

# MACKENZIE USD ULTRA SHORT DURATION INCOME FUND

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## ***Interim Unaudited Financial Statements***

*For the Six-Month Period Ended September 30, 2022*

*These Interim Unaudited Financial Statements do not contain the Interim Management Report of Fund Performance (“MRFP”) of the investment fund. You may obtain a copy of the Interim MRFP, at no cost, by contacting us using one of the methods noted under Fund Formation and Series Information or by visiting the SEDAR website at [www.sedar.com](http://www.sedar.com). Copies of the Annual Financial Statements or Annual MRFP may also be obtained, at no cost, using any of the methods outlined above.*

*Securityholders may also contact us using one of these methods to request a copy of the investment fund’s proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.*

### **NOTICE OF NO AUDITOR REVIEW OF THE INTERIM FINANCIAL STATEMENTS**

*Mackenzie Financial Corporation, the Manager of the Mackenzie USD Ultra Short Duration Income Fund (“Fund”), appoints independent auditors to audit the Fund’s Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Interim Financial Statements, this must be disclosed in an accompanying notice.*

*The Fund’s independent auditors have not performed a review of these Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada.*



**MACKENZIE**  
Investments

# MACKENZIE USD ULTRA SHORT DURATION INCOME FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## STATEMENTS OF FINANCIAL POSITION

at (in US\$ 000 except per security amounts)

	Sep. 30 2022 \$	Mar. 31 2022 (Audited) \$
<b>ASSETS</b>		
<b>Current assets</b>		
Investments at fair value	18,517	21,129
Cash and cash equivalents	285	402
Accrued interest receivable	99	86
Accounts receivable for investments sold	24	83
Accounts receivable for securities issued	–	50
Derivative assets	36	1
<b>Total assets</b>	<b>18,961</b>	<b>21,751</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable for investments purchased	2	25
Accounts payable for securities redeemed	–	318
Derivative liabilities	14	39
<b>Total liabilities</b>	<b>16</b>	<b>382</b>
<b>Net assets attributable to securityholders</b>	<b>18,945</b>	<b>21,369</b>

	Net assets attributable to securityholders (note 3)			
	per security		per series	
	Sep. 30 2022	Mar. 31 2022 (Audited)	Sep. 30 2022	Mar. 31 2022 (Audited)
Series A	9.28	9.38	54	353
Series D	9.31	9.41	55	1
Series F	9.21	9.32	935	1,345
Series FB	9.36	9.46	6	6
Series PW	9.27	9.37	13,843	15,893
Series PWFB	9.47	9.58	156	187
Series PWX	9.38	9.49	110	912
Series R	9.74	9.86	2,419	1,026
Series SC	9.24	9.34	1,367	1,646
			<b>18,945</b>	<b>21,369</b>

## STATEMENTS OF COMPREHENSIVE INCOME

for the periods ended September 30 (in US\$ 000 except per security amounts)

	2022 \$	2021 \$
<b>Income</b>		
Dividends	1	2
Interest Income	220	287
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	(207)	(148)
Net unrealized gain (loss)	(7)	(66)
Securities Lending Income	1	–
<b>Total income (loss)</b>	<b>8</b>	<b>75</b>
<b>Expenses (note 6)</b>		
Management fees	58	74
Administration fees	15	20
Commissions and other portfolio transaction costs	3	13
Independent Review Committee fees	–	–
<b>Expenses before amounts absorbed by Manager</b>	<b>76</b>	<b>107</b>
Expenses absorbed by Manager	–	–
<b>Net expenses</b>	<b>76</b>	<b>107</b>
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	<b>(68)</b>	<b>(32)</b>
Foreign withholding tax expense (recovery)	–	–
Foreign income taxes paid (recovered)	–	–
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	<b>(68)</b>	<b>(32)</b>

	Increase (decrease) in net assets attributable to securityholders from operations (note 3)			
	per security		per series	
	2022	2021	2022	2021
Series A	(0.06)	(0.04)	(2)	–
Series D	(0.03)	(0.01)	–	–
Series F	(0.03)	–	(3)	–
Series FB	(0.03)	(0.01)	–	–
Series PW	(0.04)	(0.02)	(58)	(28)
Series PWFB	(0.03)	–	(1)	–
Series PWX	0.01	0.03	–	2
Series R	0.01	–	3	(1)
Series SC	(0.05)	(0.02)	(7)	(5)
			<b>(68)</b>	<b>(32)</b>

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

# MACKENZIE USD ULTRA SHORT DURATION INCOME FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## STATEMENTS OF CHANGES IN FINANCIAL POSITION

for the periods ended September 30 (in US\$ 000 except per security amounts)

	Total		Series A		Series D		Series F		Series FB	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
Beginning of period	21,369	23,429	353	27	1	1	1,345	3,399	6	56
Increase (decrease) in net assets from operations	(68)	(32)	(2)	–	–	–	(3)	–	–	–
Distributions paid to securityholders:										
Investment income	(157)	(177)	(1)	–	–	–	(10)	(32)	–	–
Capital gains	–	–	–	–	–	–	–	–	–	–
Total distributions paid to securityholders	(157)	(177)	(1)	–	–	–	(10)	(32)	–	–
Security transactions:										
Proceeds from securities issued	3,220	9,699	–	248	54	–	138	3,117	–	–
Reinvested distributions	124	163	1	–	–	–	9	28	–	–
Payments on redemption of securities	(5,543)	(9,694)	(297)	–	–	–	(544)	(4,280)	–	(50)
Total security transactions	(2,199)	168	(296)	248	54	–	(397)	(1,135)	–	(50)
Increase (decrease) in net assets attributable to securityholders	(2,424)	(41)	(299)	248	54	–	(410)	(1,167)	–	(50)
<b>End of period</b>	<b>18,945</b>	<b>23,388</b>	<b>54</b>	<b>275</b>	<b>55</b>	<b>1</b>	<b>935</b>	<b>2,232</b>	<b>6</b>	<b>6</b>
<b>Increase (decrease) in fund securities (in thousands) (note 7):</b>			<b>Securities</b>		<b>Securities</b>		<b>Securities</b>		<b>Securities</b>	
Securities outstanding – beginning of period			38	3	–	–	144	357	1	6
Issued			–	26	6	–	16	327	–	–
Reinvested distributions			–	–	–	–	1	3	–	–
Redeemed			(32)	–	–	–	(59)	(451)	–	(5)
Securities outstanding – end of period			6	29	6	–	102	236	1	1

  

	Series PW		Series PWFB		Series PWX		Series R		Series SC	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
Beginning of period	15,893	17,484	187	129	912	580	1,026	–	1,646	1,753
Increase (decrease) in net assets from operations	(58)	(28)	(1)	(1)	–	2	3	–	(7)	(5)
Distributions paid to securityholders:										
Investment income	(101)	(127)	(1)	(1)	(9)	(7)	(26)	–	(9)	(10)
Capital gains	–	–	–	–	–	–	–	–	–	–
Total distributions paid to securityholders	(101)	(127)	(1)	(1)	(9)	(7)	(26)	–	(9)	(10)
Security transactions:										
Proceeds from securities issued	1,351	4,083	–	–	–	322	1,416	1	261	1,928
Reinvested distributions	96	118	1	1	9	7	–	–	8	9
Payments on redemption of securities	(3,338)	(3,002)	(30)	–	(802)	(122)	–	–	(532)	(2,240)
Total security transactions	(1,891)	1,199	(29)	1	(793)	207	1,416	1	(263)	(303)
Increase (decrease) in net assets attributable to securityholders	(2,050)	1,044	(31)	(1)	(802)	202	1,393	1	(279)	(318)
<b>End of period</b>	<b>13,843</b>	<b>18,528</b>	<b>156</b>	<b>128</b>	<b>110</b>	<b>782</b>	<b>2,419</b>	<b>1</b>	<b>1,367</b>	<b>1,435</b>
<b>Increase (decrease) in fund securities (in thousands) (note 7):</b>			<b>Securities</b>		<b>Securities</b>		<b>Securities</b>		<b>Securities</b>	
Securities outstanding – beginning of period			1,696	1,824	20	13	104	–	176	183
Issued			146	428	–	–	144	–	29	203
Reinvested distributions			10	12	–	–	–	–	1	1
Redeemed			(358)	(314)	(4)	–	–	–	(58)	(235)
Securities outstanding – end of period			1,494	1,950	16	13	248	–	148	152

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

# MACKENZIE USD ULTRA SHORT DURATION INCOME FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## STATEMENTS OF CASH FLOWS

for the periods ended September 30 (in US\$ 000)

	2022	2021
	\$	\$
<b>Cash flows from operating activities</b>		
Net increase (decrease) in net assets attributable to securityholders from operations	(68)	(32)
Adjustments for:		
Net realized loss (gain) on investments	189	131
Change in net unrealized loss (gain) on investments	7	66
Purchase of investments	(8,033)	(13,077)
Proceeds from sale and maturity of investments	10,429	12,578
(Increase) decrease in accounts receivable and other assets	(13)	38
<b>Net cash provided by (used in) operating activities</b>	<b>2,511</b>	<b>(296)</b>
<b>Cash flows from financing activities</b>		
Proceeds from securities issued	2,613	7,741
Payments on redemption of securities	(5,204)	(7,671)
Distributions paid net of reinvestments	(33)	(14)
<b>Net cash provided by (used in) financing activities</b>	<b>(2,624)</b>	<b>56</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(113)</b>	<b>(240)</b>
Cash and cash equivalents at beginning of period	402	1,756
Effect of exchange rate fluctuations on cash and cash equivalents	(4)	—
<b>Cash and cash equivalents at end of period</b>	<b>285</b>	<b>1,516</b>
Cash	285	1,516
Cash equivalents	—	—
<b>Cash and cash equivalents at end of period</b>	<b>285</b>	<b>1,516</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	1	2
Foreign taxes paid	—	—
Interest received	207	325
Interest paid	—	—

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# MACKENZIE USD ULTRA SHORT DURATION INCOME FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## SCHEDULE OF INVESTMENTS

as at September 30, 2022

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (US\$ 000)	Fair Value (US\$ 000)
<b>BONDS</b>					
ADS Tactical Inc. Term Loan B 1st Lien F/R 03-04-2028	United States	Term Loans	9,250	9	9
Al Aqua Merger Sub Inc. Term Loan B 1st Lien F/R 07-30-2028	United States	Term Loans	333	–	–
Amazon.com Inc. 0.25% 05-12-2023	United States	Corporate - Non Convertible	510,000	500	500
American Express Co. F/R 02-27-2023	United States	Corporate - Non Convertible	462,000	462	462
American Honda Finance Corp. 2.05% 01-10-2023	United States	Corporate - Non Convertible	600,000	615	596
AP Core Holdings II LLC Term Loan B2 1st Lien F/R 07-21-2027	United States	Term Loans	5,000	5	5
Ascend Wellness Holdings Inc. Term Loan 1st Lien F/R 08-27-2025	United States	Term Loans	2,000	2	2
AT&T Inc. F/R 03-25-2024	United States	Corporate - Non Convertible	715,000	717	710
Athene Global Funding 2.80% 05-26-2023 144A	United States	Corporate - Non Convertible	500,000	498	495
Athene Global Funding F/R 04-09-2024	United States	Corporate - Non Convertible	CAD 65,000	52	47
Bank of America Corp. F/R 06-14-2024	United States	Corporate - Non Convertible	600,000	594	580
Bank of America Corp. F/R 09-15-2027 (Floating)	United States	Corporate - Non Convertible	CAD 38,000	31	26
Bank of Montreal 2.55% 11-06-2022	Canada	Corporate - Non Convertible	600,000	619	599
The Bank of New York Mellon Corp. 0.50% 04-26-2024	United States	Corporate - Non Convertible	600,000	573	564
Canadian Imperial Bank of Commerce F/R 03-17-2023	Canada	Corporate - Non Convertible	400,000	402	400
Canadian Western Bank F/R 07-31-2081	Canada	Corporate - Non Convertible	CAD 3,000	2	2
Caterpillar Financial Services Corp. 0.65% 07-07-2023	United States	Corporate - Non Convertible	550,000	540	535
CCS-CMGC Holdings Inc. Term Loan 1st Lien F/R 09-25-2025	United States	Term Loans	9,650	10	9
Corus Entertainment Inc. 5.00% 05-11-2028	Canada	Corporate - Non Convertible	CAD 1,000	1	1
Daimler AG 3.35% 02-22-2023	Germany	Corporate - Non Convertible	350,000	367	348
Domtar Corp. 6.75% 10-01-2028 144A	United States	Corporate - Non Convertible	3,000	3	2
Empire Communities Corp. 7.38% 12-15-2025	Canada	Corporate - Non Convertible	CAD 10,000	8	6
Enbridge Inc. F/R 02-17-2023	Canada	Corporate - Non Convertible	500,000	501	499
Flynn America LP Term Loan B 1st Lien F/R 07-23-2028	United States	Term Loans	2,944	3	3
General Motors Financial Co. Inc. F/R 01-05-2023	United States	Corporate - Non Convertible	600,000	599	600
Gibson Energy Inc. F/R 12-22-2080	Canada	Corporate - Non Convertible	CAD 15,000	12	9
The Goldman Sachs Group Inc. 1.22% 12-06-2023	United States	Corporate - Non Convertible	550,000	544	528
Gray Television Inc. 5.38% 11-15-2031 144A	United States	Corporate - Non Convertible	19,000	19	15
Home Trust Co. 5.32% 06-13-2024	Canada	Corporate - Non Convertible	CAD 5,000	4	4
HSBC Holdings PLC 3.60% 05-25-2023	United Kingdom	Corporate - Non Convertible	600,000	608	595
Hudson River Trading LLC Term Loan B 1st Lien F/R 03-19-2028	United States	Term Loans	20	–	–
Hunter Douglas Inc. Term Loan B 1st Lien F/R 02-09-2029	Netherlands	Term Loans	6,000	6	5
Hyundai Capital America 4.13% 06-08-2023	United States	Corporate - Non Convertible	600,000	634	596
Inter Pipeline Ltd. F/R 11-19-2079 Callable 2029	Canada	Corporate - Non Convertible	CAD 10,000	8	7
International Business Machines Corp. 3.625% 02-12-2024	United States	Corporate - Non Convertible	500,000	495	495
Jadex Inc. Term Loan 1st Lien F/R 02-12-2028	United States	Term Loans	19,552	19	18
John Deere Financial Inc. F/R 07-10-2025	United States	Corporate - Non Convertible	600,000	600	598
Kellogg Co. 2.65% 12-01-2023	United States	Corporate - Non Convertible	550,000	546	539
Knight Health Holdings LLC Term Loan B 1st Lien F/R 12-17-2028	United States	Term Loans	3,980	4	3
LSF10 XL Bidco SCA Term Loan B 1st Lien F/R 03-30-2028	Luxembourg	Term Loans	EUR 8,535	10	7
Magallanes Inc. F/R 03-15-2024 144A	United States	Corporate - Non Convertible	400,000	399	399
Mav Acquisition Corp. Term Loan B 1st Lien F/R 07-21-2028	United States	Term Loans	3,960	4	4
Microsoft Corp. 3.63% 12-15-2023	United States	Corporate - Non Convertible	550,000	547	547
Mitsubishi UFJ Financial Group Inc. 2.80% 07-18-2024	Japan	Corporate - Non Convertible	200,000	205	192
Morgan Stanley F/R 11-10-2023	United States	Corporate - Non Convertible	500,000	495	497
Mozart Debt Merger Sub Inc. 3.88% 04-01-2029 144A	United States	Corporate - Non Convertible	4,000	4	3
Mozart Debt Merger Sub Inc. 5.25% 10-01-2029 144A	United States	Corporate - Non Convertible	4,000	4	3
National Australia Bank Ltd. F/R 12-13-2022 144A	Australia	Corporate - Non Convertible	450,000	451	450
National Bank of Canada 2.15% 10-07-2022	Canada	Corporate - Non Convertible	400,000	410	400
Nestle Holdings Inc. 3.35% 09-24-2023	United States	Corporate - Non Convertible	250,000	265	247
New York Life Global Funding F/R 01-10-2023	United States	Corporate - Non Convertible	610,000	610	610
NextEra Energy Capital Holdings Inc. F/R 03-01-2023	United States	Corporate - Non Convertible	500,000	499	500
PACCAR Financial Corp. 0.99% 05-14-2024	United States	Corporate - Non Convertible	CAD 12,000	10	8
Parkland Corp. of Canada 3.88% 06-16-2026	Canada	Corporate - Non Convertible	CAD 8,000	7	5
Rogers Communications Inc. F/R 12-17-2081	Canada	Corporate - Non Convertible	CAD 7,000	6	5
Rogers Communications Inc. F/R 03-15-2082 144A	Canada	Corporate - Non Convertible	2,000	2	2
Royal Bank of Canada 3.70% 10-05-2023	Canada	Corporate - Non Convertible	600,000	625	594
Signal Parent Inc. Term Loan B 1st Lien F/R 04-01-2028	United States	Term Loans	9,875	10	7
Spa US HoldCo Inc. Term Loan B 1st Lien F/R 03-12-2028	United States	Term Loans	9,876	10	9
Stitch Acquisition Corp. Term Loan B 1st Lien F/R 07-27-2028	United States	Term Loans	2,970	3	3
Sunset Debt Merger Sub Inc. Term Loan B 1st Lien F/R 09-17-2028	United States	Term Loans	3,990	4	3

# MACKENZIE USD ULTRA SHORT DURATION INCOME FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## SCHEDULE OF INVESTMENTS (cont'd)

as at September 30, 2022

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (US\$ 000)	Fair Value (US\$ 000)
<b>BONDS (cont'd)</b>					
Timber Servicios Empresariales SA Term Loan B 1st Lien F/R 02-17-2029	Spain	Term Loans	EUR 2,000	2	2
The Toronto-Dominion Bank F/R 01-06-2023	Canada	Corporate - Non Convertible	620,000	620	618
Toyota Motor Credit Corp. 2.63% 01-10-2023	United States	Corporate - Non Convertible	650,000	666	647
TransCanada PipeLines Ltd. 4.20% 03-04-2081	Canada	Corporate - Non Convertible	CAD 3,000	2	2
United States Treasury 0.25% 09-30-2023	United States	Foreign Governments	450,000	440	433
Verizon Communications Inc. F/R 03-20-2026	United States	Corporate - Non Convertible	617,000	629	606
Walmart Inc. 2.35% 12-15-2022	United States	Corporate - Non Convertible	660,000	687	658
Wells Fargo & Co. 3.45% 02-13-2023	United States	Corporate - Non Convertible	530,000	545	528
<b>Total bonds</b>				<b>18,783</b>	<b>18,401</b>
<b>EQUITIES</b>					
BCE Inc. Pfd. Series AA	Canada	Communication Services	306	4	4
BCE Inc. Pfd. Series AI	Canada	Communication Services	45	1	–
Brookfield Asset Management Inc. Pfd. Series 46	Canada	Real Estate	170	3	3
Brookfield Asset Management Inc. Pfd. Series 48	Canada	Real Estate	90	2	2
Brookfield Renewable Partners LP Pfd. Series 13	Canada	Utilities	143	3	2
Loblaw Companies Ltd. 5.30% Cum. Red. 2nd Pfd. Series B	Canada	Consumer Staples	10	–	–
Source Energy Services Ltd.	Canada	Energy	32	3	–
TransAlta Corp. Pfd. Series A	Canada	Utilities	629	6	6
<b>Total equities</b>				<b>22</b>	<b>17</b>
<b>MUTUAL FUNDS</b>					
<sup>1</sup> Mackenzie Floating Rate Income Fund Series R	Canada	Mutual Funds	16,895	118	99
<b>Total mutual funds</b>				<b>118</b>	<b>99</b>
Transaction costs				(9)	–
<b>Total investments</b>				<b>18,914</b>	<b>18,517</b>
Derivative instruments (see schedule of derivative instruments)					22
Cash and cash equivalents					285
Other assets less liabilities					121
<b>Net assets attributable to securityholders</b>					<b>18,945</b>

<sup>1</sup> This fund is managed by Mackenzie.

# MACKENZIE USD ULTRA SHORT DURATION INCOME FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## SUMMARY OF INVESTMENT PORTFOLIO

SEPTEMBER 30, 2022

PORTFOLIO ALLOCATION	% OF NAV
Bonds	97.1
Cash and short-term investments	1.5
Other assets (liabilities)	0.8
Mutual funds	0.5
Equities	0.1

REGIONAL ALLOCATION	% OF NAV
United States	72.1
Canada	17.3
United Kingdom	3.1
Australia	2.4
Germany	1.8
Cash and short-term investments	1.5
Japan	1.0
Other assets (liabilities)	0.8

SECTOR ALLOCATION	% OF NAV
Corporate bonds	94.3
Foreign government bonds	2.3
Cash and short-term investments	1.5
Other assets (liabilities)	0.8
Mutual funds	0.5
Term loans	0.5
Financials	0.1

MARCH 31, 2022

PORTFOLIO ALLOCATION	% OF NAV
Bonds	98.0
<i>Bonds</i>	98.0
<i>Purchased options</i>	0.0
<i>Written options</i>	(0.0)
Cash and short-term investments	1.9
Mutual funds	0.6
Equities	0.3
Other assets (liabilities)	(0.8)

REGIONAL ALLOCATION	% OF NAV
United States	64.9
Canada	23.9
United Kingdom	4.1
Germany	2.8
Australia	2.1
Cash and short-term investments	1.9
Japan	0.9
Luxembourg	0.1
Ireland	0.1
Other assets (liabilities)	(0.8)

SECTOR ALLOCATION	% OF NAV
Corporate bonds	92.1
Foreign government bonds	4.6
Cash and short-term investments	1.9
Term loans	1.3
Mutual funds	0.6
Financials	0.3
Other assets (liabilities)	(0.8)

# MACKENZIE USD ULTRA SHORT DURATION INCOME FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## SCHEDULE OF DERIVATIVE INSTRUMENTS

as at September 30, 2022

### Schedule of Forward Currency Contracts

Counterparty Credit Rating	Currency to be Received (\$ 000)	Currency to be Delivered (\$ 000)	Settlement Date	Contract Cost (US\$ 000)	Current Fair Value (US\$ 000)	Unrealized Gains (US\$ 000)	Unrealized Losses (US\$ 000)
A	10 USD	(10) EUR	Oct. 21, 2022	(10)	(10)	–	–
A	9 EUR	(9) USD	Oct. 21, 2022	9	9	–	–
A	– EUR	– USD	Oct. 21, 2022	–	–	–	–
A	1 EUR	(1) USD	Oct. 21, 2022	1	1	–	–
A	553 USD	(715) CAD	Nov. 4, 2022	(553)	(517)	36	–
A	35 CAD	(27) USD	Nov. 4, 2022	27	25	–	(2)
A	110 CAD	(85) USD	Nov. 4, 2022	85	80	–	(5)
A	200 CAD	(152) USD	Nov. 4, 2022	152	145	–	(7)
A	40 CAD	(29) USD	Nov. 4, 2022	29	29	–	–
AA	9 USD	(9) EUR	Nov. 18, 2022	(9)	(9)	–	–
AA	1 USD	(1) EUR	Nov. 18, 2022	(1)	(1)	–	–
AA	1 EUR	(1) USD	Nov. 18, 2022	1	1	–	–
<b>Total forward currency contracts</b>						<b>36</b>	<b>(14)</b>
<b>Total Derivative assets</b>							<b>36</b>
<b>Total Derivative liabilities</b>							<b>(14)</b>



# MACKENZIE USD ULTRA SHORT DURATION INCOME FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

### 1. Fiscal Periods and General Information

The information provided in these financial statements and notes thereto is for the six-month periods ended or as at September 30, 2022 and 2021, except for the comparative information presented in the Statements of Financial Position and notes thereto, which is as at March 31, 2022, as applicable. In the year a Fund or series is established or reinstated, 'period' represents the period from inception or reinstatement. Where a series of a Fund was terminated during either period, the information for the series is provided up to close of business on the termination date. Refer to Note 10 for the formation date of the Fund and the inception date of each series.

The Fund 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 Fund's registered office is 180 Queen Street West, Toronto, Ontario, Canada. The Fund is authorized to issue an unlimited number of units (referred to as "security" or "securities") of multiple series. Series of the Fund are available for sale under Simplified Prospectus or exempt distribution options.

Mackenzie Financial Corporation ("Mackenzie") is the manager of the Fund 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 Fund are identified in the Schedule of Investments.

### 2. Basis of Preparation and Presentation

These unaudited interim financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). These financial statements were prepared using the same accounting policies, critical accounting judgements and estimates as applied in the Fund's most recent audited annual financial statements for the year ended March 31, 2022. A summary of the Fund's significant accounting policies under IFRS is presented in Note 3.

These financial statements are presented in U.S. dollars, which is the Fund'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 November 11, 2022.

### 3. Significant Accounting Policies

#### (a) Financial instruments

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives. The Fund 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 Fund 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 Fund 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 Fund accounts for its holdings in unlisted open-ended investment funds and exchange-traded funds, if any, at FVTPL. Mackenzie has concluded that any unlisted open-ended investment funds and exchange-traded funds in which the Fund invests, do not meet either the definition of a structured entity or the definition of an associate.

The Fund's redeemable securities entitle securityholders the right to redeem their interest in the Fund for cash equal to their proportionate share of the net asset value of the Fund, amongst other contractual rights. The Fund's redeemable securities meet the criteria for classification as financial liabilities under IAS 32, *Financial Instruments: Presentation*. The Fund's obligation for net assets attributable to securityholders is presented at the redemption amount.

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

# MACKENZIE USD ULTRA SHORT DURATION INCOME FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

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

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

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.

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 Fund 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 Fund 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 Fund 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 Fund's portfolio manager(s), provided that the use of the derivative is consistent with the Fund's investment objectives. Any use of derivatives will comply with Canadian mutual fund laws, subject to the regulatory exemptions granted to the Fund, 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 Fund 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 Fund 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 September 30, 2022.

The Fund 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 10 for the fair value classifications of the Fund.

#### (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, realized gains (losses) on sale of investments or fee rebate income, as appropriate, on the ex-dividend or distribution date.

Income, realized gains (losses) and unrealized gains (losses) are allocated daily among the series on a pro-rata basis.

# MACKENZIE USD ULTRA SHORT DURATION INCOME FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

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

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

Commissions and other portfolio transaction costs are costs incurred to acquire, issue or dispose of financial assets or liabilities. They include fees and commissions paid to agents, exchanges, brokers, dealers and other intermediaries. The total brokerage commissions incurred by the Fund 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 Fund. 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 10. The value of certain proprietary services provided by brokers cannot be reasonably estimated.

#### (e) Securities lending, repurchase and reverse repurchase transactions

The Fund is permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in the Fund's Simplified 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 10 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 Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. Note 10 summarizes the details of such offsetting, if applicable, 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 Fund.

#### (g) Currency

The functional and presentation currency of the Fund is U.S. dollars. Foreign currency purchases and sales of investments and foreign currency dividend and interest income and expenses are translated to U.S. 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 U.S. dollars at the rate of exchange prevailing on each business day.

#### (h) Net assets attributable to securityholders per security

Net assets attributable to securityholders per security is computed by dividing the net assets attributable to securityholders of a series of securities on a business day by the total number of securities of the series outstanding on that day.

#### (i) Net asset value per security

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 securityholders (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 10.

#### (j) Increase (decrease) in net assets attributable to securityholders from operations per security

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

#### (k) Mergers

In a fund merger, the Fund acquires all of the assets and assumes all of the liabilities of the terminating fund at fair value in exchange for securities of the Fund on the effective date of the merger.

#### (l) Future accounting changes

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

# MACKENZIE USD ULTRA SHORT DURATION INCOME FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

### 4. Critical Accounting Estimates and Judgments

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

The 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 Fund 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 Fund.

#### Use of Judgments

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

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

##### *Functional currency*

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

##### *Structured entities and associates*

In determining whether an unlisted open-ended investment fund or an exchange-traded fund in which the Fund 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 Fund does not have contracts or financing arrangements with these underlying funds and the Fund 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 Fund 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 securityholders as at the end of the taxation year. The Fund maintains a December year-end for tax purposes. The Fund may be subject to withholding taxes on foreign income. In general, the Fund treats withholding tax as a charge against income for tax purposes. The Fund will distribute sufficient amounts from net income for tax purposes, as required, so that the Fund will not pay income taxes other than refundable tax on capital gains, if applicable.

Losses of the Fund cannot be allocated to investors and are retained in the Fund for use in future years. Non-capital losses may be carried forward up to 20 years to reduce taxable income and realized capital gains of future years. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Refer to Note 10 for the Fund'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, making brokerage arrangements relating to the purchase and sale of the investment portfolio and making arrangements with registered dealers for the purchase and sale of securities of the Fund by investors. The management fee is calculated on each series of securities of the Fund as a fixed annual percentage of the daily net asset value of the series.

Each series of the Fund, except B-Series, is charged a fixed rate annual administration fee ("Administration Fee") and in return, Mackenzie bears all of the operating expenses of the Fund, other than certain specified fund costs. The Administration Fee is calculated on each series of securities of the Fund as a fixed annual percentage of the daily net asset value of the series.

Other fund costs include taxes (including, but not limited to GST/HST and income tax), interest and borrowing costs, all fees and expenses of the Mackenzie Funds' Independent Review Committee (IRC), costs of complying with the regulatory requirement to produce Fund Facts, fees paid to external service providers associated with tax reclaims, refunds or the preparation of foreign tax reports on behalf of the Funds, new fees related to external services that were not commonly charged in the Canadian mutual fund industry and introduced after the date of the most recently filed simplified prospectus, and the costs of complying with any new regulatory requirements, including, without limitation, any new fees introduced after the date of the most recently filed simplified prospectus.

All expenses relating to the operation of the Fund attributable to B-Series securities will be charged to that particular series. Operating expenses include legal, audit, transfer agent, custodian, administration and trustee services, cost of financial reporting and Simplified Prospectus printing, regulatory filing fees and other miscellaneous expenses specifically attributable to the B-Series securities and any applicable taxes.

Mackenzie may waive or absorb management fees and/or Administration Fees at its discretion and stop waiving or absorbing such fees at any time without notice. Refer to Note 10 for the management fee and Administration Fee rates charged to each series of securities.

# MACKENZIE USD ULTRA SHORT DURATION INCOME FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

### 7. Fund's Capital

The capital of the Fund, which is comprised of the net assets attributable to securityholders, is divided into different series with each series having an unlimited number of securities. The securities outstanding for the Fund as at September 30, 2022 and 2021 and securities issued, reinvested and redeemed for the periods are presented in the Statement of Changes in Financial Position. Mackenzie manages the capital of the Fund in accordance with the investment objectives as discussed in Note 10.

### 8. Financial Instruments Risk

#### i. Risk exposure and management

The Fund's investment activities expose it to a variety of financial risks, as defined in IFRS 7, *Financial Instruments: Disclosures* ("IFRS 7"). The Fund's exposure to financial risks is concentrated in its investments, which are presented in the Schedule of Investments, as at September 30, 2022, grouped by asset type, with geographic and sector information.

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

#### ii. Liquidity risk

Liquidity risk arises when the Fund encounters difficulty in meeting its financial obligations as they become due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable securities. In order to monitor the liquidity of its assets, the Fund utilizes a liquidity risk management program that calculates the number of days to convert the investments held by the Fund into cash using a multi-day liquidation approach. This liquidity risk analysis assesses the Fund's liquidity against predetermined minimum liquidity percentages established for different time periods and is monitored quarterly. In addition, the Fund has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions.

In order to comply with securities regulations, the Fund must maintain at least 85% of its assets in liquid investments (i.e., investments that can be readily sold).

#### iii. Currency risk

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

Note 10 indicates the foreign currencies, if applicable, to which the Fund had significant exposure, including both monetary and non-monetary financial instruments, and illustrates the potential impact, in U.S. dollar terms, to the Fund's net assets had the U.S. 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 Fund's sensitivity to currency risk illustrated in Note 10 includes potential indirect impacts from underlying funds and Exchange Traded Funds ("ETFs") in which the Fund 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 Fund to significant currency risk.

#### iv. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The Fund 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 10 summarizes the Fund's interest-bearing financial instruments by remaining term to maturity and illustrates the potential impact to the Fund'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 Fund'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 Fund's sensitivity to interest rate risk illustrated in Note 10 includes potential indirect impacts from underlying funds and ETFs in which the Fund 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.

#### 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 Fund 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 Fund. This risk is mitigated by ensuring that the Fund 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.

# MACKENZIE USD ULTRA SHORT DURATION INCOME FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

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

#### v. Other price risk (cont'd)

Other price risk typically arises from exposure to equity and commodity securities. If significant, Note 10 illustrates the potential increase or decrease in the Fund'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 Fund's sensitivity to other price risk illustrated in Note 10 includes potential indirect impacts from underlying funds and ETFs in which the Fund 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 Fund. Note 10 summarizes the Fund'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 funds and 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 Fund 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 funds

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

### 9. 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 USD ULTRA SHORT DURATION INCOME FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

### 10. Fund Specific Information (in '000 of U.S. dollars, except for (a)) (cont'd)

#### (c) Securities Lending

	September 30, 2022	March 31, 2022
	(\$)	(\$)
Value of securities loaned	623	2,429
Value of collateral received	656	2,560

	September 30, 2022		September 30, 2021	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	1	100.0	–	–
Tax withheld	–	–	–	–
	1	100.0		
Payments to Securities Lending Agent	–	–	–	–
Securities lending income	1	100.0	–	–

#### (d) Commissions

	(\$)
September 30, 2022	–
September 30, 2021	–

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

##### i. Risk exposure and management

The Fund seeks income in U.S. dollars, with an emphasis on capital preservation, by investing primarily in short-term, high-quality corporate and government fixed income securities issued in the United States with a duration of up to 18 months.

##### ii. Currency risk

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

Currency	September 30, 2022				Impact on net assets			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)	Strengthened by 5%		Weakened by 5%	
					(\$)	%	(\$)	%
CAD	238	37	(238)	37				
EUR	9	–	(9)	–				
Total	247	37	(247)	37				
% of Net Assets	1.3	0.2	(1.3)	0.2				
Total currency rate sensitivity					(2)	–	2	–



# MACKENZIE USD ULTRA SHORT DURATION INCOME FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

### 10. Fund Specific Information (in '000 of U.S. dollars, except for (a)) (cont'd)

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

##### ii. Currency risk (cont'd)

Currency	March 31, 2022				Impact on net assets			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)	Strengthened by 5%		Weakened by 5%	
					(\$)	%	(\$)	%
CAD	1,017	363	(1,296)	84				
EUR	46	1	(43)	4				
Total	1,063	364	(1,339)	88				
% of Net Assets	5.0	1.7	(6.3)	0.4				
Total currency rate sensitivity					(4)	–	4	–

\* Includes both monetary and non-monetary financial instruments

##### iii. Interest rate risk

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

September 30, 2022	Bonds (\$)	Derivative Instruments (\$)	Impact on net assets			
			Increase by 1%		Decrease by 1%	
			(\$)	(%)	(\$)	(%)
Less than 1 year	11,481	–				
1-5 years	6,796	–				
5-10 years	97	–				
Greater than 10 years	27	–				
Total	18,401	–				
Total sensitivity to interest rate changes			(84)	(0.4)	84	0.4

March 31, 2022	Bonds (\$)	Derivative Instruments (\$)	Impact on net assets			
			Increase by 1%		Decrease by 1%	
			(\$)	(%)	(\$)	(%)
Less than 1 year	11,676	–				
1-5 years	8,980	–				
5-10 years	257	–				
Greater than 10 years	30	–				
Total	20,943	–				
Total sensitivity to interest rate changes			(117)	(0.5)	117	0.5

##### iv. Other price risk

As at September 30, 2022 and March 31, 2022, the Fund did not have a significant exposure to other price risk.

# MACKENZIE USD ULTRA SHORT DURATION INCOME FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

### 10. Fund Specific Information (in '000 of U.S. dollars, except for (a)) (cont'd)

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

##### v. Credit risk

The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The maximum exposure to any one debt issuer as at September 30, 2022 was 3.7% of the net assets of the Fund (March 31, 2022 – 4.5%).

As at September 30, 2022 and March 31, 2022, debt securities by credit rating are as follows:

Bond Rating*	September 30, 2022	March 31, 2022
	% of Net Assets	% of Net Assets
AAA	2.9	–
AA	15.3	13.5
A	44.5	44.7
BBB	33.6	37.9
Less than BBB	0.7	1.6
Unrated	0.1	0.2
Total	97.1	97.9

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

#### (f) Fair Value Classification

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

	September 30, 2022				March 31, 2022			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Bonds	–	18,401	–	18,401	–	20,943	–	20,943
Equities	17	–	–	17	68	–	–	68
Mutual funds	99	–	–	99	118	–	–	118
Derivative assets	–	36	–	36	–	1	–	1
Derivative liabilities	–	(14)	–	(14)	–	(39)	–	(39)
Total	116	18,423	–	18,539	186	20,905	–	21,091

The Fund's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

During the period, there were no transfers between Level 1 and Level 2.

#### (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, investing in series CL, IG or S of the Fund, as applicable (as described in Fund Formation and Series Information in note 10), were as follows:

	September 30, 2022	March 31, 2022
	(\$)	(\$)
The Manager	10	–
Other funds managed by the Manager	2,419	1,026
Funds managed by affiliates of the Manager	–	–

# MACKENZIE USD ULTRA SHORT DURATION INCOME FUND

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## NOTES TO FINANCIAL STATEMENTS

### 10. Fund Specific Information *(in '000 of U.S. dollars, except for (a)) (cont'd)*

#### (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.

	September 30, 2022			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	36	(14)	–	22
Unrealized losses on derivative contracts	(14)	14	–	–
Liability for options written	–	–	–	–
Total	22	–	–	22

	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	(39)	–	–	(39)
Liability for options written	–	–	–	–
Total	(39)	–	–	(39)