

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

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## MANAGEMENT REPORT

### Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by Mackenzie Financial Corporation, as Manager of Mackenzie 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 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 unitholders 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

June 3, 2022

## INDEPENDENT AUDITOR'S REPORT

To the Unitholders 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, 2022 and 2021, and the statements of comprehensive income, changes in financial position and cash flows for the periods then ended, as indicated in Note 1, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the ETF as at March 31, 2022 and 2021, and its financial performance and its cash flows for the periods then ended, as indicated in Note 1, in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



**MACKENZIE**  
Investments

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

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

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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 Erez Seiler.

The logo for Deloitte LLP, featuring the word "Deloitte" in a stylized, cursive script followed by "LLP" in a plain, sans-serif font.

Chartered Professional Accountants  
Licensed Public Accountants  
Toronto, Ontario  
June 15, 2022

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

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## STATEMENTS OF FINANCIAL POSITION

at March 31 (in \$ 000 except per unit amounts)

	2022 \$	2021 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Investments at fair value	43,704	109,485
Cash and cash equivalents	446	2,288
Accrued interest receivable	653	1,572
Dividends receivable	–	1
Accounts receivable for investments sold	–	630
Accounts receivable for units issued	–	–
Margin on derivatives	353	–
Derivative assets	1,029	868
<b>Total assets</b>	<b>46,185</b>	<b>114,844</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable for investments purchased	–	1,550
Accounts payable for units redeemed	–	–
Due to manager	19	89
Derivative liabilities	150	285
<b>Total liabilities</b>	<b>169</b>	<b>1,924</b>
<b>Net assets attributable to unitholders</b>	<b>46,016</b>	<b>112,920</b>

	Net assets attributable to unitholders (note 3)			
	per unit		per series	
	2022	2021	2022	2021
CAD Units	88.49	94.10	46,016	112,920
			<b>46,016</b>	<b>112,920</b>

## STATEMENTS OF COMPREHENSIVE INCOME

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

	2022 \$	2021 \$
<b>Income</b>		
Dividends	22	26
Interest income	4,589	5,057
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	(2,728)	4,088
Net unrealized gain (loss)	(1,518)	3,749
Securities lending income	6	3
Fee rebate income	2	–
Other	163	290
<b>Total income (loss)</b>	<b>536</b>	<b>13,213</b>
<b>Expenses (note 6)</b>		
Management fees	369	410
Management fee rebates	(332)	(369)
Interest charges	–	1
Commissions and other portfolio transaction costs	9	47
Independent Review Committee fees	–	–
<b>Expenses before amounts absorbed by Manager</b>	<b>46</b>	<b>89</b>
Expenses absorbed by Manager	–	–
<b>Net expenses</b>	<b>46</b>	<b>89</b>
<b>Increase (decrease) in net assets attributable to unitholders from operations before tax</b>	<b>490</b>	<b>13,124</b>
Foreign withholding tax expense (recovery)	(24)	3
Foreign income taxes paid (recovered)	–	–
<b>Increase (decrease) in net assets attributable to unitholders from operations</b>	<b>514</b>	<b>13,121</b>

	Increase (decrease) in net assets attributable to unitholders from operations (note 3)			
	per unit		per series	
	2022	2021	2022	2021
CAD Units	0.57	12.93	514	13,121
			<b>514</b>	<b>13,121</b>

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

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

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## STATEMENTS OF CHANGES IN FINANCIAL POSITION

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

	CAD Units	
	2022	2021
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		
<b>Beginning of period</b>	<b>112,920</b>	<b>55,313</b>
Increase (decrease) in net assets from operations	514	13,121
Distributions paid to unitholders:		
Investment income	(4,622)	(4,588)
Capital gains	–	–
Management fee rebates	(332)	(369)
<b>Total distributions paid to unitholders</b>	<b>(4,954)</b>	<b>(4,957)</b>
Unit transactions:		
Proceeds from units issued	5,670	56,469
Reinvested distributions	–	–
Payments on redemption of units	(68,134)	(7,026)
<b>Total unit transactions</b>	<b>(62,464)</b>	<b>49,443</b>
<b>Increase (decrease) in net assets attributable to unitholders</b>	<b>(66,904)</b>	<b>57,607</b>
<b>End of period</b>	<b>46,016</b>	<b>112,920</b>
<b>Increase (decrease) in units (in thousands) (note 7):</b>		
<b>Units outstanding – beginning of period</b>	<b>1,200</b>	<b>660</b>
Issued	60	620
Reinvested distributions	–	–
Redeemed	(740)	(80)
<b>Units outstanding – end of period</b>	<b>520</b>	<b>1,200</b>

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

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

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## STATEMENTS OF CASH FLOWS

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

	2022	2021
	\$	\$
<b>Cash flows from operating activities</b>		
Net increase (decrease) in net assets attributable to unitholders from operations	514	13,121
Adjustments for:		
Net realized loss (gain) on investments	2,545	1,560
Change in net unrealized loss (gain) on investments	1,518	(3,749)
Purchase of investments	(427,716)	(171,380)
Proceeds from sale and maturity of investments	488,272	116,509
(Increase) decrease in accounts receivable and other assets	567	(695)
Increase (decrease) in accounts payable and other liabilities	(70)	63
<b>Net cash provided by (used in) operating activities</b>	<b>65,630</b>	<b>(44,571)</b>
<b>Cash flows from financing activities</b>		
Proceeds from units issued	37	54,715
Payments on redemption of units	(62,552)	(3,808)
Distributions paid net of reinvestments	(4,954)	(4,957)
<b>Net cash provided by (used in) financing activities</b>	<b>(67,469)</b>	<b>45,950</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,839)</b>	<b>1,379</b>
Cash and cash equivalents at beginning of period	2,288	931
Effect of exchange rate fluctuations on cash and cash equivalents	(3)	(22)
<b>Cash and cash equivalents at end of period</b>	<b>446</b>	<b>2,288</b>
Cash	446	2,288
Cash equivalents	–	–
<b>Cash and cash equivalents at end of period</b>	<b>446</b>	<b>2,288</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	23	26
Foreign taxes paid (recovered)	(24)	3
Interest received	5,508	4,362
Interest paid	–	1

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

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

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## SCHEDULE OF INVESTMENTS

as at March 31, 2022

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>BONDS</b>					
Acrisure LLC 10.13% 08-01-2026	United States	Corporate - Non Convertible	USD 58,000	79	77
The ADT Security Corp. 4.13% 06-15-2023	United States	Corporate - Non Convertible	USD 88,000	123	111
Albertsons Cos. Inc. 3.50% 02-15-2023 Callable 2022 144A	United States	Corporate - Non Convertible	USD 252,000	347	316
Albertsons Cos. Inc. 4.63% 01-15-2027 Callable 2023 144A	United States	Corporate - Non Convertible	USD 80,000	111	97
Alcoa Inc. 5.13% 10-01-2024 Callable 2024	United States	Corporate - Non Convertible	USD 55,000	80	71
Alliant Holdings Intermediate LLC 6.75% 10-15-2027	United States	Corporate - Non Convertible	USD 139,000	195	172
Allied Universal Holdco LLC 6.63% 07-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 150,000	211	190
Allied Universal Holdco LLC 9.75% 07-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 89,000	128	115
Allison Transmission Inc. 5.88% 06-01-2029 Callable 2024 144A	United States	Corporate - Non Convertible	USD 140,000	194	178
Ally Financial Inc. 5.75% 11-20-2025 Callable 2025	United States	Corporate - Non Convertible	USD 45,000	69	59
Altice Financing SA 5.75% 08-15-2029 144A	Luxembourg	Corporate - Non Convertible	USD 200,000	248	227
Altice France SA 8.13% 02-01-2027 Callable 2022 144A	France	Corporate - Non Convertible	USD 201,000	302	259
Altice France 6.00% 02-06-2028 144A	Luxembourg	Corporate - Non Convertible	USD 229,000	308	247
AMC Networks Inc. 5.00% 04-01-2024 Callable 2022	United States	Corporate - Non Convertible	USD 63,000	87	79
American Airlines Group Inc. 11.75% 07-15-2025 144A	United States	Corporate - Non Convertible	USD 94,000	133	137
American Axle & Manufacturing Inc. 6.50% 04-01-2027 Callable 2022	United States	Corporate - Non Convertible	USD 56,000	75	69
AmeriGas Partners LP 5.50% 05-20-2025	United States	Corporate - Non Convertible	USD 83,000	119	104
Antero Midstream Partners LP 5.75% 01-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 104,000	114	133
Aramark Intermediate Holdco Corp. 5.00% 02-01-2028	United States	Corporate - Non Convertible	USD 64,000	88	79
Aramark Services Inc. 6.38% 05-01-2025	United States	Corporate - Non Convertible	USD 118,000	162	152
Arconic Corp. 6.00% 05-15-2025 Callable 2022 144A	United States	Corporate - Non Convertible	USD 47,000	67	60
Avis Budget Car Rental LLC 5.75% 07-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 49,000	69	61
Avon Products Inc. 7.00% 03-15-2023	United Kingdom	Corporate - Non Convertible	USD 8,000	11	10
B&G Foods Inc. 5.25% 09-15-2027 Callable 2022	United States	Corporate - Non Convertible	USD 76,000	107	91
Ball Corp. 5.25% 07-01-2025	United States	Corporate - Non Convertible	USD 89,000	130	118
Ball Corp. 2.88% 08-15-2030	United States	Corporate - Non Convertible	USD 205,000	271	230
Bausch Health Cos. Inc. 6.13% 04-15-2025 Callable 2022 144A	United States	Corporate - Non Convertible	USD 239,000	297	302
Bausch Health Cos. Inc. 9.25% 04-01-2026 Callable 2022	United States	Corporate - Non Convertible	USD 141,000	216	181
Bausch Health Cos. Inc. 7.25% 05-30-2029 Callable 2024	United States	Corporate - Non Convertible	USD 147,000	218	158
Bausch Health Cos. Inc. 5.25% 01-30-2030 Callable 2025 144A	United States	Corporate - Non Convertible	USD 67,000	91	66
Berry Global Inc. 4.50% 02-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 88,000	117	110
Bombardier Inc. 7.50% 12-01-2024 Callable 2022 144A	Canada	Corporate - Non Convertible	USD 73,000	102	94
Bombardier Inc. 7.88% 04-15-2027 Callable 2022 144A	Canada	Corporate - Non Convertible	USD 94,000	126	116
Booz Allen Hamilton Inc. 4.00% 07-01-2029 144A	United States	Corporate - Non Convertible	USD 136,000	171	166
Boyd Gaming Corp. 8.63% 06-01-2025 144A	United States	Corporate - Non Convertible	USD 113,000	164	149
Buckeye Partners LP 4.13% 03-01-2025 Callable 2025 144A	United States	Corporate - Non Convertible	USD 162,000	220	200
BWAY Holding Co. 5.50% 04-15-2024 Callable 2022 144A	United States	Corporate - Non Convertible	USD 66,000	90	82
BWAY Holding Co. 7.25% 04-15-2025 144A	United States	Corporate - Non Convertible	USD 129,000	168	160
C&W Senior Financing DAC 6.88% 09-15-2027 Callable 2022 144A	Ireland	Corporate - Non Convertible	USD 64,000	89	80
Cablevision Systems 5.88% 09-15-2022	United States	Corporate - Non Convertible	USD 47,000	68	59
Calpine Corp. 5.00% 02-01-2031 144A	United States	Corporate - Non Convertible	USD 156,000	212	178
Calumet Specialty Products Partners LP 11.00% 04-15-2025 Callable 2023 144A	United States	Corporate - Non Convertible	USD 28,000	40	36
Camelot Holdings (Jersey) Ltd. 4.50% 11-01-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 32,000	44	39
Carnival Corp. 7.63% 03-01-2026 144A	United States	Corporate - Non Convertible	USD 73,000	101	92
Carnival Corp. 5.75% 03-01-2027 144A	United States	Corporate - Non Convertible	USD 131,000	170	156
Carnival Corp. 9.88% 08-01-2027 144A	United States	Corporate - Non Convertible	USD 134,000	203	185
Carvana Co. 4.88% 09-01-2029 144A	United States	Corporate - Non Convertible	USD 151,000	189	158
Catalent Pharma Solutions Inc. 5.00% 07-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 75,000	107	95
CBL & Associates Properties Inc. 10.00% 11-15-2029	United States	Corporate - Non Convertible	USD 39,889	50	50
CCO Holdings LLC 5.38% 06-01-2029 Callable 2024 144A	United States	Corporate - Non Convertible	USD 223,000	321	279
CDK Global Inc. 4.88% 06-01-2027 Callable 2022	United States	Corporate - Non Convertible	USD 113,000	160	143
CDW LLC 5.50% 12-01-2024 Callable 2024	United States	Corporate - Non Convertible	USD 71,000	105	92
Cedar Fair LP 5.25% 07-15-2029 Callable 2024 144A	United States	Corporate - Non Convertible	USD 22,000	31	27
Cenovus Energy Inc. 5.38% 07-15-2025 Callable 2025	Canada	Corporate - Non Convertible	USD 5,000	7	7
Centene Corp. 4.25% 12-15-2027 Callable 2022	United States	Corporate - Non Convertible	USD 80,000	115	100
Centene Corp. 4.63% 12-15-2029 Callable 2024	United States	Corporate - Non Convertible	USD 204,000	280	259
Centene Corp. 3.38% 02-15-2030 Callable 2028	United States	Corporate - Non Convertible	USD 211,000	295	248
Central Garden & Pet Co. 4.13% 10-15-2030	United States	Corporate - Non Convertible	USD 30,000	41	34

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

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## SCHEDULE OF INVESTMENTS (cont'd)

as at March 31, 2022

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>BONDS (cont'd)</b>					
Century Communities Inc. 6.75% 06-01-2027 Callable 2022	United States	Corporate - Non Convertible	USD 22,000	32	29
CenturyLink Inc. 5.13% 12-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 156,000	213	186
CFX Escrow Corp. 6.38% 02-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 67,000	97	86
Charles River Laboratories International Inc. 4.25% 05-01-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 76,000	104	93
Charter Communications Operating LLC 4.50% 05-01-2032	United States	Corporate - Non Convertible	USD 360,000	440	412
The Chemours Co. 5.75% 11-15-2028 144A	United States	Corporate - Non Convertible	USD 140,000	188	171
Cheniere Energy Inc. 4.63% 10-15-2028 Callable 2023	United States	Corporate - Non Convertible	USD 152,000	205	192
Cheniere Energy Partners LP 4.00% 03-01-2031 144A	United States	Corporate - Non Convertible	USD 220,000	284	267
Chesapeake Energy Corp. Escrow 0% 06-15-2027	United States	Corporate - Non Convertible	USD 46,000	–	–
CHS/Community Health Systems Inc. 8.00% 03-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 121,000	156	158
Churchill Downs Inc. 4.75% 01-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 51,000	71	62
Citgo Holding Inc. 9.25% 08-01-2024 144A	United States	Corporate - Non Convertible	USD 109,000	127	138
Clear Channel Outdoor Holdings 7.75% 04-15-2028 144A	United States	Corporate - Non Convertible	USD 156,000	201	196
Cleveland-Cliffs Inc. 4.63% 03-01-2029 144A	United States	Corporate - Non Convertible	USD 165,000	216	203
CNX Resources Corp. 7.25% 03-14-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 68,000	89	90
Coinbase Global Inc. 3.38% 10-01-2028 144A	United States	Corporate - Non Convertible	USD 200,000	252	223
Colt Merger Sub Inc. 6.25% 07-01-2025	United States	Corporate - Non Convertible	USD 81,000	113	105
Colt Merger Sub Inc. 8.13% 07-01-2027	United States	Corporate - Non Convertible	USD 118,000	164	158
CommScope Technologies Finance LLC 8.25% 03-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 51,000	74	62
CommScope Technologies LLC 6.00% 06-15-2025 Callable 2022 144A	United States	Corporate - Non Convertible	USD 53,000	70	63
CommScope Technologies LLC 5.00% 03-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 74,000	81	81
Community Health Systems Inc. 6.88% 04-01-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 192,000	158	218
Community Health Systems Inc. 6.88% 04-15-2029 144A	United States	Corporate - Non Convertible	USD 36,000	47	44
Crestwood Midstream Partners LP 5.63% 05-01-2027 144A	United States	Corporate - Non Convertible	USD 147,000	184	182
CrownRock LP / CrownRock Finance Inc. 5.63% 10-15-2025 Callable 144A	United States	Corporate - Non Convertible	USD 32,000	41	41
CSC Holdings LLC 5.25% 06-01-2024	United States	Corporate - Non Convertible	USD 54,000	73	68
CSC Holdings LLC 5.50% 04-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 58,000	84	72
CSC Holdings LLC 7.50% 04-01-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 204,000	296	251
CSC Holdings LLC 4.50% 11-15-2031	United States	Corporate - Non Convertible	USD 70,000	84	78
Darling Ingredients Inc. 5.25% 04-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 24,000	33	31
DaVita Inc. 4.63% 06-01-2030 Callable 2025 144A	United States	Corporate - Non Convertible	USD 133,000	182	156
DCP Midstream LP 5.13% 05-15-2029 Callable 2029	United States	Corporate - Non Convertible	USD 110,000	153	142
Delta Air Lines Inc. 7.38% 01-15-2026	United States	Corporate - Non Convertible	USD 189,000	275	257
Diamond Sports Group LLC 5.38% 08-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 182,000	206	88
Diamond Sports Group LLC 6.63% 08-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 135,000	186	35
Diebold Inc. 8.50% 04-15-2024 Series WI	United States	Corporate - Non Convertible	USD 36,000	46	43
DISH DBS Corp. 7.75% 07-01-2026	United States	Corporate - Non Convertible	USD 138,000	161	171
DISH DBS Corp. 7.38% 07-01-2028	United States	Corporate - Non Convertible	USD 290,000	375	344
Diversified Healthcare Trust 4.75% 02-15-2028 Callable 2027	United States	Corporate - Non Convertible	USD 22,000	30	25
Elanco Animal Health Inc. 4.90% 08-28-2028 Callable 2028	United States	Corporate - Non Convertible	USD 34,000	52	46
Encompass Health Corp. 4.75% 02-01-2030 Callable 2025	United States	Corporate - Non Convertible	USD 104,000	149	125
Endeavor Energy Resources LP 6.63% 07-15-2025 144A	United States	Corporate - Non Convertible	USD 136,000	192	177
Endo Finance LLC 6.00% 06-30-2028	United States	Corporate - Non Convertible	USD 104,000	81	74
Energizer Holdings Inc. 4.75% 06-15-2028 144A	United States	Corporate - Non Convertible	USD 158,000	216	180
Enlink Midstream Partners LP 4.15% 06-01-2025 Callable 2025	United States	Corporate - Non Convertible	USD 77,000	95	96
Envision Healthcare Corp. PIK Term Loan B 1st Lien F/R 10-10-2025	United States	Term Loans	USD 25,023	–	21
EQM Midstream Partners LP 4.13% 12-01-2026 Callable 2026	United States	Corporate - Non Convertible	USD 301,000	389	361
EQT Corp. 3.90% 10-01-2027 Callable 2027	United States	Corporate - Non Convertible	USD 29,000	36	36
EQT Corp. 7.00% 02-01-2030 Callable 2029	United States	Corporate - Non Convertible	USD 87,000	125	126
Fertitta Entertainment Inc. 6.75% 01-15-2030 144A	United States	Corporate - Non Convertible	USD 83,000	103	96
Fiat Chrysler Automobiles NV 5.25% 04-15-2023	United Kingdom	Corporate - Non Convertible	USD 61,000	81	78
FirstCash Inc. 4.63% 09-01-2028 144A	United States	Corporate - Non Convertible	USD 109,000	132	127
FirstEnergy Corp. 3.90% 07-15-2027 Callable 2027	United States	Corporate - Non Convertible	USD 80,000	115	101
FMG Resources (August 2006) Pty Ltd. 4.50% 09-15-2027 Callable 2027 144A	Australia	Corporate - Non Convertible	USD 34,000	48	41
Ford Motor Co. 4.35% 12-08-2026 Callable 2026	United States	Corporate - Non Convertible	USD 45,000	57	57

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	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>BONDS (cont'd)</b>					
Ford Motor Co. 3.25% 02-12-2032	United States	Corporate - Non Convertible	USD 320,000	403	356
Ford Motor Credit Co. LLC 5.13% 06-16-2025	United States	Corporate - Non Convertible	USD 238,000	335	304
Ford Motor Credit Co. LLC 4.13% 08-17-2027	United States	Corporate - Non Convertible	USD 221,000	298	271
Ford Motor Credit Co. LLC 5.11% 05-03-2029	United States	Corporate - Non Convertible	USD 169,000	239	214
Fortress Transportation and Infrastructure Investors LLC 6.50% 10-01-2025 Callable 2022 144A	United States	Corporate - Non Convertible	USD 19,000	27	24
Fortress Transportation and Infrastructure Investors LLC 5.50% 05-01-2028 144A	United States	Corporate - Non Convertible	USD 109,000	135	124
Freedom Mortgage Corp. 7.63% 05-01-2026 144A	United States	Corporate - Non Convertible	USD 138,000	183	165
Freeport-McMoRan Inc. 4.25% 03-01-2030 Callable 2025	United States	Corporate - Non Convertible	USD 60,000	79	76
Front Range BidCo Inc. 6.13% 03-01-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 71,000	99	80
Frontier Communications Corp. 6.75% 05-01-2029 144A	United States	Corporate - Non Convertible	USD 290,000	391	347
GFL Environmental Inc. 4.25% 06-01-2025 Callable 2022 144A	Canada	Corporate - Non Convertible	USD 32,000	44	40
GFL Environmental Inc. 3.50% 09-01-2028 144A	Canada	Corporate - Non Convertible	USD 189,000	235	222
Goodyear Tire & Rubber Co. 5.63% 04-30-2033	United States	Corporate - Non Convertible	USD 280,000	347	325
Gray Television Inc. 5.88% 07-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 91,000	128	117
Gray Television Inc. 5.38% 11-15-2031 144A	United States	Corporate - Non Convertible	USD 81,000	106	97
Griffon Corp. 5.75% 03-01-2028 Callable 2023	United States	Corporate - Non Convertible	USD 52,000	70	63
GTT Communications Inc. 7.88% 12-31-2024 Callable 2022 144A	United States	Corporate - Non Convertible	USD 203,000	213	26
Gulfport Energy Corp. 6.00% 10-15-2024	United States	Corporate - Non Convertible	USD 100,000	-	1
Gulfport Energy Corp. 6.38% 05-15-2025	United States	Corporate - Non Convertible	USD 245,000	-	2
Gulfport Energy Corp. 8.00% 05-17-2026 Callable 2024	United States	Corporate - Non Convertible	USD 105,710	141	138
H&E Equipment Services Inc. 3.88% 12-15-2028 144A	United States	Corporate - Non Convertible	USD 42,000	51	49
Hanesbrands Inc. 4.63% 05-15-2024 Callable 2024 144A	United States	Corporate - Non Convertible	USD 37,000	52	47
Hanesbrands Inc. 4.88% 05-15-2026 Callable 2026 144A	United States	Corporate - Non Convertible	USD 37,000	52	47
HCA Healthcare Inc. 3.50% 09-01-2030 Callable 2030	United States	Corporate - Non Convertible	USD 400,000	541	481
The Hertz Corp. 5.50% 10-15-2024 Callable 2021 144A	United States	Corporate - Non Convertible	USD 72,000	74	1
The Hertz Corp. 7.13% 08-01-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 37,000	53	3
Hilcorp Energy I LP 6.25% 11-01-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 131,000	174	166
Hilton Domestic Operating Co. Inc. 4.88% 01-15-2030 Callable 2025	United States	Corporate - Non Convertible	USD 7,000	9	9
Hilton Domestic Operating Co. Inc. 3.63% 02-15-2032 144A	United States	Corporate - Non Convertible	USD 151,000	191	170
Hilton Worldwide Finance LLC 4.88% 04-01-2027 Callable 2022	United States	Corporate - Non Convertible	USD 42,000	58	53
Horizon Therapeutics PLC 5.50% 08-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 8,000	11	10
The Howard Hughes Corp. 4.13% 02-01-2029	United States	Corporate - Non Convertible	USD 98,000	124	115
Howmet Aerospace Inc. 6.88% 05-01-2025	United States	Corporate - Non Convertible	USD 6,000	9	8
Hudbay Minerals Inc. 4.50% 04-01-2026 144A	Peru	Corporate - Non Convertible	USD 81,000	101	99
Hughes Satellite Systems Corp. 6.63% 08-01-2026	United States	Corporate - Non Convertible	USD 26,000	38	34
Icahn Enterprises LP 6.25% 05-15-2026 Callable 2022	United States	Corporate - Non Convertible	USD 166,000	230	212
iHeartCommunications Inc. 8.38% 05-01-2027	United States	Corporate - Non Convertible	USD 116,000	161	150
International Game Technology PLC 6.50% 02-15-2025 Callable 2024 144A	United States	Corporate - Non Convertible	USD 200,000	294	264
Intesa Sanpaolo SpA 5.71% 01-15-2026	Italy	Corporate - Non Convertible	USD 200,000	294	256
Intrado Corp. 8.50% 10-15-2025 Callable 2022 144A	United States	Corporate - Non Convertible	USD 41,000	43	47
Iron Mountain Inc. 4.88% 09-15-2029 Callable 2024 144A	United States	Corporate - Non Convertible	USD 57,000	78	68
Iron Mountain Inc. 5.25% 07-15-2030 Callable 2025 144A	United States	Corporate - Non Convertible	USD 145,000	204	178
iStar Inc. 4.75% 10-01-2024	United States	Corporate - Non Convertible	USD 64,000	90	81
Jeld-Wen Inc. 4.63% 12-15-2025 Callable 2022 144A	United States	Corporate - Non Convertible	USD 41,000	56	49
Kennedy-Wilson Inc. 5.00% 03-01-2031	United States	Corporate - Non Convertible	USD 58,000	77	69
L Brands Inc. 5.25% 02-01-2028	United States	Corporate - Non Convertible	USD 155,000	193	196
Ladder Capital Finance Holdings LLLP 5.25% 10-01-2025 Callable 2022 144A	United States	Corporate - Non Convertible	USD 72,000	98	90
Lamar Media Corp. 3.75% 02-15-2028 Callable 2023	United States	Corporate - Non Convertible	USD 95,000	128	113
Laredo Petroleum Inc. 9.50% 01-15-2025	United States	Corporate - Non Convertible	USD 74,000	99	97
Level 3 Financing Inc. 4.63% 09-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 119,000	168	141
Level 3 Parent LLC 3.63% 01-15-2029 144A	United States	Corporate - Non Convertible	USD 168,000	221	185
Leviathan Bond Ltd. 6.50% 06-30-2027	Israel	Corporate - Non Convertible	USD 174,000	247	224
LifePoint Health Inc. 6.75% 04-15-2025 Callable 2022 144A	United States	Corporate - Non Convertible	USD 76,000	108	98
Live Nation Entertainment Inc. 4.75% 10-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 218,000	283	267
LPL Holdings Inc. 4.00% 03-15-2029 144A	United States	Corporate - Non Convertible	USD 116,000	150	138
Madison IAQ LLC 5.88% 06-30-2029 144A	United States	Corporate - Non Convertible	USD 122,000	154	136
Magic Mergeco Inc. 5.25% 05-01-2028	United States	Corporate - Non Convertible	USD 165,000	202	190
Mallinckrodt International Finance SA 5.75% 08-01-2022 144A	United States	Corporate - Non Convertible	USD 196,000	238	118



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<b>BONDS (cont'd)</b>					
Mallinckrodt International Finance SA 5.63% 10-15-2023 144A	United States	Corporate - Non Convertible	USD 46,000	30	28
Matador Resources Co. 5.88% 09-15-2026 Callable 2022	United States	Corporate - Non Convertible	USD 54,000	72	69
Match Group Inc. 5.00% 12-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 76,000	106	95
Mattel Inc. 5.88% 12-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 26,000	36	34
MEG Energy Corp. 7.13% 02-01-2027 Callable 2023 144A	Canada	Corporate - Non Convertible	USD 60,000	81	79
MEG Energy Corp. 5.88% 02-01-2029 144A	Canada	Corporate - Non Convertible	USD 18,000	23	23
Melco Resorts Finance Ltd. 5.63% 07-17-2027 Callable 2022 144A	Hong Kong	Corporate - Non Convertible	USD 200,000	271	226
Merck & Co. Inc. 5.13% 04-30-2031	United States	Corporate - Non Convertible	USD 220,000	293	267
Methanex Corp. 5.25% 12-15-2029	Canada	Corporate - Non Convertible	USD 98,000	133	125
MGM Growth Properties LP/MGP Finance Co-Issuer Inc. 5.63% 05-01-2024 Callable	United States	Corporate - Non Convertible	USD 35,000	51	45
MGM Growth Properties Operating Partnership LP 4.50% 09-01-2026	United States	Corporate - Non Convertible	USD 163,000	225	205
MGM Growth Properties Operating Partnership LP 5.75% 02-01-2027 Callable 2026	United States	Corporate - Non Convertible	USD 43,000	64	57
MGM Resorts International 5.50% 04-15-2027	United States	Corporate - Non Convertible	USD 142,000	198	180
Molina Healthcare Inc. 4.38% 06-15-2028 144A	United States	Corporate - Non Convertible	USD 71,000	92	87
Moss Creek Resources Holdings Inc. 7.50% 01-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 40,000	41	46
MPT Operating Partnership LP 5.00% 10-15-2027	United States	Corporate - Non Convertible	USD 121,000	168	154
MPT Operating Partnership LP 4.63% 08-01-2029	United States	Corporate - Non Convertible	USD 71,000	97	88
MSCI Inc. 4.00% 11-15-2029	United States	Corporate - Non Convertible	USD 116,000	159	141
Murphy Oil Corp. 5.75% 08-15-2025 Callable 2022	United States	Corporate - Non Convertible	USD 72,000	99	92
Murphy Oil USA Inc. 4.75% 09-15-2029 Callable 2024	United States	Corporate - Non Convertible	USD 57,000	80	71
Nabors Industries Ltd. 7.25% 01-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 103,000	138	129
Nationstar Mortgage Holdings Inc. 5.50% 08-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 100,000	135	121
Navient Corp. 6.75% 06-15-2026	United States	Corporate - Non Convertible	USD 158,000	223	202
NCR Corp. 5.75% 09-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 35,000	49	44
NCR Corp. 6.13% 09-01-2029 144A	United States	Corporate - Non Convertible	USD 158,000	226	199
New Red Finance Inc. 4.00% 10-15-2030	Canada	Corporate - Non Convertible	USD 229,000	298	260
Newell Brands Inc. 3.85% 04-01-2023	United States	Corporate - Non Convertible	USD 34,000	47	43
Newell Brands Inc. 4.88% 06-01-2025	United States	Corporate - Non Convertible	USD 54,000	78	70
Newell Brands Inc. 4.20% 04-01-2026 Callable 2026	United States	Corporate - Non Convertible	USD 27,000	38	34
Nexstar Escrow Inc. 5.63% 07-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 171,000	241	217
NextEra Energy Operating Partners LP 4.50% 09-15-2027 Callable 2027 144A	United States	Corporate - Non Convertible	USD 68,000	93	85
NGL Energy Partners LP 7.50% 04-15-2026	United States	Corporate - Non Convertible	USD 41,000	49	45
NGPL PipeCo LLC 4.88% 08-15-2027 Callable 2027 144A	United States	Corporate - Non Convertible	USD 48,000	64	62
The Nielsen Co. (Luxembourg) SARL 02-01-2025 Callable 2022 144A	United States	Corporate - Non Convertible	USD 119,000	157	150
Nokia OYJ 4.38% 06-12-2027	Finland	Corporate - Non Convertible	USD 58,000	85	74
NOVA Chemicals Corp. 5.25% 06-01-2027 Callable 2027 144A	Canada	Corporate - Non Convertible	USD 148,000	205	186
Novelis Inc. 4.75% 01-30-2030 Callable 2025 144A	United States	Corporate - Non Convertible	USD 59,000	80	72
Novelis Inc. 3.88% 08-15-2031 144A	United States	Corporate - Non Convertible	USD 149,000	190	171
NRG Energy Inc. 5.75% 01-15-2028 Callable 2023	United States	Corporate - Non Convertible	USD 149,000	212	190
NuStar Logistics LP 5.63% 04-28-2027	United States	Corporate - Non Convertible	USD 179,000	238	219
Occidental Petroleum Corp. 5.55% 03-15-2026	United States	Corporate - Non Convertible	USD 221,000	281	293
Occidental Petroleum Corp. 3.50% 08-15-2029	United States	Corporate - Non Convertible	USD 194,000	183	240
Occidental Petroleum Corp. 8.88% 07-15-2030	United States	Corporate - Non Convertible	USD 79,000	113	127
Olin Corp. 5.63% 08-01-2029	United States	Corporate - Non Convertible	USD 28,000	39	36
Olin Corp. 5.00% 02-01-2030 Callable 2024	United States	Corporate - Non Convertible	USD 31,000	40	38
OneMain Holdings Inc. 5.38% 11-15-2029 Callable 2029	United States	Corporate - Non Convertible	USD 124,000	168	151
Outfront Media Capital LLC 5.00% 08-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 74,000	104	91
Panther BF Aggregator 2 LP 8.50% 05-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 152,000	203	197
Par Pharmaceutical Inc. 7.50% 04-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 90,000	119	105
Park Intermediate Holdings LLC 4.88% 05-15-2029	United States	Corporate - Non Convertible	USD 199,000	256	234
PBF Holding Co. LLC 9.25% 05-15-2025 144A	United States	Corporate - Non Convertible	USD 80,000	103	103
PBF Holding Co. LLC 6.00% 02-15-2028	United States	Corporate - Non Convertible	USD 131,000	137	132
Performance Food Group Inc. 4.25% 08-01-2029 144A	United States	Corporate - Non Convertible	USD 146,000	186	167
Perrigo Co. PLC 3.15% 06-15-2030	United States	Corporate - Non Convertible	USD 200,000	262	235
PetSmart Inc. 7.75% 02-15-2029 144A	United States	Corporate - Non Convertible	USD 120,000	164	155
PG&E Corp. 5.25% 07-01-2030	United States	Corporate - Non Convertible	USD 183,000	260	222
Pilgrim's Pride Corp. 5.88% 09-30-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 37,000	53	47

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<b>BONDS (cont'd)</b>					
PolyOne Corp. 5.25% 03-15-2023	United States	Corporate - Non Convertible	USD 100,000	143	127
Post Holdings Inc. 5.75% 03-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 28,000	36	35
Post Holdings Inc. 4.63% 04-15-2030 Callable 2025 144A	United States	Corporate - Non Convertible	USD 141,000	199	159
Premier Entertainment Sub LLC 5.63% 09-01-2029 144A	United States	Corporate - Non Convertible	USD 118,000	153	127
Prime Security Services Borrower LLC 5.75% 04-15-2026	United States	Corporate - Non Convertible	USD 133,000	187	170
Prime Security Services Borrower LLC 6.25% 01-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 89,000	119	109
Quicken Loans LLC 3.88% 03-01-2031 144A	United States	Corporate - Non Convertible	USD 137,000	181	154
QVC Inc. 4.38% 03-15-2023	United States	Corporate - Non Convertible	USD 100,000	136	126
QVC Inc. 4.85% 04-01-2024	United States	Corporate - Non Convertible	USD 85,000	118	109
Radiate Holdco LLC 6.50% 09-15-2028 144A	United States	Corporate - Non Convertible	USD 148,000	205	176
Range Resources Corp. 5.00% 03-15-2023 Callable 2022	United States	Corporate - Non Convertible	USD 40,000	49	50
Range Resources Corp. 8.25% 01-15-2029	United States	Corporate - Non Convertible	USD 34,000	48	47
RegionalCare Hospital Partners Holdings Inc. 9.75% 12-01-2026	United States	Corporate - Non Convertible	USD 95,000	135	124
Rite Aid Corp. 7.50% 07-01-2025 Callable 2022	United States	Corporate - Non Convertible	USD 31,000	42	37
Rite Aid Corp. 8.00% 11-15-2026 Callable 2023 144A	United States	Corporate - Non Convertible	USD 43,000	63	50
Riverbed Technology Inc. PIK Term 2 Lien F/R 12-31-2026	United States	Term Loans	USD 40,854	43	2
Royal Caribbean Cruises Ltd. 5.50% 04-01-2028 144A	United States	Corporate - Non Convertible	USD 263,000	341	314
Sabre GLBL Inc. 7.38% 09-01-2025 144A	United States	Corporate - Non Convertible	USD 167,000	235	218
SBA Communications Corp. 3.88% 02-15-2027	United States	Corporate - Non Convertible	USD 174,000	235	212
Scientific Games Corp. 7.25% 11-15-2029 Callable 2024 144A	United States	Corporate - Non Convertible	USD 93,000	130	122
Scientific Games International Inc. 8.25% 03-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 217,000	303	282
SCIH Salt Holdings Inc. 4.88% 05-01-2028	United States	Corporate - Non Convertible	USD 60,000	73	71
Scotts Miracle-Gro Co. 4.50% 10-15-2029	United States	Corporate - Non Convertible	USD 47,000	65	55
Scripps Escrow II Inc. 5.38% 01-15-2031 144A	United States	Corporate - Non Convertible	USD 25,000	31	30
Seagate Technology PLC 3.38% 07-15-2031	United States	Corporate - Non Convertible	USD 225,000	281	252
Sealed Air Corp. 4.00% 12-01-2027 Callable 2027 144A	United States	Corporate - Non Convertible	USD 60,000	80	73
Sensata Technologies BV 5.00% 10-01-2025 144A	Netherlands	Corporate - Non Convertible	USD 73,000	105	93
Sensata Technologies Inc. 3.75% 02-15-2031 144A	United States	Corporate - Non Convertible	USD 128,000	169	149
Service Corp. International 4.63% 12-15-2027 Callable 2022	United States	Corporate - Non Convertible	USD 76,000	107	97
Service Corp. International 3.38% 08-15-2030 Callable 2025	United States	Corporate - Non Convertible	USD 73,000	86	82
Service Properties Trust 4.35% 10-01-2024	United States	Corporate - Non Convertible	USD 110,000	136	133
Service Properties Trust 7.50% 09-15-2025	United States	Corporate - Non Convertible	USD 33,000	47	43
Silgan Holdings Inc. 4.13% 02-01-2028	United States	Corporate - Non Convertible	USD 30,000	41	36
Sirius XM Radio Inc. 5.00% 08-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 212,000	297	266
Sirius XM Radio Inc. 3.88% 09-01-2031 144A	United States	Corporate - Non Convertible	USD 56,000	70	64
Six Flags Entertainment Corp. 4.88% 07-31-2024 Callable 2022 144A	United States	Corporate - Non Convertible	USD 32,000	41	40
SM Energy Co. 10.00% 01-15-2025	United States	Corporate - Non Convertible	USD 72,000	160	98
Sothwestern Energy Co. 5.38% 02-01-2029	United States	Corporate - Non Convertible	USD 162,000	219	206
Spirit AeroSystems Inc. 7.50% 04-15-2025 144A	United States	Corporate - Non Convertible	USD 136,000	190	176
Springleaf Finance Corp. 5.63% 03-15-2023	United States	Corporate - Non Convertible	USD 62,000	80	79
Springleaf Finance Corp. 6.88% 03-15-2025	United States	Corporate - Non Convertible	USD 117,000	170	154
Sprint Corp. 7.88% 09-15-2023	United States	Corporate - Non Convertible	USD 49,000	74	65
Sprint Corp. 7.63% 02-15-2025 Callable 2024	United States	Corporate - Non Convertible	USD 64,000	99	87
Sprint Corp. 7.63% 03-01-2026 Callable 2025	United States	Corporate - Non Convertible	USD 136,000	185	192
SRS Distribution Inc. 4.63% 07-01-2028 144A	United States	Corporate - Non Convertible	USD 80,000	102	96
SS&C Technologies Inc. 5.50% 09-30-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 85,000	121	108
Standard Industries Inc. 4.38% 07-15-2030 144A	United States	Corporate - Non Convertible	USD 194,000	269	223
Staples Inc. 7.50% 04-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 153,000	206	186
Staples Inc. 10.75% 04-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 75,000	92	83
Starwood Property Trust Inc. 4.75% 03-15-2025 Callable 2024	United States	Corporate - Non Convertible	USD 37,000	52	47
Talen Energy Supply LLC 10.50% 01-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 114,000	129	34
Tallgrass Energy Partners LP 5.50% 01-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 202,000	261	245
Targa Resources Partners LP 5.50% 03-01-2030	United States	Corporate - Non Convertible	USD 64,000	86	84
Taylor Morrison Holdings Inc. 5.13% 08-01-2030 144A	United States	Corporate - Non Convertible	USD 103,000	136	126
TEGNA Inc. 5.00% 09-15-2029 Callable 2024 144A	United States	Corporate - Non Convertible	USD 85,000	115	107
Telesat Canada 4.88% 06-01-2027 Callable 2022 144A	Canada	Corporate - Non Convertible	USD 63,000	71	58
Tenet Healthcare Corp. 6.75% 06-15-2023	United States	Corporate - Non Convertible	USD 326,000	466	424
Tenet Healthcare Corp. 6.13% 10-01-2028 144A	United States	Corporate - Non Convertible	USD 211,000	280	268
TerraForm Power Operating LLC 4.75% 01-15-2030 Callable 2025 144A	United States	Corporate - Non Convertible	USD 82,000	116	100

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

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## SCHEDULE OF INVESTMENTS (cont'd)

as at March 31, 2022

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>BONDS (cont'd)</b>					
Teva Pharmaceutical Finance Netherlands III BV 3.15% 10-01-2026	Israel	Corporate - Non Convertible	USD 204,000	212	232
Teva Pharmaceutical Industries Ltd. 2.80% 07-21-2023	Israel	Corporate - Non Convertible	USD 124,000	163	154
TKC Holdings Inc. 6.88% 05-15-2028	United States	Corporate - Non Convertible	USD 82,000	101	100
T-Mobile US Inc. 4.75% 02-01-2028 Callable 2023	United States	Corporate - Non Convertible	USD 64,000	84	82
T-Mobile US Inc. 3.50% 04-15-2031	United States	Corporate - Non Convertible	USD 173,000	222	204
T-Mobile USA Inc. 5.38% 04-15-2027 Callable 2022	United States	Corporate - Non Convertible	USD 39,000	57	50
Toll Brothers Finance Corp. 3.80% 11-01-2029 Callable 2029	United States	Corporate - Non Convertible	USD 64,000	84	77
TransAlta Corp. 4.50% 11-15-2022 Callable 2022	Canada	Corporate - Non Convertible	USD 19,000	26	24
TransDigm Inc. 7.50% 03-15-2027 Callable 2022	United States	Corporate - Non Convertible	USD 70,000	99	91
TransDigm Inc. 5.50% 11-15-2027	United States	Corporate - Non Convertible	USD 104,000	139	129
TransDigm Inc. 4.88% 05-01-2029 Class B	United States	Corporate - Non Convertible	USD 211,000	271	248
Transocean Ltd. 7.50% 01-15-2026	United States	Corporate - Non Convertible	USD 77,000	33	84
Tronox US Holdings Inc. 4.63% 03-15-2029 144A	United States	Corporate - Non Convertible	USD 84,000	106	98
Twitter Inc. 3.88% 12-15-2027 Callable 2027 144A	United States	Corporate - Non Convertible	USD 31,000	42	38
Uber Technologies Inc. 8.00% 11-01-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 76,000	101	101
Uber Technologies Inc. 7.50% 09-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 98,000	141	131
United Rentals (North America) Inc. 4.88% 01-15-2028 Callable 2023	United States	Corporate - Non Convertible	USD 157,000	221	200
United Retnals (North America) Inc. 5.25% 01-15-2030 Callable 2025	United States	Corporate - Non Convertible	USD 40,000	54	52
United Wholesale Mortgage LLC 5.75% 06-15-2027 144A	United States	Corporate - Non Convertible	USD 140,000	169	163
Uniti Group LP 6.50% 02-15-2029 144A	United States	Corporate - Non Convertible	USD 207,000	253	242
Univision Communications Inc. 5.13% 02-15-2025 Callable 2022 144A	United States	Corporate - Non Convertible	USD 194,000	254	243
US Foods Inc. 4.75% 02-15-2029 144A	United States	Corporate - Non Convertible	USD 89,000	115	106
Venture Global LNG Inc. 4.13% 08-15-2031 144A	United States	Corporate - Non Convertible	USD 126,000	167	155
VEON Holdings BV 4.00% 04-09-2025 Callable 2025 144A	Netherlands	Corporate - Non Convertible	USD 200,000	281	156
Veritas US Inc. 7.50% 09-01-2025 144A	United States	Corporate - Non Convertible	USD 176,000	235	209
ViaSat Inc. 5.63% 04-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 134,000	184	165
VICI Properties Inc. 4.25% 12-01-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 136,000	188	170
VICI Properties LP 4.63% 12-01-2029 Callable 2024 144A	United States	Corporate - Non Convertible	USD 14,000	20	18
Vidéotron Ltée 5.13% 04-15-2027 Callable 2022 144A	Canada	Corporate - Non Convertible	USD 134,000	178	170
Viking Cruises Ltd. 5.88% 09-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 35,000	46	40
Virgin Media Finance PLC 5.00% 07-15-2030 Callable 2025 144A	United Kingdom	Corporate - Non Convertible	USD 200,000	269	237
VistaJet Malta Finance PLC 6.38% 02-01-2030 144A	Switzerland	Corporate - Non Convertible	USD 81,000	103	96
Vistra Operations Co. LLC 5.50% 09-01-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 82,000	114	103
Vistra Operations Co. LLC 5.00% 07-31-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 95,000	130	117
WESCO International Inc. 7.13% 06-15-2025 Callable 2022 144A	United States	Corporate - Non Convertible	USD 106,000	153	138
WESCO International Inc. 7.25% 06-15-2028 144A	United States	Corporate - Non Convertible	USD 83,000	121	110
Western Gas Partners LP 4.65% 07-01-2026 Callable 2026	United States	Corporate - Non Convertible	USD 69,000	90	89
Western Midstream Operating LP 5.30% 02-01-2030	United States	Corporate - Non Convertible	USD 134,000	190	167
Wildhorse Resource Development Corp. 6.88% Escrow 02-01-2025	United States	Corporate - Non Convertible	USD 114,000	-	-
Williams Scotsman International Inc. 4.63% 08-15-2028 144A	United States	Corporate - Non Convertible	USD 130,000	167	159
Windstream Escrow LLC 7.75% 08-15-2028 144A	United States	Corporate - Non Convertible	USD 111,000	146	141
WMG Acquisition Corp. 3.88% 07-15-2030 144A	United States	Corporate - Non Convertible	USD 66,000	89	79
WR Grace Holdings LLC 4.88% Exp. 06-15-2027	United States	Corporate - Non Convertible	USD 111,000	152	136
Wyndham Destinations Inc. 6.63% 07-31-2026 Callable 2026 144A	United States	Corporate - Non Convertible	USD 153,000	223	200
Wynn Las Vegas LLC 4.25% 05-30-2023 Callable 2023 144A	United States	Corporate - Non Convertible	USD 115,000	159	144
Wynn Las Vegas LLC 5.25% 05-15-2027 Callable 2027 144A	United States	Corporate - Non Convertible	USD 51,000	70	62
Xerox Holdings Corp. 5.50% 08-15-2028 144A	United States	Corporate - Non Convertible	USD 115,000	152	140
Yum! Brands Inc. 3.63% 03-15-2031	United States	Corporate - Non Convertible	USD 206,000	271	235
Zayo Group Holdings Inc. 4.00% 03-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 101,000	136	116
ZF North America Capital Inc. 4.75% 04-29-2025 144A	Germany	Corporate - Non Convertible	USD 150,000	207	188
Ziff Davis Inc. 4.63% 10-15-2030 144A	United States	Corporate - Non Convertible	USD 40,000	54	48
<b>Total bonds</b>				<b>48,412</b>	<b>43,532</b>

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

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## SCHEDULE OF INVESTMENTS (cont'd)

as at March 31, 2022

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>EQUITIES</b>					
CBL & Associates Properties Inc.	United States	Financials	2,764	104	114
Chesapeake Energy Corp. Purchase Warrant Exp. 02-09-2026	United States	Energy	119	3	8
Gulfport Energy Corp. 10.00% Conv. Perpetual Pfd.	United States	Energy	USD 8	20	1
MYT Holding Co. 10.00% Pfd.	United States	Consumer Discretionary	11,187	14	14
MYT Holding LLC Class B	United States	Consumer Discretionary	6,489	9	8
NMG Parent LLC	United States	Consumer Discretionary	22	29	27
<b>Total equities</b>				<b>179</b>	<b>172</b>
Transaction costs				–	–
<b>Total investments</b>				<b>48,591</b>	<b>43,704</b>
Derivative instruments (see schedule of derivative instruments)					879
Cash and cash equivalents					446
Other assets less liabilities					987
<b>Net assets attributable to unitholders</b>					<b>46,016</b>

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

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## SUMMARY OF INVESTMENT PORTFOLIO

MARCH 31, 2022

PORTFOLIO ALLOCATION	% OF NAV
Bonds	104.1
<i>Bonds</i>	94.6
<i>Long bond futures</i>	9.5
Other assets (liabilities)	3.9
Equities	0.4
Cash and short-term investments	(8.4)

REGIONAL ALLOCATION	% OF NAV
United States	93.5
Other assets (liabilities)	3.9
Canada	3.3
Luxembourg	1.8
Netherlands	1.3
Ireland	0.8
France	0.6
Italy	0.6
Cayman Islands	0.5
United Kingdom	0.5
Hong Kong	0.5
Israel	0.5
Malta	0.2
Other	0.2
Finland	0.2
Cash and short-term investments	(8.4)

SECTOR ALLOCATION	% OF NAV
Corporate bonds – Energy	12.7
Corporate bonds – Healthcare	11.2
Bond futures	9.4
Corporate bonds – Media	8.9
Corporate bonds – Leisure	8.2
Corporate bonds – Telecommunications	7.3
Corporate bonds – Services	6.9
Other	5.2
Corporate bonds – Automotive	4.9
Corporate bonds – Financial services	4.9
Corporate bonds – Real estate	4.6
Corporate bonds – Basic industry	4.5
Corporate bonds – Retail	4.5
Corporate bonds – Capital goods	4.4
Corporate bonds – Technology and electronics	4.2
Other assets (liabilities)	3.9
Corporate bonds – Utility	2.7
Cash and short-term investments	(8.4)

MARCH 31, 2021

PORTFOLIO ALLOCATION	% OF NAV
Bonds	96.9
Cash and short-term investments	2.0
Other assets (liabilities)	1.0
Equities	0.1

REGIONAL ALLOCATION	% OF NAV
United States	83.7
Canada	3.2
Netherlands	2.5
Cash and short-term investments	2.0
Luxembourg	1.4
Cayman Islands	1.1
Other assets (liabilities)	1.0
Ireland	1.0
United Kingdom	0.8
France	0.8
Australia	0.8
Italy	0.5
Norway	0.3
Other	0.3
Austria	0.2
Hong Kong	0.2
China	0.2

SECTOR ALLOCATION	% OF NAV
Corporate bonds – Energy	13.9
Corporate bonds – Healthcare	11.9
Corporate bonds – Media	10.2
Corporate bonds – Telecommunications	7.7
Corporate bonds – Services	6.2
Corporate bonds – Capital goods	5.9
Corporate bonds – Leisure	5.7
Corporate bonds – Automotive	5.2
Corporate bonds – Basic industry	5.1
Corporate bonds – Real estate	5.1
Corporate bonds – Consumer goods	4.7
Corporate bonds – Technology and electronics	4.3
Corporate bonds – Financial services	3.8
Corporate bonds – Retail	3.4
Other	2.2
Cash and short-term investments	2.0
Corporate bonds – Transportation	1.7
Other assets (liabilities)	1.0



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

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## NOTES TO FINANCIAL STATEMENTS

### 1. Fiscal Periods and General Information

The information provided in these financial statements and notes thereto is for the periods ended or as at March 31, 2022 and 2021, as applicable. In the year 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 11 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/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. Canada Life Investment Management Ltd. (“CLIML”) is wholly owned by The Canada Life Assurance Company (“Canada Life”), a subsidiary of Power Corporation of Canada. Investments in companies within the Power Group of companies held by the 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 June 3, 2022.

### 3. Significant Accounting Policies

#### (a) Financial instruments

Financial instruments include financial assets and liabilities such as debt and equity securities, exchange-traded 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 cost of investments is determined on a weighted average cost basis.

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

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

The ETF accounts for its holdings in exchange-traded funds, if any, at FVTPL. Mackenzie has concluded that any exchange-traded funds in which the ETF invests, do not meet either the definition of a structured entity or the definition of an associate.

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.

#### (b) Fair value measurement

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

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

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

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## NOTES TO FINANCIAL STATEMENTS

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

#### (b) Fair value measurement (cont'd)

Cash and cash equivalents which includes cash on deposit with financial institutions and short-term investments that are readily convertible to cash, are subject to an insignificant risk of changes in value, and are used by the 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 change in unrealized gains or losses that are best determined at the settlement price. These unrealized gains or losses are recorded and reported as such until the 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 paid for purchasing an option are recorded in the Statement of Financial Position – Investments at fair value.

Premiums received from writing options are included in the Statement of Financial Position as a liability and subsequently adjusted daily to fair value. If a written option expires unexercised, the premium received is recognized as a realized gain. If a written call option is exercised, the difference between the proceeds of the sale plus the value of the premium, and the cost of the security is recognized as a realized gain or loss. If a written put option is exercised, the cost of the security acquired is the exercise price of the option less the premium received.

Refer to the Schedule of Derivative Instruments and Schedule of Options Purchased/Written, as applicable, included in the Schedule of Investments for a listing of derivative and options positions as at March 31, 2022.

The ETF categorizes the fair value of its assets and liabilities into three categories, which are differentiated based on the observable nature of the inputs and extent of estimation required.

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

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly. Examples of Level 2 valuations include quoted prices for similar securities, quoted prices on inactive markets and from recognized investment dealers, and the application of factors derived from observable data to non-North American quoted prices in order to estimate the impact of differences in market closing times.

Financial instruments classified as Level 2 investments are valued based on the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data and using standard market convention practices. Short-term investments classified as Level 2 investments are valued based on amortized cost plus accrued interest which closely approximates fair value.

The estimated fair values for these securities may be different from the values that would have been used had a ready market for the investment existed; and

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

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

See Note 11 for the fair value classifications of the ETF.

#### (c) Income recognition

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

#### (d) Commissions and other portfolio transaction costs

Commissions and other portfolio transaction costs are costs incurred to acquire, issue or dispose of financial assets or liabilities. They include fees and commissions paid to agents, exchanges, brokers, dealers and other intermediaries. The total brokerage commissions incurred by the ETF in connection with portfolio transactions for the periods, together with other transaction charges, is disclosed in the Statements of Comprehensive Income. Brokerage business is allocated to brokers based on the best net result for the ETF. Subject to this criteria, commissions may be paid to brokerage firms which provide (or pay for) certain services, other than order execution, which may include investment research, analysis and reports, and databases or software in support of these services. Where applicable and ascertainable, the value of third-party services that were paid for by brokers during the periods is disclosed in Note 11. The value of certain proprietary services provided by brokers cannot be reasonably estimated.



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

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## NOTES TO FINANCIAL STATEMENTS

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

#### (d) Commissions and other portfolio transaction costs (cont'd)

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. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions included in the Statement of Comprehensive Income and recognized when earned. Securities lending transactions are administered by The Bank of New York Mellon (the "Securities Lending Agent"). The value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned, sold or purchased.

Note 11 summarizes the details of securities loaned and collateral received as at the end of period, as well as a reconciliation of securities lending income during the period, if applicable. Collateral received is comprised of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments, and financial institutions.

#### (f) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the 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 11 summarizes the details of such offsetting, if applicable, subject to master netting arrangements or other similar agreements and the net impact to the Statements of Financial Position if all such rights were exercised.

Income and expenses are not offset in the Statement of Comprehensive Income unless required or permitted to by an accounting standard, as specifically disclosed in the IFRS policies of the ETF.

#### (g) 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 and is disclosed in Note 11.

#### (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.

#### (k) Future accounting changes

The ETF has determined there are no material implications to the ETF's financial statements arising from IFRS issued but not yet effective.

### 4. Critical Accounting Estimates and Judgments

The preparation of these financial statements requires management to make estimates and assumptions that primarily affect the valuation of investments. Estimates and assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates.

Ongoing uncertainty regarding the duration and long-term impact of the COVID-19 pandemic and the effectiveness of vaccines against new variants of the virus contributes to uncertainty regarding the timing of a full economic recovery. As a result, it is not possible to reliably estimate the impact of the pandemic on the financial results and condition of the ETF in future periods.

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

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2022

## NOTES TO FINANCIAL STATEMENTS

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

The following discusses the most significant accounting judgments and estimates made in preparing the financial statements:

#### Use of Estimates

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

The 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. The ETF maintains a December year-end for tax purposes. The ETF may be subject to withholding taxes on foreign income. In general, the ETF treats withholding tax as a charge against income for tax purposes. The ETF will distribute sufficient amounts from net income for tax purposes, as required, so that the ETF will not pay income taxes other than refundable tax on capital gains, 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 11 for the ETF's loss carryforwards.

### 6. Management Fees and Operating Expenses

Mackenzie is paid a management fee for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions 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 11 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.

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

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## NOTES TO FINANCIAL STATEMENTS

### 7. Units and Unit Transactions (cont'd)

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, 2022 and 2021 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 11.

### 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, 2022, grouped by asset type, with geographic and sector information.

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 become 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 85% 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 is the risk that financial instruments which are denominated or exchanged in a currency other than the Canadian dollar, which is the ETF's functional currency, will fluctuate due to changes in exchange rates. Generally, foreign denominated investments increase in value when the value of the Canadian dollar (relative to foreign currencies) falls. Conversely, when the value of the Canadian dollar rises relative to foreign currencies, the values of foreign denominated investments fall.

Note 11 indicates the foreign currencies, if applicable, to which the ETF had significant exposure, including both monetary and non-monetary financial instruments, and illustrates the potential impact, in Canadian dollar terms, to the ETF's net assets had the Canadian dollar strengthened or weakened by 5% relative to all foreign currencies, all other variables held constant. In practice, the actual trading results may differ and the difference could be material.

The ETF's sensitivity to currency risk illustrated in Note 11 includes potential indirect impacts from underlying ETFs in which the ETF invests, and/or derivative contracts including forward currency contracts. Other financial assets and liabilities (including dividends and interest receivable, and receivables/payables for investments sold/purchased) that are denominated in foreign currencies do not expose the ETF to significant currency risk.

#### iv. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The ETF is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Generally, these securities increase in value when interest rates fall and decrease in value when interest rates rise.

If significant, Note 11 summarizes the ETF's interest-bearing financial instruments by remaining term to maturity and illustrates the potential impact to the ETF's net assets had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, all other variables held constant. The ETF's sensitivity to interest rate changes was estimated using weighted average duration. In practice, the actual trading results may differ and the difference could be material.

The ETF's sensitivity to interest rate risk illustrated in Note 11 includes potential indirect impacts from underlying ETFs in which the ETF invests, and/or derivative contracts. Cash and cash equivalents and other money market instruments are short term in nature and are not generally subject to significant amounts of interest rate risk.

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

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## NOTES TO FINANCIAL STATEMENTS

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

#### 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, theoretically without limit, as the fair value of the underlying interest increases (decreases). However, these instruments are generally used within the overall investment management process to manage the risk from the underlying investments and do not typically increase the overall risk of loss to the 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.

Other price risk typically arises from exposure to equity and commodity securities. If significant, Note 11 illustrates the potential increase or decrease in the ETF's net assets, had the prices on the respective exchanges for these securities increased or decreased by 10%, all other variables held constant. In practice, the actual trading results may differ and the difference could be material.

The ETF's sensitivity to other price risk illustrated in Note 11 includes potential indirect impacts from underlying ETFs in which the ETF invests, and/or derivative contracts.

#### vi. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the ETF. Note 11 summarizes the ETF's exposure, if applicable and significant, to credit risk.

If presented, credit ratings and rating categories are based on ratings issued by a designated rating organization. Indirect exposure to credit risk may arise from fixed-income securities, such as bonds, held by underlying ETFs, if any. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

To minimize the possibility of settlement default, securities are exchanged for payment simultaneously, where market practices permit, through the facilities of a central depository and/or clearing agency where customary.

The carrying amount of investments and other assets represents the maximum credit risk exposure as at the date of the Statement of Financial Position. The 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 11 summarizes the ETF's exposure, if applicable and significant, to these risks from underlying ETF.

### 10. Other Information

#### Abbreviations

Foreign currencies, if any, are presented in these financial statements using the following abbreviated currency codes:

Currency Code	Description	Currency Code	Description	Currency Code	Description
AUD	Australian dollars	HKD	Hong Kong dollars	PKR	Pakistani rupee
AED	United Arab Emirates Dirham	HUF	Hungarian forint	PLN	Polish zloty
BRL	Brazilian real	IDR	Indonesian rupiah	QAR	Qatar Rial
CAD	Canadian dollars	ILS	Israeli shekel	RON	Romanian leu
CHF	Swiss franc	INR	Indian rupee	RUB	Russian ruble
CKZ	Czech koruna	JPY	Japanese yen	SAR	Saudi riyal
CLP	Chilean peso	KOR	South Korean won	SEK	Swedish krona
CNY	Chinese yuan	MXN	Mexican peso	SGD	Singapore dollars
COP	Colombian peso	MYR	Malaysian ringgit	THB	Thailand baht
CZK	Czech koruna	NGN	Nigerian naira	TRL	Turkish lira
DKK	Danish krone	NOK	Norwegian krona	USD	United States dollars
EGP	Egyptian pound	NTD	New Taiwan dollar	VND	Vietnamese dong
EUR	Euro	NZD	New Zealand dollars	ZAR	South African rand
GBP	United Kingdom pounds	PEN	Peruvian nuevo sol	ZMW	Zambian kwacha
GHS	Ghana Cedi	PHP	Philippine peso		

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

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## NOTES TO FINANCIAL STATEMENTS

### 11. ETF Specific Information (in '000, 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.

CAD Units (renamed from Series E units on August 25, 2020) 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, 2022 was \$88.43 (2021 – \$94.29).

The management fee rate for CAD Units is 0.40%. Prior to September 20, 2019, the management fee rate for CAD Units was 0.50%.

As at March 31, 2022, the ETF's NAV per unit was \$88.49 (2021 – \$94.10) and its Net Assets per unit calculated in accordance with IFRS was \$88.49 (2021 – \$94.10).

#### (b) Tax Loss Carryforwards

Total Capital Loss \$	Total Non-Capital Loss \$	Expiration Date of Non-Capital Losses													
		2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
108	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

#### (c) Securities Lending

	March 31, 2022	March 31, 2021
	(\$)	(\$)
Value of securities loaned	119	668
Value of collateral received	125	717

	2022		2021	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	10	100.0	5	100.0
Tax withheld	(3)	(30.0)	(1)	(20.0)
	7	70.0	4	80.0
Payments to Securities Lending Agent	(1)	(10.0)	(1)	(20.0)
Securities lending income	6	60.0	3	60.0

#### (d) Commissions

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

#### (e) 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.

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

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## NOTES TO FINANCIAL STATEMENTS

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

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

##### ii. Currency risk

The tables below summarize the ETF's exposure to currency risk.

March 31, 2022					Impact on net assets			
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)	Strengthened by 5%		Weakened by 5%	
					(\$)	%	(\$)	%
USD	43,704	(96)	(44,647)	(1,039)				
Total	43,704	(96)	(44,647)	(1,039)				
% of Net Assets	95.0	(0.2)	(97.0)	(2.2)				
Total currency rate sensitivity					52	0.1	(52)	(0.1)

March 31, 2021					Impact on net assets			
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)	Strengthened by 5%		Weakened by 5%	
					(\$)	%	(\$)	%
USD	109,173	22	(111,883)	(2,688)				
Total	109,173	22	(111,883)	(2,688)				
% of Net Assets	96.7	–	(99.1)	(2.4)				
Total currency rate sensitivity					134	0.1	(134)	(0.1)

\* Includes both monetary and non-monetary financial instruments

##### iii. Interest rate risk

The tables below summarize the ETF's exposure to interest rate risks from its investments in bonds by term to maturity.

March 31, 2022	Bonds (\$)	Derivative Instruments (\$)	Impact on net assets			
			Increase by 1%		Decrease by 1%	
			(\$)	(%)	(\$)	(%)
Less than 1 year	5,827	4,338				
1-5 years	24,070	–				
5-10 years	13,309	–				
Greater than 10 years	326	–				
Total	43,532	4,338				
Total sensitivity to interest rate changes			(1,994)	(4.3)	1,994	4.3

March 31, 2021	Bonds (\$)	Derivative Instruments (\$)	Impact on net assets			
			Increase by 1%		Decrease by 1%	
			(\$)	(%)	(\$)	(%)
Less than 1 year	6,876	–				
1-5 years	57,551	–				
5-10 years	44,784	–				
Greater than 10 years	177	–				
Total	109,388	–				
Total sensitivity to interest rate changes			(3,778)	(3.3)	3,778	3.3

##### iv. Other price risk

As at March 31, 2022 and 2021, the ETF did not have a significant exposure to price risk.

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

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## NOTES TO FINANCIAL STATEMENTS

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

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

##### *v. Credit risk*

The ETF'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, 2022 was 1.7% (2021 – 2.2%) 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](http://www.sedar.com).

As at March 31, 2022 and 2021, debt securities by credit rating in the underlying ETF are as follows:

Bond Rating*	March 31, 2022	March 31, 2021
	% of Net Assets	% of Net Assets
A	–	0.2
BBB	3.8	3.8
BB	–	52.6
B	–	28.5
Less than B	89.1	10.6
Unrated	1.7	1.2
<b>Total</b>	<b>94.6</b>	<b>96.9</b>

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

#### (f) Fair Value Classification

The table below summarizes the fair value of the ETF's financial instruments using the fair value hierarchy described in note 3.

	March 31, 2022				March 31, 2021			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Bonds	–	43,527	5	43,532	–	109,388	–	109,388
Equities	136	–	36	172	70	–	27	97
Derivative assets	39	990	–	1,029	–	868	–	868
Derivative liabilities	–	(150)	–	(150)	–	(285)	–	(285)
<b>Total</b>	<b>175</b>	<b>44,367</b>	<b>41</b>	<b>44,583</b>	<b>70</b>	<b>109,971</b>	<b>27</b>	<b>110,068</b>

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.

For the period ended March 31, 2022, equities with a fair value of \$Nil (2021 – \$25) were transferred from Level 2 to Level 1 as a result of changes in the inputs used for valuation.

The table below presents a reconciliation of financial instruments measured at fair value using unobservable inputs (Level 3) for the periods ended March 31, 2022 and 2021:

	March 31, 2022			March 31, 2021		
	Bonds (\$)	Equities (\$)	Total	Bonds (\$)	Equities (\$)	Total
Balance – beginning of period	–	27	27	–	–	–
Purchases	147	–	147	–	29	29
Sales	–	–	–	–	–	–
Transfers in	–	9	9	–	–	–
Transfers out	–	–	–	–	–	–
Gains (losses) during the period:						
Realized	–	–	–	–	–	–
Unrealized	(142)	–	(142)	–	(2)	(2)
Balance – end of period	5	36	41	–	27	27
Change in unrealized gains (losses) during the period attributable to securities held at end of period	(142)	(3)	(145)	–	(2)	(2)

Changing one or more of the inputs to reasonably possible alternative assumptions for valuing Level 3 financial instruments would not significantly affect the fair value of those instruments.

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

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## NOTES TO FINANCIAL STATEMENTS

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

#### (g) Investments by the Manager and Affiliates

The investments held by the Manager, other funds managed by the Manager, and funds managed by affiliates of the Manager were as follows:

	March 31, 2022	March 31, 2021
	(\$)	(\$)
The Manager	–	–
Other funds managed by the Manager	30,227	35,570
Funds managed by affiliates of the Manager	2,597	68,482

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

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

	March 31, 2022			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	–	–	–	–
Unrealized losses on derivative contracts	(135)	–	–	(135)
Liability for options written	–	–	–	–
Total	(135)	–	–	(135)

	March 31, 2021			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	119	(33)	–	86
Unrealized losses on derivative contracts	(33)	33	–	–
Liability for options written	–	–	–	–
Total	86	–	–	86