

MACKENZIE US HIGH YIELD BOND INDEX ETF (CAD-HEDGED)

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 US High Yield Bond Index ETF (CAD-Hedged) (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 US High Yield Bond Index ETF (CAD-Hedged) (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	53,419	35,200
Cash and cash equivalents	931	776
Accrued interest receivable	877	466
Dividends receivable	1	1
Accounts receivable for investments sold	3,135	6,433
Accounts receivable for units issued	–	–
Due from manager	–	1
Unrealized gains on derivative contracts	1,221	6
Total assets	59,584	42,883
LIABILITIES		
Current liabilities		
Accounts payable for investments purchased	–	5,744
Accounts payable for units redeemed	–	–
Due to manager	26	18
Unrealized losses on derivative contracts	4,245	575
Total liabilities	4,271	6,337
Net assets attributable to unitholders	55,313	36,546
Net assets attributable to unitholders per series (note 3)		
Series E	55,313	36,546
Net assets attributable to unitholders per unit (note 3)		
Series E	83.81	96.17

STATEMENTS OF COMPREHENSIVE INCOME

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

	2020	2019
	\$	\$
Income		
Dividends	344	421
Interest income	2,189	395
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	(2,470)	124
Net unrealized gain (loss)	(6,572)	237
Securities lending income	31	3
Other	42	–
Total income (loss)	(6,436)	1,180
Expenses (note 6)		
Management fees	198	75
Management fee rebates	(175)	(52)
Interest charges	1	–
Commissions and other portfolio transaction costs	27	6
Independent Review Committee fees	–	–
Other	1	–
Expenses before amounts absorbed by Manager	52	29
Expenses absorbed by Manager	10	16
Net expenses	42	13
Increase (decrease) in net assets attributable to unitholders from operations before tax	(6,478)	1,167
Foreign withholding taxes	25	15
Foreign income taxes paid (recovered)	–	–
Increase (decrease) in net assets attributable to unitholders from operations	(6,503)	1,152
Increase (decrease) in net assets attributable to unitholders from operations per series		
Series E	(6,503)	1,152
Increase (decrease) in net assets attributable to unitholders from operations per unit		
Series E	(15.05)	8.15

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	36,546	3,894
Increase (decrease) in net assets from operations	(6,503)	1,152
Distributions paid to unitholders:		
Investment income	(2,019)	(788)
Capital gains	-	-
Management fee rebates	(175)	(52)
Total distributions paid to unitholders	(2,194)	(840)
Unit transactions:		
Proceeds from units issued	53,679	39,924
Reinvested distributions	-	-
Payments on redemption of units	(26,215)	(7,584)
Total unit transactions	27,464	32,340
Total increase (decrease) in net assets	18,767	32,652
End of period	55,313	36,546
Increase (decrease) in units (note 7):	Units	
Units outstanding – beginning of period	380	40
Issued	560	420
Reinvested distributions	-	-
Redeemed	(280)	(80)
Units outstanding – end of period	660	380

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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	(6,503)	1,152
Adjustments for:		
Net realized loss (gain) on investments	686	(312)
Change in net unrealized loss (gain) on investments	6,572	(237)
Purchase of investments	(75,767)	(30,171)
Proceeds from sale and maturity of investments	57,501	14,499
Change in accrued interest receivable	(411)	(466)
Change in due from manager	1	(1)
Change in due to manager	8	15
Net cash from operating activities	(17,913)	(15,521)
Cash flows from financing activities		
Proceeds from units issued	21,308	17,127
Payments on redemption of units	(1,075)	–
Distributions paid net of reinvestments	(2,194)	(840)
Net cash from financing activities	18,039	16,287
Net increase (decrease) in cash and cash equivalents	126	766
Cash and cash equivalents at beginning of period	776	11
Effect of exchange rate fluctuations on cash and cash equivalents	29	(1)
Cash and cash equivalents at end of period	931	776
Cash	931	776
Cash equivalents	–	–
Cash and cash equivalents at end of period	931	776
Supplementary disclosures on cash flow from operating activities:		
Dividends received	344	421
Foreign taxes paid	25	15
Interest received	1,778	–
Interest paid	1	–

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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					
Acrisure LLC 10.13% 08-01-2026	United States	Corporate - Non Convertible	USD 58,000	79	76
Adient Global Holdings Ltd. 4.875% 08-15-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 200,000	251	195
The ADT Corp. 6.25% 10-15-2021	United States	Corporate - Non Convertible	USD 239,000	329	331
Advanced Disposal Services Inc. 5.63% 11-15-2024 Callable 2020 144A	United States	Corporate - Non Convertible	USD 75,000	103	108
AECOM 5.88% 10-15-2024 Callable 2024	United States	Corporate - Non Convertible	USD 89,000	132	123
The AES Corp. 5.13% 09-01-2027 Callable 2022	United States	Corporate - Non Convertible	USD 67,000	95	95
AHP Health Partners Inc. 9.75% 07-15-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 33,000	47	41
Aker BP ASA 5.88% 03-31-2025 Callable 2021 144A	Norway	Corporate - Non Convertible	USD 271,000	375	339
Albertsons Companies LLC 5.75% 03-15-2025 Callable 2020	United States	Corporate - Non Convertible	USD 262,000	323	376
Alcoa Inc. 5.87% 02-23-2022	United States	Corporate - Non Convertible	USD 110,000	156	153
Alcoa Inc. 5.125% 10-01-2024 Callable 2024	United States	Corporate - Non Convertible	USD 55,000	80	77
Allied Universal Holdco LLC 9.75% 07-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 89,000	128	119
Allison Transmission Inc. 5.88% 06-01-2029 Callable 2024 144A	United States	Corporate - Non Convertible	USD 140,000	194	187
Ally Financial Inc. 5.75% 11-20-2025 Callable 2025	United States	Corporate - Non Convertible	USD 45,000	69	62
Altice Financing SA 7.50% 05-15-2026 Callable 2021 144A	Luxembourg	Corporate - Non Convertible	USD 100,000	126	137
Altice France SA 8.13% 02-01-2027 Callable 2022 144A	France	Corporate - Non Convertible	USD 201,000	302	296
AMC Networks Inc. 5.00% 04-01-2024 Callable 2020	United States	Corporate - Non Convertible	USD 84,000	113	114
American Axle & Manufacturing Inc. 6.50% 04-01-2027 Callable 2022	United States	Corporate - Non Convertible	USD 56,000	75	60
American Energy - Permian Basin LLC 12.00% 10-01-2024 Callable 2021 144A	United States	Corporate - Non Convertible	USD 27,000	25	26
AmeriGas Partners LP 5.50% 05-20-2025	United States	Corporate - Non Convertible	USD 44,000	63	57
Antero Midstream Partners LP 5.75% 01-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 104,000	114	95
Aramark Intermediate Holdco Corp. 5.00% 02-01-2028	United States	Corporate - Non Convertible	USD 64,000	88	84
Ardagh Packaging Finance PLC 4.25% 09-15-2022 Callable 2020 144A	Ireland	Corporate - Non Convertible	USD 216,000	291	306
Avantor Inc. 6.00% 10-01-2024 Callable 2020 144A	United States	Corporate - Non Convertible	USD 92,000	131	136
Avantor Inc. 9.00% 10-01-2025	United States	Corporate - Non Convertible	USD 129,000	188	192
Avis Budget Car Rental LLC 5.75% 07-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 195,000	275	220
Avon Products Inc. 7.00% 03-15-2023	United Kingdom	Corporate - Non Convertible	USD 322,000	462	380
Ball Corp. 5.25% 07-01-2025	United States	Corporate - Non Convertible	USD 89,000	130	137
Banff Merger Sub Inc. 9.75% 09-01-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 64,000	88	80
Bausch Health Cos Inc. 8.50% 01-31-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 186,000	274	275
Bausch Health Cos Inc. 7.25% 05-30-2029 Callable 2024 144A	United States	Corporate - Non Convertible	USD 147,000	218	216
Bausch Health Cos. Inc. 5.50% 03-01-2023 144A	United States	Corporate - Non Convertible	USD 117,000	156	163
Beacon Escrow Corp. 4.88% 11-01-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 303,000	395	388
Berry Global Escrow Corp. 4.88% 07-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 132,000	182	189
Berry Global Inc. 4.50% 02-15-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 148,000	196	202
Bombardier Inc. 7.50% 12-01-2024 Callable 2020 144A	Canada	Corporate - Non Convertible	USD 93,000	130	89
Bombardier Inc. 7.88% 04-15-2027 Callable 2022 144A	Canada	Corporate - Non Convertible	USD 94,000	126	89
Brazos Valley Longhorn LLC 6.88% 02-01-2025 Callable 2020	United States	Corporate - Non Convertible	USD 114,000	154	161
Building Materials Corp. 6.00% 10-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 264,000	345	368



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	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS (cont'd)					
BWAY Holding Co. 5.50% 04-15-2024 Callable 2020 144A	United States	Corporate - Non Convertible	USD 66,000	90	86
C&W Senior Financing DAC 6.88% 09-15-2027 Callable 2022 144A	Ireland	Corporate - Non Convertible	USD 306,000	427	374
California Resources Corp. 8.00% 12-15-2022 Callable 2020 144A	United States	Corporate - Non Convertible	USD 227,000	147	7
Calpine Corp. 5.75% 01-15-2025 Callable 2020	United States	Corporate - Non Convertible	USD 239,000	294	314
Calumet Specialty Products Partners LP 11.00% 04-15-2025 Callable 2021 144A	United States	Corporate - Non Convertible	USD 246,000	351	252
Camelot Holdings (Jersey) Ltd. 4.50% 11-01-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 32,000	44	44
CBL & Associates Properties Inc. 5.95% 12-15-2026 Callable 2026	United States	Corporate - Non Convertible	USD 173,000	156	47
CCO Holdings LLC 5.13% 05-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 144,000	198	204
CCO Holdings LLC 5.00% 02-01-2028 Callable 2022 144A	United States	Corporate - Non Convertible	USD 567,000	711	805
CCO Holdings LLC 5.38% 06-01-2029 Callable 2024 144A	United States	Corporate - Non Convertible	USD 223,000	321	324
CD&R Waterworks Merger Sub LLC 6.13% 08-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 95,000	127	125
CDK Global Inc. 4.88% 06-01-2027 Callable 2022	United States	Corporate - Non Convertible	USD 113,000	160	164
CDW LLC 5.50% 12-01-2024 Callable 2024	United States	Corporate - Non Convertible	USD 71,000	105	105
Cedar Fair LP 5.25% 07-15-2029 Callable 2024 144A	United States	Corporate - Non Convertible	USD 22,000	31	26
Centene Corp. 4.75% 01-15-2025 Callable 2021 144A	United States	Corporate - Non Convertible	USD 96,000	133	136
Centene Corp. 5.25% 04-01-2025	United States	Corporate - Non Convertible	USD 112,000	155	160
Centene Corp. 4.63% 12-15-2029 Callable 2024 144A	United States	Corporate - Non Convertible	USD 204,000	280	290
Centene Escrow I Corp. 5.38% 06-01-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 161,000	225	235
Century Communities Inc. 6.75% 06-01-2027 Callable 2022	United States	Corporate - Non Convertible	USD 22,000	32	26
CenturyLink Inc. 5.80% 03-15-2022	United States	Corporate - Non Convertible	USD 208,000	289	298
CenturyLink Inc. 5.13% 12-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 156,000	213	221
CFX Escrow Corp. 6.38% 02-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 89,000	128	124
Cheniere Energy Partners LP 5.63% 10-01-2026 Callable 2021	United States	Corporate - Non Convertible	USD 60,000	84	78
Cheniere Energy Partners LP 4.50% 10-01-2029	United States	Corporate - Non Convertible	USD 64,000	86	79
Chesapeake Energy Corp. 8.00% 06-15-2027 Callable	United States	Corporate - Non Convertible	USD 46,000	57	5
CHS/Community Health Systems Inc. 6.88% 02-01-2022 Callable 2020	United States	Corporate - Non Convertible	USD 67,000	70	71
CHS/Community Health Systems Inc. 6.25% 03-31-2023 Callable	United States	Corporate - Non Convertible	USD 101,000	127	136
CHS/Community Health Systems Inc. 8.13% 06-30-2024 Callable 144A	United States	Corporate - Non Convertible	USD 36,000	38	35
CHS/Community Health Systems Inc. 8.00% 03-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 121,000	156	163
Churchill Downs Inc. 4.75% 01-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 51,000	71	63
Cincinnati Bell Inc. 7.00% 07-15-2024 Callable 2020 144A	United States	Corporate - Non Convertible	USD 345,000	472	492
Cinemark USA Inc. 5.13% 12-15-2022 Callable	United States	Corporate - Non Convertible	USD 94,000	129	106
CIT Group Inc. 5.00% 08-01-2023	United States	Corporate - Non Convertible	USD 140,000	198	191
Clear Channel Worldwide Holdings Inc. 9.25% 02-15-2024 Callable 2021 144A	United States	Corporate - Non Convertible	USD 121,000	174	147
Cleveland-Cliffs Inc. 5.75% 03-01-2025 Callable 2020	United States	Corporate - Non Convertible	USD 71,000	94	78
CommScope Technologies Finance LLC 5.50% 03-01-2024 Callable 2021 144A	United States	Corporate - Non Convertible	USD 154,000	208	221



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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)					
CommScope Technologies LLC 6.00% 06-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 61,000	81	79
CommScope Technologies LLC 5.00% 03-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 74,000	81	91
Communications Sales & Leasing Inc. 6.00% 04-15-2023 Callable 2018 144A	United States	Corporate - Non Convertible	USD 205,000	273	265
Communications Sales & Leasing Inc. 7.13% 12-15-2024 Callable 2020 144A	United States	Corporate - Non Convertible	USD 221,000	277	233
Community Health Systems Inc. 8.63% 01-15-2024	United States	Corporate - Non Convertible	USD 64,000	86	90
Community Health Systems Inc. 6.88% 04-01-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 192,000	158	109
Comstock Escrow Corp. 9.75% 08-15-2026 Callable 2021	United States	Corporate - Non Convertible	USD 60,000	67	61
Connect Finco SARL 6.75% 10-01-2026	United Kingdom	Corporate - Non Convertible	USD 200,000	274	234
Continental Resources Inc. 5.00% 09-15-2022 Callable	United States	Corporate - Non Convertible	USD 130,000	173	117
CRC Escrow Issuer LLC 5.25% 10-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 73,000	100	75
CrownRock LP / CrownRock Finance Inc. 5.63% 10-15-2025 Callable 144A	United States	Corporate - Non Convertible	USD 32,000	41	24
CSC Holdings LLC 6.75% 11-15-2021 Callable	United States	Corporate - Non Convertible	USD 146,000	207	213
CSC Holdings LLC 5.25% 06-01-2024	United States	Corporate - Non Convertible	USD 380,000	516	539
Darling Ingredients Inc. 5.25% 04-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 339,000	470	466
DaVita Healthcare Partners Inc. 5.00% 05-01-2025 Callable 2020	United States	Corporate - Non Convertible	USD 425,000	581	602
Diamond 1 Finance Corp. 7.13% 06-15-2024 Callable 2020 144A	United States	Corporate - Non Convertible	USD 254,000	351	370
Diamond Sports Group LLC 5.38% 08-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 59,000	78	68
Diamond Sports Group LLC 6.63% 08-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 135,000	186	128
Diebold Inc. 8.50% 04-15-2024 Series WI	United States	Corporate - Non Convertible	USD 295,000	375	273
Dish DBS Corp. 5.125% 05-01-2020	United States	Corporate - Non Convertible	USD 3,000	4	4
DISH DBS Corp. 6.75% 06-01-2021 Callable	United States	Corporate - Non Convertible	USD 120,000	165	172
DISH DBS Corp. 5.875% 07-15-2022	United States	Corporate - Non Convertible	USD 152,000	215	209
DISH DBS Corp. 7.75% 07-01-2026	United States	Corporate - Non Convertible	USD 138,000	161	201
Diversified Healthcare Trust 4.75% 02-15-2028 Callable 2027	United States	Corporate - Non Convertible	USD 22,000	30	28
Elanco Animal Health Inc. 4.90% 08-28-2028 Callable 2028	United States	Corporate - Non Convertible	USD 34,000	52	51
Elanco Animal 3.91% 08-27-2021	United States	Corporate - Non Convertible	USD 55,000	73	77
Eldorado Resorts Inc. 6.00% 04-01-2025 Callable	United States	Corporate - Non Convertible	USD 150,000	209	191
Eldorado Resorts Inc. 6.00% 09-15-2026	United States	Corporate - Non Convertible	USD 186,000	270	238
Endo Finance LLC 6.00% 02-01-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 200,000	165	194
Energizer SpinCo Inc. 5.50% 06-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 105,000	145	144
Energy Transfer LP 5.88% 01-15-2024	United States	Corporate - Non Convertible	USD 163,000	241	217
Enlink Midstream Partners LP 4.15% 06-01-2025 Callable 2025	United States	Corporate - Non Convertible	USD 77,000	95	53
Enterprise Merger Sub Inc. 8.75% 10-15-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 49,000	39	17
Equinix Inc. 5.38% 05-15-2027 Callable 2022	United States	Corporate - Non Convertible	USD 122,000	163	171
Fiat Chrysler Automobiles NV 5.25% 04-15-2023	United Kingdom	Corporate - Non Convertible	USD 61,000	81	82
Financial & Risk US Holdings Inc. 8.25% 11-15-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 94,000	137	140
Fortress Transportation and Infrastructure Investors LLC 6.75% 03-15-2022 Callable 2020 144A	United States	Corporate - Non Convertible	USD 45,000	62	59



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BONDS (cont'd)					
Fortress Transportation and Infrastructure Investors LLC 6.50% 10-01-2025 Callable 2021 144A	United States	Corporate - Non Convertible	USD 19,000	27	20
Freeport-McMoRan Inc. 3.55% 03-01-2022 Callable 2021	United States	Corporate - Non Convertible	USD 50,000	64	68
Frontier Communications Corp. 10.50% 09-15-2022 Callable 2022	United States	Corporate - Non Convertible	USD 186,000	185	70
Frontier Communications Corp. 11.00% 09-15-2025 Callable 2025	United States	Corporate - Non Convertible	USD 181,000	161	69
Gogo Intermediate Holdings LLC 9.88% 05-01-2024	United States	Corporate - Non Convertible	USD 78,000	109	87
Golden Nugget Inc. 6.75% 10-15-2024 Callable 2020 144A	United States	Corporate - Non Convertible	USD 34,000	45	30
Gray Television Inc. 5.88% 07-15-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 91,000	128	124
GTT Communications Inc. 7.88% 12-31-2024 Callable 2020 144A	United States	Corporate - Non Convertible	USD 203,000	213	186
Hanesbrands Inc. 4.63% 05-15-2024 Callable 2024 144A	United States	Corporate - Non Convertible	USD 37,000	52	52
Hanesbrands Inc. 4.88% 05-15-2026 Callable 2026 144A	United States	Corporate - Non Convertible	USD 37,000	52	51
HCA Holdings Inc. 5.25% 06-15-2026 Callable 2025	United States	Corporate - Non Convertible	USD 495,000	675	733
The Hertz Corp. 5.50% 10-15-2024 Callable 2020 144A	United States	Corporate - Non Convertible	USD 72,000	74	87
The Hertz Corp. 7.13% 08-01-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 37,000	53	28
Hilcorp Energy I LP 6.25% 11-01-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 131,000	174	83
Hilton Domestic Operating Co. Inc. 5.13% 05-01-2026	United States	Corporate - Non Convertible	USD 87,000	115	116
Hilton Domestic Operating Co. Inc. 4.88% 01-15-2030 Callable 2025	United States	Corporate - Non Convertible	USD 7,000	9	8
Horizon Therapeutics PLC 5.50% 08-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 250,000	351	355
Howard Hughes Corp. 5.38% 03-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 171,000	220	235
Hughes Satellite Systems Corp. 7.625% 06-15-2021	United States	Corporate - Non Convertible	USD 30,000	42	43
Hughes Satellite Systems Corp. 6.63% 08-01-2026	United States	Corporate - Non Convertible	USD 26,000	38	37
Icahn Enterprises LP 6.25% 02-01-2022 Callable 2021	United States	Corporate - Non Convertible	USD 200,000	268	284
Icahn Enterprises LP 6.25% 05-15-2026 Callable 2022	United States	Corporate - Non Convertible	USD 93,000	132	124
iHeartCommunications Inc. 8.38% 05-01-2027	United States	Corporate - Non Convertible	USD 58,000	81	72
iHeartMedia Capital I LLC 5.25% 08-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 86,000	120	107
Infor (US) Inc. 6.50% 05-15-2022 Callable 2020	United States	Corporate - Non Convertible	USD 70,000	94	97
Intelsat Jackson Holdings SA 9.50% 09-30-2022	Luxembourg	Corporate - Non Convertible	USD 144,000	221	208
Intelsat Luxembourg SA 7.75% 06-01-2021	Luxembourg	Corporate - Non Convertible	USD 62,000	79	44
International Game Technology PLC 6.50% 02-15-2025 Callable 2024 144A	United States	Corporate - Non Convertible	USD 200,000	294	251
Intesa Sanpaolo SpA 5.71% 01-15-2026	Italy	Corporate - Non Convertible	USD 200,000	294	275
Intrado Corp. 8.50% 10-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 49,000	51	51
Iron Mountain Inc. 6.00% 08-15-2023 Callable 2023	United States	Corporate - Non Convertible	USD 159,000	216	226
Iron Mountain Inc. 4.88% 09-15-2029 Callable 2024 144A	United States	Corporate - Non Convertible	USD 57,000	78	76
iStar Inc. 4.75% 10-01-2024	United States	Corporate - Non Convertible	USD 64,000	90	76
JBS Investments II GbmH 7.00% 01-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 206,000	300	290
JBS USA Lux SA 5.88% 07-15-2024 Callable 2020 144A	Brazil	Corporate - Non Convertible	USD 147,000	200	210
JBS USA Lux SA 5.50% 01-15-2030 Callable 2025 144A	United States	Corporate - Non Convertible	USD 76,000	108	111
Jeld-Wen Inc. 4.63% 12-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 331,000	452	414
KFC Holding Co. 5.25% 06-01-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 154,000	212	218
L Brands Inc. 5.625% 02-15-2022	United States	Corporate - Non Convertible	USD 168,000	237	221
L Brands Inc. 5.25% 02-01-2028	United States	Corporate - Non Convertible	USD 155,000	193	168



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BONDS (cont'd)					
Ladder Capital Finance Holding 5.25% 10-01-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 72,000	98	84
Lamb Weston Holdings Inc. 4.88% 11-01-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 71,000	100	102
Laureate Education Inc. 8.25% 05-01-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 93,000	136	131
Lennar Corp. 5.88% 11-15-2024 Callable 2024	United States	Corporate - Non Convertible	USD 187,000	266	268
Level 3 Financing Inc. 5.13% 05-01-2023 Callable 2020	United States	Corporate - Non Convertible	USD 191,000	259	266
Mallinckrodt International Finance SA 5.75% 08-01-2022 Callable 2020 144A	United States	Corporate - Non Convertible	USD 196,000	238	140
Mallinckrodt International Finance SA 5.63% 10-15-2023 Callable 2020 144A	United States	Corporate - Non Convertible	USD 46,000	30	17
Matador Resources Co. 5.88% 09-15-2026 Callable 2021	United States	Corporate - Non Convertible	USD 308,000	411	130
Match Group Inc. 5.00% 12-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 264,000	361	358
Mattel Inc. 6.75% 12-31-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 63,000	90	91
Mattel Inc. 5.88% 12-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 26,000	36	38
MEDNAX Inc. 6.25% 01-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 47,000	64	54
MEG Energy Corp. 7.00% 03-31-2024 Callable 2020 144A	Canada	Corporate - Non Convertible	USD 57,000	76	38
MEG Energy Corp. 7.13% 02-01-2027 Callable 2023 144A	Canada	Corporate - Non Convertible	USD 60,000	81	42
Melco Resorts Finance Ltd. 5.63% 07-17-2027 Callable 2022 144A	Hong Kong	Corporate - Non Convertible	USD 200,000	271	247
MGM Growth Properties LP/MGP Finance Co-Issuer Inc. 5.63% 05-01-2024 Callable	United States	Corporate - Non Convertible	USD 35,000	51	48
MGM Growth Properties Operating Partnership LP 5.75% 02-01-2027 Callable 2026	United States	Corporate - Non Convertible	USD 43,000	64	53
MGM Resorts International 7.75% 03-15-2022	United States	Corporate - Non Convertible	USD 162,000	240	227
Michaels Stores Inc. 8.00% 07-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 185,000	230	194
Moss Creek Resources Holdings Inc. 7.50% 01-15-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 192,000	198	81
MPH Acquisition Holdings LLC 7.13% 06-01-2024 Callable 2020 144A	United States	Corporate - Non Convertible	USD 42,000	51	52
MPT Operating Partnership LP 6.38% 03-01-2024 Callable 2021	United States	Corporate - Non Convertible	USD 37,000	51	52
MPT Operating Partnership LP 4.63% 08-01-2029	United States	Corporate - Non Convertible	USD 71,000	97	93
MSCI Inc. 5.75% 08-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 44,000	62	64
MSCI Inc. 5.38% 05-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 128,000	185	184
MSCI Inc. 4.00% 11-15-2029	United States	Corporate - Non Convertible	USD 116,000	159	163
Murphy Oil Corp. 5.75% 08-15-2025 Callable 2020	United States	Corporate - Non Convertible	USD 72,000	99	55
Murphy Oil USA Inc. 4.75% 09-15-2029 Callable 2024	United States	Corporate - Non Convertible	USD 22,000	31	29
Nabors Industries Ltd. 7.25% 01-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 103,000	138	50
Navient Corp. 6.75% 06-25-2025	United States	Corporate - Non Convertible	USD 127,000	187	166
NCR Corp. 6.38% 12-15-2023 Callable 2020	United States	Corporate - Non Convertible	USD 47,000	64	66
NCR Corp. 5.75% 09-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 35,000	49	45
The Neiman Marcus Group Ltd. LLC 8.00% 10-25-2024 Callable 144A	United States	Corporate - Non Convertible	USD 65,000	38	11
Netflix Inc. 5.50% 02-15-2022	United States	Corporate - Non Convertible	USD 112,000	158	162
Netflix Inc. 4.38% 11-15-2026	United States	Corporate - Non Convertible	USD 321,000	455	461
Netflix Inc. 5.88% 11-15-2028	United States	Corporate - Non Convertible	USD 109,000	158	165
Netflix Inc. 4.88% 06-15-2030	United States	Corporate - Non Convertible	USD 207,000	286	297
New Red Finance Inc. 4.25% 05-15-2024 Callable 2020 144A	Canada	Corporate - Non Convertible	USD 98,000	134	138
New Red Finance Inc. 5.00% 10-15-2025 Callable 2020 144A	Canada	Corporate - Non Convertible	USD 61,000	77	83



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BONDS (cont'd)					
New Red Finance Inc. 4.38% 01-15-2028 Callable 2022 144A	Canada	Corporate - Non Convertible	USD 70,000	94	92
Newell Brands Inc. 3.85% 04-01-2023	United States	Corporate - Non Convertible	USD 95,000	132	136
Newell Brands Inc. 4.20% 04-01-2026 Callable 2026	United States	Corporate - Non Convertible	USD 75,000	103	104
Nexstar Escrow Inc. 5.63% 07-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 171,000	241	237
NextEra Energy Operating Partners LP 4.50% 09-15-2027 Callable 2027 144A	United States	Corporate - Non Convertible	USD 68,000	93	94
NGL Energy Partners LP 7.50% 04-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 41,000	49	20
NGPL PipeCo LLC 4.38% 08-15-2022 Callable 2022 144A	United States	Corporate - Non Convertible	USD 44,000	58	59
NGPL PipeCo LLC 4.88% 08-15-2027 Callable 2027 144A	United States	Corporate - Non Convertible	USD 48,000	64	60
The Nielsen Co. (Luxembourg) S.a.r.l. 5.00% 02-01-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 119,000	157	157
NOVA Chemicals Corp. 5.25% 06-01-2027 Callable 2027 144A	Canada	Corporate - Non Convertible	USD 148,000	205	177
Novelis Corp. 5.88% 09-30-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 86,000	119	120
Novelis Inc. 4.75% 01-30-2030 Callable 2025 144A	United States	Corporate - Non Convertible	USD 59,000	80	74
NRG Energy Inc. 7.25% 05-15-2026 Callable 2021	United States	Corporate - Non Convertible	USD 146,000	209	216
Nuance Communications Inc. 5.63% 12-15-2026 Callable 2021	United States	Corporate - Non Convertible	USD 193,000	275	266
Numericable-SFR 7.38% 05-01-2026 Callable 2021 144A	France	Corporate - Non Convertible	USD 300,000	410	421
Olin Corp. 5.00% 02-01-2030 Callable 2024	United States	Corporate - Non Convertible	USD 31,000	40	38
Open Text Corp. 5.88% 06-01-2026 Callable 2021 144A	Canada	Corporate - Non Convertible	USD 45,000	64	67
Outfront Media Capital LLC 5.00% 08-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 74,000	104	96
Panther BF Aggregator 2 LP 8.50% 05-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 152,000	203	188
Par Pharmaceutical Inc. 7.50% 04-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 161,000	212	227
Parsley Energy LLC 5.25% 08-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 91,000	126	98
PBF Holding Co. LLC 6.00% 02-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 66,000	91	62
PetSmart Inc. 7.13% 03-15-2023 Callable 2020 144A	United States	Corporate - Non Convertible	USD 78,000	104	103
PetSmart Inc. 8.88% 06-01-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 88,000	112	113
Pilgrim's Pride Corp. 5.88% 09-30-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 37,000	53	52
Pisces Midco Inc. 8.00% 04-15-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 130,000	182	159
PolyOne Corp. 5.25% 03-15-2023	United States	Corporate - Non Convertible	USD 253,000	355	341
Post Holdings Inc. 5.75% 03-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 243,000	315	353
PQ Corp. 6.75% 11-15-2022 Callable 2020 144A	United States	Corporate - Non Convertible	USD 139,000	192	198
Prime Security Services Borrower LLC 5.75% 04-15-2026	United States	Corporate - Non Convertible	USD 43,000	58	60
Prime Security Services Borrower LLC 6.25% 01-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 89,000	119	109
Project Homestake Merger Corp. 8.88% 03-01-2023 Callable 2020 144A	United States	Corporate - Non Convertible	USD 47,000	43	44
PulteGroup Inc. 5.50% 03-01-2026 Callable 2025	United States	Corporate - Non Convertible	USD 73,000	110	102
Quicken Loans Inc. 5.25% 01-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 57,000	80	79
QVC Inc. 4.85% 04-01-2024	United States	Corporate - Non Convertible	USD 85,000	118	104
Range Resources Corp. 5.00% 03-15-2023 Callable 2022	United States	Corporate - Non Convertible	USD 57,000	65	59
Revlon Consumer Products Corp. 5.75% 02-15-2021	United States	Corporate - Non Convertible	USD 17,000	20	20
Reynolds Group Issuer Inc. 7.00% 07-15-2024 Callable 2020 144A	United States	Corporate - Non Convertible	USD 81,000	111	116
Rite Aid Corp. 6.13% 04-01-2023 Callable 2020 144A	United States	Corporate - Non Convertible	USD 229,000	270	280
Rite Aid Corp. 7.50% 07-01-2025 Callable 2022	United States	Corporate - Non Convertible	USD 132,000	179	178
SBA Communications Corp. 4.88% 09-01-2024 Callable 2020	United States	Corporate - Non Convertible	USD 83,000	114	119
Scientific Games Corp. 7.25% 11-15-2029 Callable 2024 144A	United States	Corporate - Non Convertible	USD 93,000	130	83



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Scotts Miracle-Gro Co. 4.50% 10-15-2029	United States	Corporate - Non Convertible	USD 134,000	185	181
Sealed Air Corp. 4.00% 12-01-2027 Callable 2027 144A	United States	Corporate - Non Convertible	USD 60,000	80	79
Sensata Technologies BV 5.00% 10-01-2025 144A	Netherlands	Corporate - Non Convertible	USD 73,000	105	98
Service Corp. International 4.63% 12-15-2027 Callable 2022	United States	Corporate - Non Convertible	USD 76,000	107	108
SESI LLC 7.75% 09-15-2024 Callable	United States	Corporate - Non Convertible	USD 43,000	34	16
Sirius XM Radio Inc. 4.63% 07-15-2024 Callable 2021 144A	United States	Corporate - Non Convertible	USD 99,000	136	142
Sirius XM Radio Inc. 5.00% 08-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 171,000	230	246
SLM Corp. 7.25% 01-25-2022	United States	Corporate - Non Convertible	USD 200,000	287	273
SM Energy Co. 6.63% 01-15-2027 Callable 2022	United States	Corporate - Non Convertible	USD 132,000	160	55
Solera Finance Inc. 10.50% 03-01-2024 Callable 2021 144A	United States	Corporate - Non Convertible	USD 59,000	84	82
Springleaf Finance Corp. 5.63% 03-15-2023	United States	Corporate - Non Convertible	USD 413,000	532	566
Sprint Communications Inc. 11.50% 11-15-2021	United States	Corporate - Non Convertible	USD 230,000	352	359
Sprint Corp. 7.25% 09-15-2021	United States	Corporate - Non Convertible	USD 149,000	213	217
Sprint Corp. 7.88% 09-15-2023	United States	Corporate - Non Convertible	USD 143,000	209	222
Sprint Corp. 7.63% 02-15-2025 Callable 2024	United States	Corporate - Non Convertible	USD 161,000	250	252
Sprint Corp. 7.63% 03-01-2026 Callable 2025	United States	Corporate - Non Convertible	USD 136,000	185	218
Sprint Nextel Corp. 6.00% 11-15-2022	United States	Corporate - Non Convertible	USD 139,000	194	204
SS&C Technologies Inc. 5.50% 09-30-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 85,000	121	125
SSL Robotics LLC 9.75% 12-31-2023 Callable 2021 144A	United States	Corporate - Non Convertible	USD 339,000	485	495
Staples Inc. 7.50% 04-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 153,000	206	191
Star Merger Sub Inc. 6.88% 08-14-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 71,000	104	104
Stars Group Holdings BV 7.00% 07-15-2026 Callable 2021 144A	Canada	Corporate - Non Convertible	USD 44,000	64	59
Starwood Property Trust Inc. 4.75% 03-15-2025 Callable 2024	United States	Corporate - Non Convertible	USD 37,000	52	46
Sunoco LP 5.50% 02-15-2026 Callable 2021	United States	Corporate - Non Convertible	USD 76,000	104	93
Surgery Center Holdings Inc. 10.00% 04-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 209,000	286	208
Talen Energy Supply LLC 10.50% 01-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 114,000	129	117
Tallgrass Energy Partners LP 5.50% 09-15-2024 Callable 2020 144A	United States	Corporate - Non Convertible	USD 40,000	53	31
Tallgrass Energy Partners LP 5.50% 01-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 59,000	73	44
Targa Resources Partners LP 5.88% 04-15-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 126,000	178	148
Targa Resources Partners LP 5.38% 02-01-2027 Callable 2022	United States	Corporate - Non Convertible	USD 96,000	133	112
Targa Resources Partners LP 5.50% 03-01-2030 144A	United States	Corporate - Non Convertible	USD 64,000	86	70
TEGNA Inc. 5.00% 09-15-2029 Callable 2024 144A	United States	Corporate - Non Convertible	USD 85,000	115	108
Telecom Italia SPA 5.303% 05-30-2024 144A	Italy	Corporate - Non Convertible	USD 201,000	294	286
Tenet Healthcare Corp. 4.88% 01-01-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 153,000	213	206
TerraForm Power Operating LLC 4.75% 01-15-2030 Callable 2025 144A	United States	Corporate - Non Convertible	USD 82,000	116	113
Tesla Inc. 5.30% 08-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 419,000	526	558
Teva Pharmaceutical Finance Netherlands III BV 3.15% 10-01-2026	Israel	Corporate - Non Convertible	USD 204,000	212	244
Teva Pharmaceutical Industries Ltd. 2.20% 07-21-2021	Israel	Corporate - Non Convertible	USD 40,000	50	54
Teva Pharmaceutical Industries Ltd. 7.13% 01-31-2025 Callable 2024 144A	Israel	Corporate - Non Convertible	USD 200,000	279	280
THC Escrow Corp. III 5.13% 05-01-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 466,000	623	632
THC Escrow Corp. III 7.00% 08-01-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 21,000	28	26



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BONDS (cont'd)					
T-Mobile USA Inc. 4.00% 04-15-2022	United States	Corporate - Non Convertible	USD 96,000	132	136
T-Mobile USA Inc. 6.38% 03-01-2025 Callable 2020	United States	Corporate - Non Convertible	USD 85,000	117	123
T-Mobile USA Inc. 4.75% 02-01-2028 Callable 2023	United States	Corporate - Non Convertible	USD 295,000	385	435
Toll Brothers Finance Corp. 5.875% 02-15-2022	United States	Corporate - Non Convertible	USD 37,000	52	52
Toll Brothers Finance Corp. 3.80% 11-01-2029 Callable 2029	United States	Corporate - Non Convertible	USD 64,000	84	79
TransAlta Corp. 4.50% 11-15-2022 Callable 2022	Canada	Corporate - Non Convertible	USD 19,000	26	24
TransDigm Group Inc. 6.25% 03-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 254,000	366	358
TransDigm Group Inc. 5.50% 11-15-2027 Callable 2022	United States	Corporate - Non Convertible	USD 104,000	139	132
TransDigm Inc. 6.50% 05-15-2025 Callable 2020	United States	Corporate - Non Convertible	USD 224,000	305	298
Trivium Packaging Finance BV 5.50% 08-15-2026 Callable 2022 144A	Netherlands	Corporate - Non Convertible	USD 207,000	291	291
Twitter Inc. 3.88% 12-15-2027 Callable 2027 144A	United States	Corporate - Non Convertible	USD 31,000	42	42
Uber Technologies Inc. 8.00% 11-01-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 76,000	101	107
Uber Technologies Inc. 7.50% 09-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 260,000	375	364
United Rentals (North America) Inc. 4.88% 01-15-2028 Callable 2023	United States	Corporate - Non Convertible	USD 157,000	221	216
United Retnals (North America) Inc. 5.25% 01-15-2030 Callable 2025	United States	Corporate - Non Convertible	USD 197,000	267	279
Univision Communications Inc. 5.13% 05-15-2023 144A	United States	Corporate - Non Convertible	USD 64,000	85	80
Valaris PLC 4.88% 06-01-2022 Callable 2022	United States	Corporate - Non Convertible	USD 198,000	192	63
Valaris PLC 7.75% 02-01-2026	United States	Corporate - Non Convertible	USD 129,000	83	18
VeriSign Inc. 4.75% 07-15-2027 Callable 2022	United States	Corporate - Non Convertible	USD 136,000	177	199
VICI Properties Inc. 4.25% 12-01-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 136,000	188	177
Vidéotron Ltée 5.13% 04-15-2027 Callable 2022 144A	Canada	Corporate - Non Convertible	USD 134,000	178	190
Viking Cruises Ltd. 5.88% 09-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 35,000	46	29
Vistra Operations Co. LLC 5.50% 09-01-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 82,000	114	120
Vistra Operations Co. LLC 5.00% 07-31-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 95,000	130	136
VRX Escrow Corp. 6.13% 04-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 295,000	366	412
Washington Prime Group LP 6.45% 08-15-2024 Callable 2024	United States	Corporate - Non Convertible	USD 31,000	35	26
Weatherford International PLC 11.00% 12-01-2024 Callable 2021	United States	Corporate - Non Convertible	USD 88,000	125	75
Western Digital Corp. 4.75% 02-15-2026 Callable 2025	United States	Corporate - Non Convertible	USD 316,000	431	453
Whiting Petroleum Corp. 6.63% 01-15-2026 Callable 2025	United States	Corporate - Non Convertible	USD 56,000	71	6
Wolverine World Wide Inc. 13.13% 11-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 88,000	125	100
WPX Energy Inc. 5.25% 10-15-2027 Callable 2022	United States	Corporate - Non Convertible	USD 107,000	148	84
WPX Energy Inc. 4.50% 01-15-2030 Callable 2025	United States	Corporate - Non Convertible	USD 41,000	55	32
Wynn Las Vegas LLC 4.25% 05-30-2023 Callable 2023 144A	United States	Corporate - Non Convertible	USD 115,000	159	152
Wynn Las Vegas LLC 5.25% 05-15-2027 Callable 2027 144A	United States	Corporate - Non Convertible	USD 51,000	70	65
XPO Logistics Inc. 6.13% 09-01-2023 Callable 2020 144A	United States	Corporate - Non Convertible	USD 138,000	183	191
Ziggo BV 5.50% 01-15-2027 Callable 2022 144A	Netherlands	Corporate - Non Convertible	USD 295,000	366	417
Total bonds				52,519	49,519



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MACKENZIE US HIGH YIELD BOND INDEX ETF (CAD-HEDGED)

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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)
EQUITIES					
MYT Holding Co. 10.00% Pfd.	United States	Consumer Discretionary	13,189	18	19
Total equities				18	19
EXCHANGE-TRADED FUNDS/NOTES					
Xtrackers USD High Yield Corporate Bond ETF	United States	Exchange-Traded Funds/Notes	62,556	4,151	3,881
Total exchange-traded funds/notes				4,151	3,881
Transaction costs				(2)	—
Total investments				56,686	53,419
Derivative instruments (see schedule of derivative instruments)					(3,024)
Cash and cash equivalents					931
Other assets less liabilities					3,987
Total net assets					55,313



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SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2020		March 31, 2019	
Effective Portfolio Allocation	% of NAV	Effective Portfolio Allocation	% of NAV
Bonds	102.2	Bonds	99.9
Cash and short-term investments	1.7	Cash and short-term investments	0.2
Other assets (liabilities)	(3.9)	Other assets (liabilities)	(0.1)
Effective Regional Allocation	% of NAV	Effective Regional Allocation	% of NAV
United States	89.8	United States	83.4
Canada	2.3	Canada	5.2
Netherlands	1.7	Luxembourg	3.3
Cash and short-term investments	1.7	Italy	2.5
France	1.5	Netherlands	2.5
United Kingdom	1.5	United Kingdom	1.4
Israel	1.2	Ireland	1.2
Italy	1.2	France	0.2
Luxembourg	0.8	Cash and short-term investments	0.2
Norway	0.7	Other	0.2
Ireland	0.6	Other assets (liabilities)	(0.1)
Hong Kong	0.5		
Brazil	0.4		
Other assets (liabilities)	(3.9)		
Effective Sector Allocation	% of NAV	Effective Sector Allocation	% of NAV
Corporate bonds – Healthcare	14.6	Corporate bonds	99.9
Corporate bonds – Telecommunications	13.3	Cash and short-term investments	0.2
Corporate bonds – Media	13.0	Other assets (liabilities)	(0.1)
Corporate bonds – Services	7.3		
Corporate bonds – Energy	6.9		
Corporate bonds – Basic industry	6.8		
Corporate bonds – Technology and electronics	6.5		
Corporate bonds – Capital goods	6.4		
Corporate bonds – Retail	4.9		
Corporate bonds – Leisure	4.7		
Corporate bonds – Consumer goods	4.7		
Corporate bonds – Financial services	4.6		
Other	3.4		
Corporate bonds – Utility	2.6		
Corporate bonds – Automotive	2.5		
Cash and short-term investments	1.7		
Other assets (liabilities)	(3.9)		

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

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SCHEDULE OF DERIVATIVE INSTRUMENTS

As at March 31, 2020

Schedule of Forward Currency Contracts

Counterparty Credit Rating	Bought (\$ 000s)		Sold (\$ 000s)		Settlement Date	Contract Cost (\$ 000s)	Current Fair Value (\$ 000s)	Unrealized Gains (Losses) (\$ 000s)
A	744	U.S. dollar	(998)	Canadian dollar	Apr. 2, 2020	998	1,046	48
A	1,043	U.S. dollar	(1,391)	Canadian dollar	Apr. 2, 2020	1,391	1,467	76
A	210	U.S. dollar	(282)	Canadian dollar	Apr. 2, 2020	282	296	14
A	5,227	U.S. dollar	(7,143)	Canadian dollar	Apr. 2, 2020	7,143	7,356	213
A	2,918	U.S. dollar	(4,010)	Canadian dollar	Apr. 2, 2020	4,010	4,107	97
A	4,432	Canadian dollar	(3,113)	U.S. dollar	May 4, 2020	(4,432)	(4,379)	53
A	21,155	Canadian dollar	(14,858)	U.S. dollar	May 4, 2020	(21,155)	(20,902)	253
AA	10,212	Canadian dollar	(7,173)	U.S. dollar	May 4, 2020	(10,212)	(10,090)	122
A	28,969	Canadian dollar	(20,347)	U.S. dollar	May 4, 2020	(28,969)	(28,624)	345
Unrealized Gains								1,221
A	12,623	Canadian dollar	(9,383)	U.S. dollar	Apr. 2, 2020	(12,623)	(13,205)	(582)
AA	9,967	Canadian dollar	(7,409)	U.S. dollar	Apr. 2, 2020	(9,967)	(10,426)	(459)
A	31,298	Canadian dollar	(23,265)	U.S. dollar	Apr. 2, 2020	(31,298)	(32,741)	(1,443)
A	21,271	Canadian dollar	(15,812)	U.S. dollar	Apr. 2, 2020	(21,271)	(22,252)	(981)
AA	236	U.S. dollar	(337)	Canadian dollar	Apr. 2, 2020	337	332	(5)
A	3,113	U.S. dollar	(4,434)	Canadian dollar	Apr. 2, 2020	4,434	4,381	(53)
A	14,858	U.S. dollar	(21,163)	Canadian dollar	Apr. 2, 2020	21,163	20,910	(253)
AA	7,173	U.S. dollar	(10,216)	Canadian dollar	Apr. 2, 2020	10,216	10,094	(122)
A	20,347	U.S. dollar	(28,981)	Canadian dollar	Apr. 2, 2020	28,981	28,635	(346)
A	4,957	U.S. dollar	(6,975)	Canadian dollar	May 4, 2020	6,975	6,974	(1)
Unrealized (Losses)								(4,245)
Total forward currency contracts								(3,024)
Total derivative instruments at fair value								(3,024)



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MACKENZIE US HIGH YIELD BOND INDEX ETF (CAD-HEDGED)

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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.

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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.

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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.

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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.

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6. Management Fees and Operating Expenses

Mackenzie is paid a management fee for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions 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.



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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 QHY on January 24, 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 \$83.27 (2019 – \$96.22).

The management fee rate for Series E units is 0.40%. Prior to September 20, 2019, the management fee rate for Series E units was 0.50%.

As at March 31, 2020, the ETF's NAV per unit was \$83.76 (2019 – \$96.17) and its Net Assets per unit calculated in accordance with IFRS was \$83.81 (2019 – \$96.17).

(b) Investments by Mackenzie and Affiliates

As at March 31, 2020, other funds managed by Mackenzie and I.G. Investments, Ltd. had an investment of \$8,470 and \$34,411 (2019 – \$22,928 and \$10,826), 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	347	693
Value of collateral received	371	736

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

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

	2020		2019	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	44	100.0	6	100.0
Tax withheld	(4)	(9.1)	(3)	(50.0)
	40	90.9	3	50.0
Payments to Securities Lending Agent	(9)	(20.5)	–	–
Securities lending income	31	70.4	3	50.0



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

(e) Offsetting of Financial Assets and Liabilities

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

	March 31, 2020			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	1,221	(1,221)	–	–
Unrealized losses on derivative contracts	(4,245)	1,221	–	(3,024)
Liability for options written	–	–	–	–
Total	(3,024)	–	–	(3,024)

	March 31, 2019			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	2	(2)	–	–
Unrealized losses on derivative contracts	(480)	2	–	(478)
Liability for options written	–	–	–	–
Total	(478)	–	–	(478)

(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 USD High Yield Corporates Total Market Hedged to CAD Index, or any successor thereto. It invests primarily in high-yield corporate bonds issued in U.S. dollars, either directly or indirectly, with its foreign currency exposure hedged back to the Canadian dollar.

ii. Currency risk

The table below indicates currencies to which the ETF had significant exposure as at period end in Canadian dollar terms, including the underlying principal amount of any derivative instruments. Other financial assets and liabilities (including accrued interest and dividends receivable, and receivables/payables for investments sold/purchased) that are denominated in foreign currencies do not expose the ETF to significant currency risk.

Currency	March 31, 2020			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	53,419	29	(57,021)	(3,573)
Total	53,419	29	(57,021)	(3,573)
% of Net Assets	96.6	0.1	(103.1)	(6.4)



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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 *(cont'd)*

Currency	March 31, 2019			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	35,200	786	(36,145)	(159)
Total	35,200	786	(36,145)	(159)
% of Net Assets	96.3	2.2	(98.9)	(0.4)

* Includes both monetary and non-monetary financial instruments

As at March 31, 2020, had the Canadian dollar increased or decreased by 5% relative to all foreign currencies, with all other variables held constant, net assets would have increased or decreased by approximately \$168 or 0.3% (2019 – \$6 or 0.0%) of total net assets. In practice, the actual trading results may differ and the difference could be material.

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.

Bonds	March 31, 2020	March 31, 2019
	(\$)	(\$)
Less than 1 year	1,152	–
1-5 years	20,704	15,589
5-10 years	27,366	17,548
Greater than 10 years	297	–
Total	49,519	33,137

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 \$2,181 or 3.9% (2019 – \$1,153 or 3.2%) 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 Fund's greatest indirect concentration of credit risk is in debt securities, such as bonds, held by the underlying ETF. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. The maximum effective exposure to any one debt issuer held by the underlying ETF, as at March 31, 2020 was 2.4% (2019 – 4.3%) of the net assets of the Underlying Fund. For more information regarding the credit risk of the Underlying Fund, refer to the Underlying Fund's financial statements available on the SEDAR website at www.sedar.com.

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

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

v. Credit risk (cont'd)

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

Bond Rating*	March 31, 2020	March 31, 2019
	% of Net Assets	% of Net Assets
BBB	6.6	7.5
BB	40.8	37.1
B	32.4	41.4
Less than B	8.7	4.7
Unrated	1.0	–
Total	89.5	90.7

* Credit ratings and rating categories are based on 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	–	49,519	–	49,519	–	33,137	–	33,137
Equities	–	19	–	19	–	–	–	–
Exchange-traded funds/notes	3,881	–	–	3,881	2,063	–	–	2,063
Derivative assets	–	1,221	–	1,221	–	6	–	6
Derivative liabilities	–	(4,245)	–	(4,245)	–	(575)	–	(575)
Total	3,881	46,514	–	50,395	2,063	32,568	–	34,631

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.