertible	114,000	119	118
Greater Toronto Airports Authority 7.05% 06-12-2030 Callable	Canada	Corporate - Non Convertible	151,000	217	207
Greater Toronto Airports Authority 7.10% 06-04-2031 Callable	Canada	Corporate - Non Convertible	475,000	698	665
Great-West Lifeco Inc. 4.65% 08-13-2020*	Canada	Corporate - Non Convertible	6,000	6	6
Great-West Lifeco Inc. 3.34% 02-28-2028 Callable 2027*	Canada	Corporate - Non Convertible	6,000	6	6
Great-West Lifeco Inc. 6.67% 03-21-2033*	Canada	Corporate - Non Convertible	56,000	81	72
Great-West Lifeco Inc. 6.00% 11-16-2039*	Canada	Corporate - Non Convertible	17,000	22	21
HSBC Bank Canada 2.17% 06-29-2022	Canada	Corporate - Non Convertible	798,000	800	794
HSBC Bank Canada 2.54% 01-31-2023	Canada	Corporate - Non Convertible	145,000	145	145
Hydro One Inc. 6.93% 06-01-2032	Canada	Corporate - Non Convertible	548,000	789	767
Hydro One Inc. 6.35% 01-31-2034	Canada	Corporate - Non Convertible	457,000	655	614
Hydro One Inc. 5.36% 05-20-2036	Canada	Corporate - Non Convertible	26,000	32	33
IGM Financial Inc. 6.00% 12-10-2040 Callable 2040*	Canada	Corporate - Non Convertible	152,000	209	179
Intact Financial Corp. 2.85% 06-07-2027 Callable 2027	Canada	Corporate - Non Convertible	10,000	9	10
Inter Pipeline Ltd. 2.61% 09-13-2023 Callable MTN	Canada	Corporate - Non Convertible	171,000	173	165
Investors Group Inc. 7.45% 05-09-2031 Callable*	Canada	Corporate - Non Convertible	60,000	83	78
John Deere Canada Funding Inc. 2.63% 09-21-2022	United States	Corporate - Non Convertible	142,000	144	142
John Deere Canada Funding Inc. 2.70% 01-17-2023	United States	Corporate - Non Convertible	23,000	23	23



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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)					
Laurentian Bank of Canada 3.00% 09-12-2022	Canada	Corporate - Non Convertible	14,000	14	14
Loblaw Companies Ltd. 6.45% 02-09-2028 Callable	Canada	Corporate - Non Convertible	360,000	447	434
Lower Mattagami Energy LP 5.139% 05-18-2041	Canada	Corporate - Non Convertible	150,000	208	190
Lower Mattagami Energy LP 4.944% 09-21-2043	Canada	Corporate - Non Convertible	56,000	74	70
Magna International Inc. 3.10% 12-15-2022 Callable 2022	Canada	Corporate - Non Convertible	12,000	12	12
The Manufacturers Life Insurance Co. 3.18% 11-22-2027 Callable	Canada	Corporate - Non Convertible	6,000	6	6
National Bank of Canada 2.105% 03-18-2022	Canada	Corporate - Non Convertible	19,000	18	19
National Bank of Canada 1.96% 06-30-2022	Canada	Corporate - Non Convertible	299,000	300	298
National Bank of Canada 2.98% 03-04-2024	Canada	Corporate - Non Convertible	171,000	176	173
NAV CANADA 7.40% 06-01-2027	Canada	Corporate - Non Convertible	41,000	55	56
NAV Canada 3.21% 09-29-2050 Callable 2050	Canada	Corporate - Non Convertible	121,000	140	117
North West Redwater Partnership/NWR Financing Co. Ltd. 4.15% 06-01-2033	Canada	Corporate - Non Convertible	780,000	876	804
Nova Scotia Power Inc. 5.67% 11-14-2035	Canada	Corporate - Non Convertible	79,000	98	101
Nova Scotia Power Inc. 4.15% 03-06-2042	Canada	Corporate - Non Convertible	177,000	214	192
Nova Scotia Power Inc. 4.50% 07-20-2043	Canada	Corporate - Non Convertible	2,000	2	2
Pembina Pipeline Corp. 4.24% 06-15-2027 Callable 2027	Canada	Corporate - Non Convertible	770,000	838	766
Pembina Pipeline Corp. 4.02% 03-27-2028 Callable 2027	Canada	Corporate - Non Convertible	343,000	363	335
RioCan Real Estate Investment Trust 3.72% 12-13-2021 Series R	Canada	Corporate - Non Convertible	12,000	12	12
RioCan Real Estate Investment Trust 3.73% 04-18-2023	Canada	Corporate - Non Convertible	297,000	311	303
RioCan Real Estate Investment Trust 3.29% 02-12-2024 Series W	Canada	Corporate - Non Convertible	32,000	32	32
Rogers Communications Inc. 4.00% 03-13-2024	Canada	Corporate - Non Convertible	260,000	279	270
Rogers Communications Inc. 3.25% 05-01-2029 Callable 2029	Canada	Corporate - Non Convertible	436,000	457	434
Royal Bank of Canada 1.968% 03-02-2022	Canada	Corporate - Non Convertible	1,170,000	1,165	1,168
Royal Bank of Canada 2.00% 03-21-2022	Canada	Corporate - Non Convertible	850,000	857	849
Royal Bank of Canada 4.93% 07-16-2025	Canada	Corporate - Non Convertible	36,000	40	41
Royal Bank of Canada 3.45% 09-29-2026 Callable 2021	Canada	Corporate - Non Convertible	120,000	123	120
Saputo Inc. 1.94% 06-13-2022 Callable 2022	Canada	Corporate - Non Convertible	2,000	2	2
Saputo Inc. 2.83% 11-21-2023 Callable 2023	Canada	Corporate - Non Convertible	7,000	7	7
Shaw Communications Inc. 4.40% 11-02-2028 Callable 2028	Canada	Corporate - Non Convertible	288,000	323	306
Shaw Communications Inc. 3.30% 12-10-2029 Callable 2029	Canada	Corporate - Non Convertible	244,000	256	237
Sun Life Financial Inc. 5.40% 05-29-2042 (F/R @ 05-29-2037) Callable 2037	Canada	Corporate - Non Convertible	18,000	23	20
Suncor Energy Inc. 3.10% 11-26-2021 Callable 2021	Canada	Corporate - Non Convertible	1,000	1	1
Suncor Energy Inc. 3.00% 09-14-2026 MTN	Canada	Corporate - Non Convertible	373,000	387	343
TELUS Corp. 3.75% 01-17-2025 Callable	Canada	Corporate - Non Convertible	900,000	953	927
TELUS Corp. 3.75% 03-10-2026 Callable 2025	Canada	Corporate - Non Convertible	29,000	29	30
TELUS Corp. 3.30% 05-02-2029 Callable 2029	Canada	Corporate - Non Convertible	607,000	635	600
Teranet Holdings LP 5.754% 12-17-2040	Canada	Asset Backed	73,000	85	74
Teranet Holdings LP 6.10% 06-17-2041	Canada	Corporate - Non Convertible	61,000	71	65
TMX Group Ltd. 3.78% 06-05-2028 Callable 2028	Canada	Corporate - Non Convertible	17,000	17	17
Toronto Hydro Corp. 5.54% 05-21-2040	Canada	Corporate - Non Convertible	256,000	361	341
The Toronto-Dominion Bank 2.621% 12-22-2021	Canada	Corporate - Non Convertible	408,000	409	412
The Toronto-Dominion Bank 1.99% 03-23-2022	Canada	Corporate - Non Convertible	1,787,000	1,793	1,786
Toyota Credit Canada Inc. 1.75% 07-21-2021	Canada	Corporate - Non Convertible	22,000	22	22
Toyota Credit Canada Inc. 2.02% 02-28-2022	Canada	Corporate - Non Convertible	270,000	269	267
Toyota Credit Canada Inc. 2.62% 10-11-2022	Canada	Corporate - Non Convertible	135,000	138	135
TransCanada PipeLines Ltd. 6.28% 05-26-2028	Canada	Corporate - Non Convertible	414,000	518	495
Union Gas Ltd. 2.88% 11-22-2027 Callable 2027	Canada	Corporate - Non Convertible	42,000	40	43



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MACKENZIE CANADIAN ALL CORPORATE 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)					
Union Gas Ltd. 6.05% 09-02-2038	Canada	Corporate - Non Convertible	131,000	187	179
Veresen Inc. 3.43% 11-10-2021	Canada	Corporate - Non Convertible	7,000	7	7
VW Credit Canada Inc. 3.70% 11-14-2022	Germany	Corporate - Non Convertible	132,000	137	133
VW Credit Canada Inc. 3.25% 03-29-2023	Germany	Corporate - Non Convertible	196,000	201	196
Wells Fargo & Co. 3.19% 02-08-2024 Callable 2024	United States	Corporate - Non Convertible	902,000	935	910
Wells Fargo Financial Canada Corp. 3.46% 01-24-2023	Canada	Corporate - Non Convertible	182,000	189	187
Westcoast Energy Inc. 3.43% 09-12-2024 Callable	Canada	Corporate - Non Convertible	42,000	43	43
Westcoast Energy Inc. 7.30% 12-18-2026 Callable	Canada	Corporate - Non Convertible	78,000	101	97
Total bonds				39,038	37,608
Transaction costs				—	—
Total investments				39,038	37,608
Cash and cash equivalents					37
Other assets less liabilities					359
Total net assets					38,004

* Related to Mackenzie. See Note 1.



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MACKENZIE CANADIAN ALL CORPORATE BOND INDEX ETF

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SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2020	
Portfolio Allocation	% of NAV
Bonds	99.0
Other assets (liabilities)	0.9
Cash and short-term investments	0.1

Regional Allocation	% of NAV
Canada	92.2
United States	4.6
Germany	2.2
Other assets (liabilities)	0.9
Cash and short-term investments	0.1

Sector Allocation	% of NAV
Corporate bonds – Financial	44.6
Corporate bonds – Energy	19.7
Corporate bonds – Infrastructure	15.4
Corporate bonds – Communication	13.2
Corporate bonds – Industrial	4.2
Corporate bonds – Real estate	1.9
Other assets (liabilities)	0.9
Cash and short-term investments	0.1

March 31, 2019	
Portfolio Allocation	% of NAV
Bonds	99.2
Other assets (liabilities)	0.8

Regional Allocation	% of NAV
Canada	92.7
United States	4.8
Germany	1.7
Other assets (liabilities)	0.8

Sector Allocation	% of NAV
Corporate bonds	99.0
Other assets (liabilities)	0.8
Provincial bonds	0.2



MACKENZIE
Investments

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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TRADITIONAL FIXED INCOME INDEX ETF

NOTES TO FINANCIAL STATEMENTS

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 Aequitas NEO Exchange under the symbol QCB 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 \$99.24 (2019 – \$101.24).

The management fee rate for Series E units is 0.14%. Prior to September 20, 2019, the management fee rate for Series E units was 0.30%.

As at March 31, 2020, there were no differences between the ETF's NAV per unit (2019 – \$101.20) and its Net Assets per unit calculated in accordance with IFRS (2019 – \$101.22).

(b) Investments by Mackenzie and Affiliates

As at March 31, 2020, other funds managed by Mackenzie and I.G. Investment Management, Ltd., which is an affiliate of Mackenzie, had an investment of \$4,223 and \$28,569 (2019 – \$5,221 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	855	41
Value of collateral received	898	43

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

(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 Corporate Bond Index, or any successor thereto. It invests primarily in Canadian investment grade corporate bonds.

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	6	177
1-5 years	19,034	7,413
5-10 years	9,490	3,305
Greater than 10 years	9,078	3,167
Total	37,608	14,062



MACKENZIE
Investments

MACKENZIE CANADIAN ALL CORPORATE BOND INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

TRADITIONAL FIXED INCOME INDEX ETF

NOTES TO FINANCIAL STATEMENTS

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

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

iii. Interest rate risk (cont'd)

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 \$2,075 or 5.5% (2019 – \$769 or 5.4%) 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 7.2% (2019 – 6.6%) 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	–	0.2
AA	15.7	27.5
A	34.7	35.5
BBB	36.6	–
Less than BBB	1.5	36.0
Unrated	10.5	–
Total	99.0	99.2

* 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	–	37,608	–	37,608	–	14,062	–	14,062
Total	–	37,608	–	37,608	–	14,062	–	14,062

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.