

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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. 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 Credit Absolute Return 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 CREDIT ABSOLUTE RETURN FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

STATEMENTS OF FINANCIAL POSITION

at (in \$ 000 except per security amounts)

	Sep. 30 2022	Mar. 31 2022 (Audited)
	\$	\$
ASSETS		
Current assets		
Investments at fair value	103,014	98,984
Cash and cash equivalents	24,118	27,420
Accrued interest receivable	1,705	1,555
Dividends receivable	1	–
Accounts receivable for investments sold	268	–
Accounts receivable for securities issued	16	37
Due from manager	–	1
Margin on derivatives	6,553	4,589
Derivative assets	1,676	2,191
Total assets	137,351	134,777
LIABILITIES		
Current liabilities		
Investments sold short at fair value	4,231	6,151
Accounts payable for investments purchased	93	–
Accounts payable for securities redeemed	12	1
Interest payable on securities sold short	67	103
Dividends payable on securities sold short	1	1
Liability for options written	587	245
Derivative liabilities	6,797	1,022
Total liabilities	11,788	7,523
Net assets attributable to securityholders	125,563	127,254

STATEMENTS OF COMPREHENSIVE INCOME

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

	2022 \$	2021 \$
Income (note 10(e)(f))		
Dividends	55	23
Interest income	3,063	3,245
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	(2,824)	2,715
Net unrealized gain (loss)	(8,913)	(2,525)
Fee rebate income	4	1
Total income (loss)	(8,615)	3,459
Expenses (note 6)		
Management fees	25	33
Administration fees	5	6
Interest charges	2	35
Borrowing fees	5	22
Commissions and other portfolio transaction costs	117	38
Independent Review Committee fees	–	–
Expenses before amounts absorbed by Manager	154	134
Expenses absorbed by Manager	–	–
Net expenses	154	134
Increase (decrease) in net assets attributable to securityholders from operations before tax	(8,769)	3,325
Foreign withholding tax expense (recovery)	2	323
Foreign income taxes paid (recovered)	–	–
Increase (decrease) in net assets attributable to securityholders from operations	(8,771)	3,002

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	8.14	8.91	211	310
Series CL	8.25	9.05	16,260	6,518
Series F	8.20	8.98	4,805	6,352
Series FB	8.16	8.95	3	1
Series O	8.31	9.12	1,228	1,026
Series PW	8.14	8.92	91	98
Series PWFB	8.21	9.01	1	1
Series PWX	8.32	9.12	1	1
Series R	8.31	9.12	102,963	112,947
			125,563	127,254

Increase (decrease) in net assets attributable to securityholders from operations (note 3)

	per security		per series	
	2022	2021	2022	2021
Series A	(0.59)	0.14	(18)	11
Series CL	(0.57)	(0.62)	(888)	(19)
Series F	(0.65)	0.16	(406)	104
Series FB	(1.06)	0.15	–	–
Series O	(0.61)	(0.01)	(80)	–
Series PW	(0.65)	0.19	(7)	1
Series PWFB	(0.09)	0.19	–	–
Series PWX	(0.60)	0.22	–	–
Series R	(0.60)	0.23	(7,372)	2,905
			(8,771)	3,002

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

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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STATEMENTS OF CHANGES IN FINANCIAL POSITION

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

	Total		Series A		Series CL		Series F		Series FB	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	127,254	134,727	310	850	6,518	1	6,352	5,805	1	1
Increase (decrease) in net assets from operations	(8,771)	3,002	(18)	11	(888)	(19)	(406)	104	–	–
Distributions paid to securityholders:										
Investment income	(3,153)	(2,372)	(4)	(7)	(412)	–	(95)	(85)	–	–
Capital gains	–	–	–	–	–	–	–	–	–	–
Total distributions paid to securityholders	(3,153)	(2,372)	(4)	(7)	(412)	–	(95)	(85)	–	–
Security transactions:										
Proceeds from securities issued	11,713	8,475	39	113	11,042	5,465	226	2,074	2	–
Reinvested distributions	81	60	3	7	–	–	48	51	–	–
Payments on redemption of securities	(1,561)	(6,539)	(119)	(284)	–	–	(1,320)	(741)	–	–
Total security transactions	10,233	1,996	(77)	(164)	11,042	5,465	(1,046)	1,384	2	–
Increase (decrease) in net assets attributable to securityholders	(1,691)	2,626	(99)	(160)	9,742	5,446	(1,547)	1,403	2	–
End of period	125,563	137,353	211	690	16,260	5,447	4,805	7,208	3	1
Increase (decrease) in fund securities (in thousands) (note 7):										
Securities outstanding – beginning of period			Securities		Securities		Securities		Securities	
Issued			35	87	720	–	707	592	–	–
Reinvested distributions			5	11	1,250	550	25	210	–	–
Redeemed			–	1	–	–	6	5	–	–
Redeemed			(14)	(29)	–	–	(152)	(75)	–	–
Securities outstanding – end of period			26	70	1,970	550	586	732	–	–

	Series O		Series PW		Series PWFB		Series PWX		Series R	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	1,026	11	98	72	1	1	1	1	112,947	127,985
Increase (decrease) in net assets from operations	(80)	–	(7)	1	–	–	–	–	(7,372)	2,905
Distributions paid to securityholders:										
Investment income	(29)	(2)	(1)	–	–	–	–	–	(2,612)	(2,278)
Capital gains	–	–	–	–	–	–	–	–	–	–
Total distributions paid to securityholders	(29)	(2)	(1)	–	–	–	–	–	(2,612)	(2,278)
Security transactions:										
Proceeds from securities issued	402	395	–	–	2	–	–	–	–	428
Reinvested distributions	29	2	1	–	–	–	–	–	–	–
Payments on redemption of securities	(120)	(13)	–	(35)	(2)	–	–	–	–	(5,466)
Total security transactions	311	384	1	(35)	–	–	–	–	–	(5,038)
Increase (decrease) in net assets attributable to securityholders	202	382	(7)	(34)	–	–	–	–	(9,984)	(4,411)
End of period	1,228	393	91	38	1	1	1	1	102,963	123,574
Increase (decrease) in fund securities (in thousands) (note 7):										
Securities outstanding – beginning of period			Securities		Securities		Securities		Securities	
Issued			112	1	11	7	–	–	12,385	12,888
Reinvested distributions			45	39	–	–	–	–	–	43
Reinvested distributions			3	–	–	–	–	–	–	–
Redeemed			(12)	(1)	–	(3)	–	–	–	(546)
Securities outstanding – end of period			148	39	11	4	–	–	12,385	12,385

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

MACKENZIE CREDIT ABSOLUTE RETURN FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

STATEMENTS OF CASH FLOWS

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

	2022	2021
	\$	\$
Cash flows from operating activities		
Net increase (decrease) in net assets attributable to securityholders from operations	(8,771)	3,002
Adjustments for:		
Net realized loss (gain) on investments	1,066	1,701
Change in net unrealized loss (gain) on investments	8,913	2,525
Purchase of investments	(35,518)	(64,794)
Proceeds from sale and maturity of investments	25,411	67,014
(Increase) decrease in accounts receivable and other assets	(2,114)	(210)
Increase (decrease) in accounts payable and other liabilities	(36)	70
Net cash provided by (used in) operating activities	(11,049)	9,308
Cash flows from financing activities		
Proceeds from securities issued	11,732	8,454
Payments on redemption of securities	(1,548)	(6,537)
Distributions paid net of reinvestments	(3,072)	(2,312)
Net cash provided by (used in) financing activities	7,112	(395)
Net increase (decrease) in cash and cash equivalents	(3,937)	8,913
Cash and cash equivalents at beginning of period	27,420	23,583
Effect of exchange rate fluctuations on cash and cash equivalents	635	293
Cash and cash equivalents at end of period	24,118	32,789
Cash	7,894	13,235
Cash equivalents	16,224	19,554
Cash and cash equivalents at end of period	24,118	32,789
Supplementary disclosures on cash flow from operating activities:		
Dividends received	62	25
Dividends paid	8	5
Foreign taxes paid	2	323
Interest received	3,044	3,463
Interest paid	169	119

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MACKENZIE CREDIT ABSOLUTE RETURN 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 (\$ 000)	Fair Value (\$ 000)
LONG POSITIONS					
BONDS					
Acuris Finance US Inc. 5.00% 05-01-2028 144A	United States	Corporate - Non Convertible	USD 200,000	233	231
Agile Group Holdings Ltd. 5.75% 01-02-2025	China	Corporate - Non Convertible	USD 1,200,000	1,259	518
Albion Financing Ltd. 2 SARL 8.75% 04-15-2027 144A	Luxembourg	Corporate - Non Convertible	USD 200,000	252	232
Algonquin Power & Utilities Corp. F/R 01-18-2082	Canada	Corporate - Non Convertible	1,018,000	999	843
Allied Universal Holdco LLC 3.63% 06-01-2028	United States	Corporate - Non Convertible	EUR 400,000	589	406
Alphabet Inc. 2.25% 08-15-2060	United States	Corporate - Non Convertible	USD 265,000	235	208
AltaGas Ltd. F/R 01-11-2082	Canada	Corporate - Non Convertible	540,000	540	447
AltaGas Ltd. F/R 08-17-2082	Canada	Corporate - Non Convertible	290,000	290	285
Altice Financing SA 5.75% 08-15-2029 144A	Luxembourg	Corporate - Non Convertible	USD 400,000	501	423
Altice France SA 2.13% 02-15-2025 Callable 2022	France	Corporate - Non Convertible	EUR 400,000	605	477
Altice France SA 5.13% 07-15-2029	France	Corporate - Non Convertible	USD 600,000	710	621
Apple Inc. 2.40% 08-20-2050	United States	Corporate - Non Convertible	USD 470,000	443	405
Arcos Dorados BV 6.13% 05-27-2029	Brazil	Corporate - Non Convertible	USD 300,000	377	378
Arcos Dorados Holdings Inc. 5.88% 04-04-2027 Callable 2022	Uruguay	Corporate - Non Convertible	USD 126,000	170	167
ARD Finance SA 6.50% 06-30-2027 Callable 2022 144A	Luxembourg	Corporate - Non Convertible	USD 250,000	339	238
Ardagh Metal Packaging 4.00% 09-01-2029 144A	United States	Corporate - Non Convertible	USD 167,000	212	170
Ardagh Packaging Finance PLC 5.25% 08-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 200,000	204	175
Ardagh Packaging Finance PLC 5.25% 08-15-2027 Callable 2023 2019 Issue 144A	United States	Corporate - Non Convertible	USD 200,000	274	172
Artis Real Estate Investment Trust 5.60% 04-29-2025	Canada	Corporate - Non Convertible	540,000	540	526
Ashton Woods USA LLC 4.63% 04-01-2030 144A	United States	Corporate - Non Convertible	USD 213,000	271	211
Ashton Woods USA LLC 4.63% 08-01-2029 144A	United States	Corporate - Non Convertible	USD 434,000	548	439
Atlantica Sustainable Infrastructure PLC 4.13% 06-15-2028 144A	Spain	Corporate - Non Convertible	USD 548,000	665	644
AutoCanada Inc. 5.75% 02-07-2029	Canada	Corporate - Non Convertible	500,000	500	436
Bank of Montreal F/R 11-26-2080	Canada	Corporate - Non Convertible	1,025,000	1,025	945
Bank of Montreal F/R 11-26-2082	Canada	Corporate - Non Convertible	200,000	200	199
Bausch Health Cos. Inc. 5.00% 02-15-2029 144A	United States	Corporate - Non Convertible	USD 150,000	196	81
Bausch Health Cos. Inc. 6.25% 02-15-2029 144A	United States	Corporate - Non Convertible	USD 318,000	433	170
Bausch Health Cos. Inc. 9.00% 12-15-2025 Callable 2022 144A	United States	Corporate - Non Convertible	USD 50,000	48	43
BCPE Cycle Merger Sub II Inc. 10.63% 07-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 317,000	452	201
Black Knight InfoServ LLC 3.63% 09-01-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 209,000	280	246
BlueLinX Holdings Inc. 6.00% 11-15-2029 144A	United States	Corporate - Non Convertible	USD 254,000	310	277
Broadcast Media Partners Holdings Inc. 4.50% 05-01-2029	United States	Corporate - Non Convertible	USD 266,000	323	302
Brookfield Residential Properties Inc. 5.13% 06-15-2029	Canada	Corporate - Non Convertible	441,000	441	357
BWAY Holding Co. 7.25% 04-15-2025 144A	United States	Corporate - Non Convertible	USD 578,000	732	703
Cablevision Lightpath LLC 5.63% 09-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 200,000	264	222
California Resources Corp. 7.13% 02-01-2026 144A	United States	Corporate - Non Convertible	USD 510,000	654	665
Canadian Imperial Bank of Commerce 4.38% 10-28-2080	Canada	Corporate - Non Convertible	310,000	310	286
Canadian Imperial Bank of Commerce F/R 07-28-2082	Canada	Corporate - Non Convertible	213,000	213	212
CAP SA 3.90% 04-27-2031	Chile	Corporate - Non Convertible	USD 200,000	250	196
Capital Power Corp. F/R 09-09-2082	Canada	Corporate - Non Convertible	760,000	760	758
Carnival Corp. 9.88% 08-01-2027 144A	United States	Corporate - Non Convertible	USD 180,000	263	246
Carriage Purchaser Inc. 7.88% 10-15-2029 144A	United States	Corporate - Non Convertible	USD 430,000	538	454
Cascades Inc. 5.13% 01-15-2025 Callable 2022	Canada	Corporate - Non Convertible	10,000	10	10
Cascades Inc. 5.13% 01-15-2026 Callable 2023 144A	Canada	Corporate - Non Convertible	USD 490,000	654	621
CCO Holdings LLC 4.25% 02-01-2031 Callable 2025 144A	United States	Corporate - Non Convertible	USD 1,671,000	2,297	1,790
Clearway Energy Group LLC 3.75% 02-15-2031 144A	United States	Corporate - Non Convertible	USD 270,000	319	297
Clearway Energy LLC 3.75% 01-15-2032 144A	United States	Corporate - Non Convertible	USD 230,000	291	247
Clydesdale Acquisition Holdings Inc. 8.75% 04-15-2030 144A	United States	Corporate - Non Convertible	USD 259,000	304	297
Cogent Communications Group Inc. 7.00% 06-15-2027 144A	United States	Corporate - Non Convertible	USD 203,000	256	266
Cologix Data Centers Issuer LLC 4.94% 1-25-2052	Canada	Mortgage Backed	540,000	540	500
Cologix Data Centers Issuer LLC 5.68% 1-25-2052	Canada	Mortgage Backed	430,000	430	399
Columbia Care Inc. 6.00% 06-29-2025 Conv.	Canada	Corporate - Convertible	USD 451,000	555	623
Columbia Care Inc. 9.50% 02-03-2026	Canada	Corporate - Non Convertible	USD 470,000	592	647
CommScope Inc. 4.75% 09-01-2029 144A	United States	Corporate - Non Convertible	USD 209,000	261	236
CommScope Technologies Finance LLC 8.25% 03-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 443,000	592	508
Condor Merger Sub Inc. 7.38% 02-15-2030 144A	United States	Corporate - Non Convertible	USD 470,000	596	529
Connect Finco SARL 6.75% 10-01-2026	United Kingdom	Corporate - Non Convertible	USD 300,000	406	363
Continental Resources Inc. 5.75% 01-15-2031 144A	United States	Corporate - Non Convertible	USD 175,000	229	220

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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 (\$ 000)	Fair Value (\$ 000)
LONG POSITIONS (cont'd)					
BONDS (cont'd)					
Corus Entertainment Inc. 5.00% 05-11-2028	Canada	Corporate - Non Convertible	710,000	710	579
Covert Mergeco Inc. 4.88% 12-01-2029 144A	United States	Corporate - Non Convertible	USD 52,000	61	58
Crocs Inc. 4.13% 08-15-2031 144A	United States	Corporate - Non Convertible	USD 30,000	38	32
Crocs Inc. 4.25% 03-15-2029 144A	United States	Corporate - Non Convertible	USD 160,000	208	177
Crown Americas LLC 5.25% 04-01-2030 144A	United States	Corporate - Non Convertible	USD 410,000	525	512
CrownRock LP / CrownRock Finance Inc. 5.63% 10-15-2025 Callable 144A	United States	Corporate - Non Convertible	USD 276,000	367	367
CSC Holdings LLC 4.63% 12-01-2030 144A	United States	Corporate - Non Convertible	USD 340,000	444	322
CSC Holdings LLC 5.75% 01-15-2030	United States	Corporate - Non Convertible	USD 170,000	215	170
CSC Holdings LLC 6.50% 02-01-2029 Callable 2024 144A	United States	Corporate - Non Convertible	USD 250,000	349	306
Curaleaf Holdings Inc. 8.00% 12-15-2026	United States	Corporate - Non Convertible	USD 310,000	397	383
Daimler Canada Finance Inc. 2.57% 11-22-2022	Germany	Corporate - Non Convertible	290,000	290	289
Dana Inc. 4.25% 09-01-2030	United States	Corporate - Non Convertible	USD 410,000	520	420
Dana Inc. 4.50% 02-15-2032	United States	Corporate - Non Convertible	USD 130,000	163	130
DaVita Inc. 3.75% 02-15-2031 Callable 2026 144A	United States	Corporate - Non Convertible	USD 627,000	827	618
Devon Energy Corp. 4.50% 01-15-2030	United States	Corporate - Non Convertible	USD 90,000	113	114
Diamond Sports Group LLC 5.38% 08-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 652,000	668	178
Diamond Sports Group LLC 6.63% 08-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 334,000	242	34
Domtar Corp. 6.75% 10-01-2028 144A	United States	Corporate - Non Convertible	USD 645,000	820	687
Easy Tactic Ltd. 6.50% 07-11-2025	China	Corporate - Non Convertible	USD 167,634	56	47
Easy Tactic Ltd. 6.50% 07-11-2027	China	Corporate - Non Convertible	USD 449,722	127	93
Ecopetrol SA 4.63% 11-02-2031	Colombia	Corporate - Non Convertible	USD 210,000	260	204
Embecta Corp. 5.00% 02-15-2030 144A	United States	Corporate - Non Convertible	USD 231,000	284	275
Empire Communities Corp. 7.38% 12-15-2025	Canada	Corporate - Non Convertible	434,000	434	382
Enbridge Inc. 5.37% 09-27-2077 Callable 2027	Canada	Corporate - Non Convertible	2,088,000	2,119	1,917
Ensign Drilling Inc. 9.25% 04-15-2024 144A	Canada	Corporate - Non Convertible	USD 378,000	460	462
FAGE International SA 5.63% 08-15-2026 Callable 2022 144A	Luxembourg	Corporate - Non Convertible	USD 200,000	262	244
Fairfax India Holdings Corp. 5.00% 02-26-2028 144A	India	Corporate - Non Convertible	USD 290,000	363	371
Ford Credit Canada Co. 2.96% 09-16-2026	United States	Corporate - Non Convertible	990,000	990	849
Ford Motor Co. 3.25% 02-12-2032	United States	Corporate - Non Convertible	USD 203,000	210	202
Foxtrot Escrow Issuer LLC 12.25% 11-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 328,000	463	360
Frontier Communications Corp. 5.88% 10-15-2027 144A	United States	Corporate - Non Convertible	USD 167,000	222	210
FXI Holdings Inc. 7.88% 11-01-2024 Callable 2022 144A	United States	Corporate - Non Convertible	USD 176,000	223	193
Gibson Energy Inc. F/R 12-22-2080	Canada	Corporate - Non Convertible	727,000	730	627
Go Daddy Operating Co. LLC 3.50% 03-01-2029 144A	United States	Corporate - Non Convertible	USD 342,000	429	387
Gol Linhas Aereas Inteligentes SA 8.00% 06-30-2026	Brazil	Corporate - Non Convertible	USD 200,000	243	170
Gray Television Inc. 5.38% 11-15-2031 144A	United States	Corporate - Non Convertible	USD 1,380,000	1,752	1,497
Gulfport Energy Corp. 8.00% 05-17-2026 144A	United States	Corporate - Non Convertible	USD 142,000	187	196
Hadrian Merger Sub Inc. 8.50% 05-01-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 425,000	541	542
Innovative Industrial Properties Inc. 5.50% 05-25-2026	United States	Corporate - Non Convertible	USD 404,000	504	496
Inter Pipeline Ltd. F/R 11-19-2079 Callable 2029	Canada	Corporate - Non Convertible	2,140,000	2,068	1,982
Iris Escrow Issuer Corp. 10.00% 12-15-2028 144A	Canada	Corporate - Non Convertible	USD 536,000	567	617
Iris Merger Sub 2019 Inc. 9.38% 02-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 209,000	298	278
Iron Mountain Inc. 5.00% 07-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 209,000	286	250
Iron Mountain Inc. 5.25% 07-15-2030 Callable 2025 144A	United States	Corporate - Non Convertible	USD 105,000	146	121
Jazz Pharmaceuticals PLC 4.38% 01-15-2029	United States	Corporate - Non Convertible	USD 500,000	625	597
Kaisa Group Holdings Ltd. 10.50% 09-07-2022	China	Corporate - Non Convertible	USD 600,000	376	89
Kaisa Group Holdings Ltd. 8.50% 06-30-2022	China	Corporate - Non Convertible	USD 1,500,000	640	220
Kaisa Group Holdings Ltd. 8.65% 07-22-2022	China	Corporate - Non Convertible	USD 400,000	181	59
Kaisa Group Holdings Ltd. 9.38% 06-30-2024	China	Corporate - Non Convertible	USD 200,000	193	31
Keyera Corp. F/R 03-10-2081	Canada	Corporate - Non Convertible	701,000	694	614
Keyera Corp. F/R 06-13-2079 Callable 2029	Canada	Corporate - Non Convertible	895,000	918	860
Kleopatra Holdings 2 SCA 6.50% 09-01-2026	Luxembourg	Corporate - Non Convertible	EUR 400,000	517	348
Kruger Products LP 5.38% 04-09-2029	Canada	Corporate - Non Convertible	847,000	846	711
Kruger Products LP 6.00% 04-24-2025 Callable 2022	Canada	Corporate - Non Convertible	27,000	26	25
LABL Escrow Issuer LLC 10.50% 07-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 501,000	724	595
LABL Escrow Issuer LLC 6.75% 07-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 418,000	590	525
LABL Inc. 8.25% 11-01-2029 144A	United States	Corporate - Non Convertible	USD 112,000	134	113
Lamar Media Corp. 4.00% 02-15-2030 Callable 2025	United States	Corporate - Non Convertible	USD 418,000	557	484
Laurentian Bank of Canada F/R 06-15-2081	Canada	Corporate - Non Convertible	630,000	631	539
Level 3 Financing Inc. 3.75% 07-15-2029 144A	United States	Corporate - Non Convertible	USD 92,000	118	93
Lions Gate Entertainment Inc. 5.50% 04-15-2029 144A	United States	Corporate - Non Convertible	USD 192,000	242	199

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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SCHEDULE OF INVESTMENTS (cont'd)

as at September 30, 2022

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
LONG POSITIONS (cont'd)					
BONDS (cont'd)					
Logan Group Co. Ltd. 4.70% 07-06-2026	China	Corporate - Non Convertible	USD 1,807,000	1,472	417
Manulife Financial Corp. F/R 06-19-2082	Canada	Corporate - Non Convertible	213,000	212	212
MARB BondCo. PLC 3.95% 01-29-2031	Brazil	Corporate - Non Convertible	USD 50,000	50	50
Mattamy Group Corp. 4.63% 03-01-2030 Callable 2025 144A	Canada	Corporate - Non Convertible	USD 209,000	223	221
Mattel Inc. 3.38% 04-01-2026 144A	United States	Corporate - Non Convertible	USD 294,000	372	366
Mav Acquisition Corp. 5.75% 08-01-2028 144A	United States	Corporate - Non Convertible	USD 560,000	704	650
MEDNAX Inc. 5.38% 02-15-2030 144A	United States	Corporate - Non Convertible	USD 101,000	113	117
MEG Energy Corp. 5.88% 02-01-2029 144A	Canada	Corporate - Non Convertible	USD 568,000	724	706
MEG Energy Corp. 7.13% 02-01-2027 Callable 2023 144A	Canada	Corporate - Non Convertible	USD 961,000	1,214	1,354
Mercer International Inc. F/R 02-01-2029	Germany	Corporate - Non Convertible	USD 142,000	180	158
Merck & Co. Inc. 5.13% 04-30-2031	United States	Corporate - Non Convertible	USD 200,000	248	228
Mexico Remittances Funding Fiduciary Estate Management SARL 4.88% 01-15-2028	Mexico	Corporate - Non Convertible	USD 250,000	316	288
Microsoft Corp. 2.68% 06-01-2060	United States	Corporate - Non Convertible	USD 135,000	130	116
MicroStrategy Inc. 6.13% 06-15-2028 144A	United States	Corporate - Non Convertible	USD 220,000	278	251
Minerva Merger Sub Inc. 6.50% 02-15-2030 144A	United States	Corporate - Non Convertible	USD 593,000	755	649
Minerva SA 4.38% 03-18-2031	Brazil	Corporate - Non Convertible	USD 140,000	175	147
Molina Healthcare Inc. 3.88% 05-15-2032 144A	United States	Corporate - Non Convertible	USD 100,000	124	114
Mozart Debt Merger Sub Inc. 3.88% 04-01-2029 144A	United States	Corporate - Non Convertible	USD 515,000	646	572
Mozart Debt Merger Sub Inc. 5.25% 10-01-2029 144A	United States	Corporate - Non Convertible	USD 658,000	832	689
MSCI Inc. 3.25% 08-15-2033 144A	United States	Corporate - Non Convertible	USD 337,000	376	359
Murphy Oil USA Inc. 3.75% 02-15-2031 144A	United States	Corporate - Non Convertible	USD 447,000	503	498
Nabors Industries Ltd. 7.25% 01-15-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 136,000	157	164
National Bank of Canada F/R 08-15-2081	Canada	Corporate - Non Convertible	450,000	451	367
Natural Resource Partners LP 9.13% 06-30-2025 144A	United States	Corporate - Non Convertible	USD 210,000	268	297
New Red Finance Inc. 4.00% 10-15-2030	Canada	Corporate - Non Convertible	USD 727,000	957	792
Nine Energy Service Inc. 8.75% 11-01-2023 Callable 2022 144A	United States	Corporate - Non Convertible	USD 122,000	83	131
NuVista Energy Ltd. 7.88% 07-23-2026	Canada	Corporate - Non Convertible	393,000	389	393
Open Text Corp. 3.88% 12-01-2029 144A	Canada	Corporate - Non Convertible	USD 468,000	545	500
Open Text Holdings Inc. 4.13% 12-01-2031 144A	Canada	Corporate - Non Convertible	USD 74,000	86	77
Owens & Minor Inc. 6.63% 04-01-2030	United States	Corporate - Non Convertible	USD 250,000	314	304
Parkland Corp. 4.38% 03-26-2029	Canada	Corporate - Non Convertible	601,000	599	509
Parkland Corp. of Canada 3.88% 06-16-2026	Canada	Corporate - Non Convertible	186,000	172	168
Parkland Corp. of Canada 4.50% 10-01-2029 144A	Canada	Corporate - Non Convertible	USD 1,388,000	1,748	1,561
Parkland Fuel Corp. 6.00% 06-23-2028 Callable 2023	Canada	Corporate - Non Convertible	121,000	118	114
Pattern Energy Operations LP 4.50% 08-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 209,000	289	252
Pembina Pipeline Corp. F/R 01-25-2081	Canada	Corporate - Non Convertible	1,178,000	1,178	973
Permian Resources Corp. 5.38% 01-15-2026 144A	United States	Corporate - Non Convertible	USD 177,000	221	224
Perrigo Co. PLC 3.15% 06-15-2030	United States	Corporate - Non Convertible	USD 101,000	116	116
Petroleos Mexicanos 6.70% 02-16-2032	Mexico	Corporate - Non Convertible	USD 186,000	239	181
PharmaCann LLC 12.00% 06-30-2025	United States	Corporate - Non Convertible	USD 282,000	337	385
Rackspace Technology Global Inc. 3.50% 02-15-2028 144A	United States	Corporate - Non Convertible	USD 301,000	382	275
Real Hero Merger Sub 2 Inc. 6.25% 02-01-2029 144A	United States	Corporate - Non Convertible	USD 142,000	180	143
Rogers Communications Inc. F/R 03-15-2082 144A	Canada	Corporate - Non Convertible	USD 1,000,000	1,269	1,213
Rogers Communications Inc. F/R 12-17-2081	Canada	Corporate - Non Convertible	669,000	669	603
Royal Bank of Canada F/R 11-24-2080 Callable 2025	Canada	Corporate - Non Convertible	1,761,000	1,749	1,635
Seaspan Corp. 5.50% 08-01-2029 144A	Hong Kong	Corporate - Non Convertible	USD 189,000	235	203
Secure Energy Services Inc. 7.25% 12-30-2026	Canada	Corporate - Non Convertible	1,046,000	1,057	997
Sienna Senior Living Inc. 2.82% 03-31-2027	Canada	Corporate - Non Convertible	385,000	386	344
Sinclair Television Group Inc. 5.13% 02-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 242,000	301	279
Sinclair Television Group Inc. 5.50% 03-01-2030 Callable 2024 144A	United States	Corporate - Non Convertible	USD 209,000	272	208
Sino-Ocean Group Holding Ltd. 4.75% 08-05-2029	China	Corporate - Non Convertible	USD 400,000	208	138
Sino-Ocean Group Holding Ltd. 5.95% 02-04-2027	China	Corporate - Non Convertible	USD 275,000	148	102
Source energy Services 10.50% 03-15-2025	Canada	Corporate - Non Convertible	351,121	180	209
Southwestern Energy Co. 5.38% 03-15-2030	United States	Corporate - Non Convertible	USD 270,000	340	335
SpA Holdings 3 Oy 4.88% 02-04-2028 144A	Finland	Corporate - Non Convertible	USD 200,000	249	222
Sprint Capital Corp. 6.88% 11-15-2028	United States	Corporate - Non Convertible	USD 1,183,000	1,664	1,684
Square Inc. 2.75% 06-01-2026 144A	United States	Corporate - Non Convertible	USD 320,000	398	382
Superior Plus LP 4.25% 05-18-2028 144A	Canada	Corporate - Non Convertible	1,084,000	1,078	942

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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SCHEDULE OF INVESTMENTS (cont'd)

as at September 30, 2022

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
LONG POSITIONS (cont'd)					
BONDS (cont'd)					
Superior Plus LP 4.50% 03-15-2029 144A	Canada	Corporate - Non Convertible	USD 409,000	520	467
Tacora Resources Inc. 8.25% 05-15-2026 144A	Canada	Corporate - Non Convertible	USD 126,000	155	149
Tamarack Valley Energy Ltd. 7.25% 05-10-2027	Canada	Corporate - Non Convertible	390,000	390	366
Tamarack Valley Energy Ltd. 7.25% 05-10-2027 (SEP)	Canada	Corporate - Non Convertible	380,000	357	357
TEGNA Inc. 4.63% 03-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 209,000	278	268
Tenet Healthcare Corp. 4.25% 06-01-2029 144A	United States	Corporate - Non Convertible	USD 343,000	414	395
Tenet Healthcare Corp. 4.38% 01-15-2030 144A	United States	Corporate - Non Convertible	USD 320,000	402	370
Tenet Healthcare Corp. 6.13% 10-01-2028 144A	United States	Corporate - Non Convertible	USD 205,000	271	251
TerraForm Power Operating LLC 4.75% 01-15-2030 Callable 2025 144A	United States	Corporate - Non Convertible	USD 209,000	298	247
TerraForm Power Operating LLC 5.00% 01-31-2028 Callable 2027 144A	United States	Corporate - Non Convertible	USD 400,000	538	491
Teva Pharmaceutical Industries Ltd. 2.80% 07-21-2023	Israel	Corporate - Non Convertible	USD 400,000	506	535
The Bank of Nova Scotia 2.38% 05-01-2023	Canada	Corporate - Non Convertible	534,000	529	527
The Bank of Nova Scotia F/R 07-27-2082	Canada	Corporate - Non Convertible	213,000	213	211
The Bank of Nova Scotia F/R 09-15-2023	Canada	Corporate - Non Convertible	USD 2,097,000	2,627	2,889
The Hertz Corp. 4.63% 12-01-2026 144A	United States	Corporate - Non Convertible	USD 410,000	522	464
The Toronto-Dominion Bank 1.91% 07-18-2023 DPNT	Canada	Corporate - Non Convertible	275,000	270	269
The Toronto-Dominion Bank F/R 01-31-2025	Canada	Corporate - Non Convertible	1,670,000	1,643	1,651
The Toronto-Dominion Bank F/R 04-22-2030 Callable 2025	Canada	Corporate - Non Convertible	403,000	427	380
The Toronto-Dominion Bank F/R 10-31-2081	Canada	Corporate - Non Convertible	497,000	482	398
The Toronto-Dominion Bank F/R 10-31-2082	Canada	Corporate - Non Convertible	200,000	200	199
Tianqi Finco Co. Ltd. 3.75% 11-28-2022	China	Corporate - Non Convertible	USD 300,000	352	412
TopBuild Corp. 4.13% 02-15-2032 144A	United States	Corporate - Non Convertible	USD 596,000	719	636
TransCanada PipeLines Ltd. 4.20% 03-04-2081	Canada	Corporate - Non Convertible	5,000	5	4
TransCanada Trust F/R 05-18-2077 Callable 2027	Canada	Corporate - Non Convertible	2,088,000	2,083	1,882
Trulieve Cannabis Corp. 8.00% 10-06-2026	United States	Corporate - Non Convertible	USD 213,000	268	270
Trulieve Cannabis Corp. 9.75% 06-18-2024	United States	Corporate - Non Convertible	USD 116,000	160	153
Uber Technologies Inc. 4.50% 08-15-2029 144A	United States	Corporate - Non Convertible	USD 290,000	357	339
Uber Technologies Inc. 8.00% 11-01-2026 Callable 2022 144A	United States	Corporate - Non Convertible	USD 410,000	570	569
UPC Broadband Finco BV 4.88% 07-15-2031 144A	Netherlands	Corporate - Non Convertible	USD 320,000	404	343
Vermilion Energy Inc. 6.88% 05-01-2030 144A	Canada	Corporate - Non Convertible	USD 862,000	1,084	1,099
ViaSat Inc. 6.50% 07-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 218,000	298	204
Videotron Ltd. 3.13% 01-15-2031	Canada	Corporate - Non Convertible	1,478,000	1,384	1,116
Videotron Ltd. 3.63% 06-15-2028	Canada	Corporate - Non Convertible	234,000	205	199
Videotron Ltd. 4.50% 01-15-2030 Callable 2024	Canada	Corporate - Non Convertible	920,000	924	786
Vidéotron Ltée 5.13% 04-15-2027 Callable 2022 144A	Canada	Corporate - Non Convertible	USD 627,000	881	797
Virgin Media Secured Finance PLC 4.50% 08-15-2030 Callable 2025 144A	United Kingdom	Corporate - Non Convertible	USD 250,000	347	273
VistaJet Malta Finance PLC 6.38% 02-01-2030 144A	Switzerland	Corporate - Non Convertible	USD 930,000	1,168	1,041
Vmed O2 UK Financing I PLC 4.25% 01-31-2031	United Kingdom	Corporate - Non Convertible	USD 600,000	793	628
VMED O2 UK Financing I PLC 4.75% 07-15-2031 144A	United Kingdom	Corporate - Non Convertible	USD 130,000	160	140
VW Credit Canada Inc. 3.70% 11-14-2022	Germany	Corporate - Non Convertible	375,000	377	375
VZ Vendor Financing BV 2.88% 01-15-2029	Netherlands	Corporate - Non Convertible	EUR 200,000	310	194
Weatherford International Ltd. 8.63% 04-30-2030 144A	United States	Corporate - Non Convertible	USD 1,001,000	1,266	1,209
Weatherford International PLC 11.00% 12-01-2024 Callable 2022	United States	Corporate - Non Convertible	USD 15,000	20	21
Wells Fargo Financial Canada Corp. 3.46% 01-24-2023	Canada	Corporate - Non Convertible	653,000	664	652
WeWork Inc. 5.00% 07-10-2025 144A	United States	Corporate - Non Convertible	USD 176,000	192	145
Wildbrain Ltd. 5.88% 09-30-2024 Conv.	Canada	Corporate - Convertible	718,000	521	680
Ziggo BV 4.88% 01-15-2030 Callable 2024 144A	Netherlands	Corporate - Non Convertible	USD 450,000	574	494
Total bonds				111,780	98,347
EQUITIES					
BCE Inc. Pfd. Series AA	Canada	Communication Services	1,405	22	24
BCE Inc. Pfd. Series AI	Canada	Communication Services	1,986	37	29
BCE Inc. Pfd. Series AL	Canada	Communication Services	625	11	11
BCE Inc. 4.54% Cum. Red. First Pfd. Series R Callable	Canada	Communication Services	1,829	33	26
Brookfield Asset Management Inc. Pfd. Series 46	Canada	Real Estate	789	20	18
Brookfield Renewable Partners LP Pfd. Series 13	Canada	Utilities	667	16	14
Cenovus Energy Inc. Pfd. Series 3	Canada	Energy	251	5	5
Cenovus Energy Inc. Pfd. Series 7	Canada	Energy	2,088	42	42

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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SCHEDULE OF INVESTMENTS (cont'd)

as at September 30, 2022

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
LONG POSITIONS (cont'd)					
EQUITIES (cont'd)					
Columbia Care Inc. Purchase Warrants Exp. 05-14-2023	Canada	Health Care	28,200	–	–
Emera Inc. Pfd. Series J	Canada	Utilities	63	2	1
Emera Inc. Pfd. Series L	Canada	Utilities	11,670	292	205
Fairfax Financial Holdings Ltd. Pfd. Series E	Canada	Financials	276	5	4
Loblaw Companies Ltd. 5.30% Cum. Red. 2nd Pfd. Series B	Canada	Consumer Staples	3,010	78	65
TransAlta Corp. Pfd. Series A	Canada	Utilities	1,737	24	24
Transalta Corp. 4.60% Perpetual Pfd. Callable 2022 Series C	Canada	Utilities	3,968	74	77
Total equities				661	545
OPTIONS					
Options purchased (see schedule of options purchased)				1,085	1,458
Total options				1,085	1,458
EXCHANGE-TRADED FUNDS/NOTES					
iShares iBoxx \$ Investment Grade Corporate Bond ETF	United States	Exchange-Traded Funds/Notes	3,270	589	463
Total exchange-traded funds/notes				589	463
PRIVATE FUNDS					
¹ Northleaf Private Credit II LP	Canada	Financials	186	1,489	1,629
² Sagard Credit Partners II LP	Canada	Financials	186	567	572
Total private funds				2,056	2,201
Total long positions				116,171	103,014
SHORT POSITIONS					
BONDS					
At Home Group Inc. 7.13% 07-15-2029 144A	United States	Corporate - Non Convertible	USD (165,000)	(200)	(138)
Bombardier Inc. 7.50% 03-15-2025 Callable 2022 144A	Canada	Corporate - Non Convertible	USD (279,000)	(347)	(379)
Bombardier Inc. 7.88% 04-15-2027 Callable 2022 144A	Canada	Corporate - Non Convertible	USD (275,000)	(344)	(350)
Coty Inc. 4.75% 01-15-2029 144A	United States	Corporate - Non Convertible	USD (160,000)	(207)	(190)
Credit Acceptance Corp. 6.63% 03-15-2026 Callable 2022	United States	Corporate - Non Convertible	USD (200,000)	(264)	(259)
Eco Material Technologies Inc. 7.88% 01-31-2027 144A	United States	Corporate - Non Convertible	USD (160,000)	(195)	(197)
EPR Properties 3.75% 08-15-2029 Callable 2029	United States	Corporate - Non Convertible	USD (385,000)	(487)	(411)
Griffon Corp. 5.75% 03-01-2028 Callable 2023	United States	Corporate - Non Convertible	USD (206,000)	(248)	(246)
Murphy Oil Corp. 5.88% 12-01-2027	United States	Corporate - Non Convertible	USD (60,000)	(76)	(78)
Seagate Technology PLC 5.75% 12-01-2034	United States	Corporate - Non Convertible	USD (206,000)	(250)	(227)
Surgery Center Holdings Inc. 10.00% 04-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD (205,000)	(286)	(276)
TRI Pointe Group Inc. 5.70% 06-15-2028	United States	Corporate - Non Convertible	USD (200,000)	(274)	(237)
Wynn Resorts Finance LLC 5.13% 10-01-2029	United States	Corporate - Non Convertible	USD (400,000)	(525)	(447)
Total bonds				(3,703)	(3,435)
EXCHANGE-TRADED FUNDS/NOTES					
iShares iBoxx \$ High Yield Corporate Bond ETF	United States	Exchange-Traded Funds/Notes	(817)	(89)	(81)
SPDR Bloomberg Barclays Convertible Securities ETF	United States	Exchange-Traded Funds/Notes	(8,174)	(697)	(715)
Total exchange-traded funds/notes				(786)	(796)
Total short positions				(4,489)	(4,231)
Transaction costs				(15)	–
Total investments				111,667	98,783

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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SCHEDULE OF INVESTMENTS (cont'd)

as at September 30, 2022

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
Derivative instruments (see schedule of derivative instruments)					(5,121)
Liability for options written (see schedule of options written)					(587)
Cash and cash equivalents					24,118
Other assets less liabilities					8,370
Net assets attributable to securityholders					125,563

¹ This fund is managed by Northleaf Capital Partners (Canada) Ltd., an affiliate of Mackenzie.

² This fund is managed by Sagard Holdings Inc., an affiliate of Mackenzie.

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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SUMMARY OF INVESTMENT PORTFOLIO

SEPTEMBER 30, 2022

PORTFOLIO ALLOCATION	% OF NAV		
	Long	Short	Net
Bonds	107.3	(6.0)	101.3
<i>Bonds</i>	78.3	(2.7)	75.6
<i>Futures</i>	27.8	(2.8)	25.0
<i>Purchased options</i>	1.2	–	1.2
<i>Written options</i>	–	(0.5)	(0.5)
Private funds	1.8	–	1.8
Swaps	0.9	–	0.9
Equities	0.4	–	0.4
Cash and short-term investments	–	–	–
Exchange-traded funds/notes	0.4	(0.6)	(0.2)
Other assets (liabilities)	(7.0)	2.8	(4.2)

REGIONAL ALLOCATION	% OF NAV		
	Long	Short	Net
United States	59.9	(3.2)	56.7
Canada	37.3	(2.0)	35.3
Australia	4.0	–	4.0
China	1.7	–	1.7
Luxembourg	1.2	–	1.2
United Kingdom	1.1	–	1.1
France	0.9	–	0.9
Netherlands	0.8	–	0.8
Switzerland	0.8	–	0.8
Brazil	0.6	–	0.6
Spain	0.5	–	0.5
Israel	0.4	–	0.4
Mexico	0.4	–	0.4
Germany	0.7	(0.6)	0.1
Cash and short-term investments	–	–	–
Other	0.5	(0.8)	(0.3)
Other assets (liabilities)	(7.0)	2.8	(4.2)

SECTOR ALLOCATION	% OF NAV		
	Long	Short	Net
Corporate bonds	77.6	(2.7)	74.9
Bond futures	27.8	(2.8)	25.0
Other	2.1	(0.5)	1.6
Private funds	1.8	–	1.8
Mortgage backed	0.7	–	0.7
Financials	0.4	–	0.4
Cash and short-term investments	–	–	–
Exchange-traded funds/notes	0.4	(0.6)	(0.2)
Other assets (liabilities)	(7.0)	2.8	(4.2)

MARCH 31, 2022

PORTFOLIO ALLOCATION	% OF NAV		
	Long	Short	Net
Bonds	126.0	(5.9)	120.1
<i>Bonds</i>	75.2	(4.2)	71.0
<i>Futures</i>	50.2	(1.5)	48.7
<i>Purchased options</i>	0.6	–	0.6
<i>Written options</i>	–	(0.2)	(0.2)
Private funds	1.0	–	1.0
Equities	0.6	–	0.6
Swaps	0.4	–	0.4
Cash and short-term investments	0.0	0.0	0.0
Exchange-traded funds/notes	0.4	(0.7)	(0.3)
Other assets (liabilities)	(23.3)	1.5	(21.8)

REGIONAL ALLOCATION	% OF NAV		
	Long	Short	Net
United States	82.3	(3.9)	78.4
Canada	29.9	(0.6)	29.3
Australia	4.6	–	4.6
Other	2.3	–	2.3
China	2.2	–	2.2
Luxembourg	1.3	–	1.3
Netherlands	1.2	–	1.2
United Kingdom	1.6	(0.6)	1.0
Switzerland	0.9	–	0.9
France	0.8	–	0.8
Israel	0.8	–	0.8
Brazil	0.5	–	0.5
Cash and short-term investments	0.0	0.0	0.0
Germany	–	(0.7)	(0.7)
Japan	–	(0.8)	(0.8)
Other assets (liabilities)	(23.3)	1.5	(21.8)

SECTOR ALLOCATION	% OF NAV		
	Long	Short	Net
Corporate bonds	74.2	(4.2)	70.0
Bond futures	50.2	(1.5)	48.7
Private funds	1.0	–	1.0
Mortgage backed	0.8	–	0.8
Other	1.0	(0.2)	0.8
Financials	0.6	–	0.6
Municipal bonds	0.2	–	0.2
Cash and short-term investments	0.0	0.0	0.0
Exchange-traded funds/notes	0.4	(0.7)	(0.3)
Other assets (liabilities)	(23.3)	1.5	(21.8)

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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SCHEDULE OF OPTIONS PURCHASED

as at September 30, 2022

Underlying Interest	Number of Contracts	Option Type	Expiration Date	Strike Price \$	Premium Paid (\$ 000)	Fair Value (\$ 000)
iShares iBoxx \$ High Yield Corporate Bond ETF	7,500	Put	Dec. 16, 2022	USD 69.00	1,085	1,458
Total options					1,085	1,458

SCHEDULE OF OPTIONS WRITTEN

as at September 30, 2022

Underlying Interest	Number of Contracts	Option Type	Expiration Date	Strike Price \$	Premium Received (\$ 000)	Fair Value (\$ 000)
iShares iBoxx \$ High Yield Corporate Bond ETF	(11,250)	Written Put	Dec. 16, 2022	USD 62.00	(487)	(587)
Total options					(487)	(587)

MACKENZIE CREDIT ABSOLUTE RETURN FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

SCHEDULE OF DERIVATIVE INSTRUMENTS

as at September 30, 2022

Schedule of Swap Contracts

Counterparty Credit Rating	Number of Contracts	Maturity	Fund Pays Return On	Fund Receives Return On	Notional Value (\$ 000)	Unrealized Gains (\$ 000)	Unrealized Losses (\$ 000)
A	164,595	Nov. 21, 2022	Floating interest LIBOR (USD) 1 month rate minus 0.075%	iShares iBoxx \$ Investment Grade Corporate Bond ETF	25,629	867	–
A	47,113	Dec. 06, 2022	Floating interest LIBOR (USD) 1 month rate minus 2.60%	iShares iBoxx \$ High Yield Corporate Bond ETF	4,843	193	–
AA	7,050	Dec. 13, 2022	Floating interest LIBOR (USD) 1 month rate minus 3.00%	iShares iBoxx \$ High Yield Corporate Bond ETF	739	44	–
Total swap contracts					31,211	1,104	–

Schedule of Futures Contracts

Type of Contract	Number of Contracts	Expiration Date	Average Rate of Contracts (\$)	Notional Value* (\$ 000)	Unrealized Gains (\$ 000)	Unrealized Losses (\$ 000)	
iBoxx iShares \$ High Yield Corporate Bond Index Futures October 2022	31	Oct. 3, 2022	134.47 USD	5,545	–	(233)	
iBoxx iShares \$ Investment Grade Corporate Bond Index Futures October 2022	5	Oct. 3, 2022	127.44 USD	812	–	(66)	
iBoxx iShares \$ Investment Grade Corporate Bond Index Futures November 2022	22	Nov. 1, 2022	122.26 USD	3,565	–	(212)	
iBoxx iShares \$ Investment Grade Corporate Bond Index Futures December 2022	5	Dec. 1, 2022	124.75 USD	808	–	(54)	
Euro-Bund Futures December 2022	(4)	Dec. 8, 2022	138.48 EUR	(750)	–	–	
mini-10 year JGB Futures December 2022	(7)	Dec. 12, 2022	148.84 JPY	(993)	2	–	
10 Year Australian Treasury Note Futures December 2022	49	Dec. 15, 2022	117.78 AUD	5,071	–	(55)	
30 Year Canadian Government Bond Futures December 2022	(10)	Dec. 19, 2022	173.87 CAD	(1,750)	–	(25)	
Ultra 10 Year United States Treasury Note Futures December 2022	91	Dec. 20, 2022	125.71 USD	14,905	–	(903)	
5 Year United States Treasury Note Futures December 2022	40	Dec. 30, 2022	111.24 USD	5,945	–	(207)	
Total futures contracts					33,158	2	(1,755)

* Notional value represents the exposure to the underlying 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 (\$ 000)	Current Fair Value (\$ 000)	Unrealized Gains (\$ 000)	Unrealized Losses (\$ 000)
A	86 AUD	(43) USD	Oct. 4, 2022	59	53	–	(6)
A	40 USD	(86) AUD	Oct. 4, 2022	(55)	(55)	–	–
A	1,853 CAD	(1,024) USD	Oct. 4, 2022	(1,341)	(1,443)	–	(102)
A	976 USD	(1,853) CAD	Oct. 4, 2022	1,341	1,352	11	–
A	323 CHF	(240) USD	Oct. 4, 2022	332	326	–	(6)
A	237 USD	(323) CHF	Oct. 4, 2022	(328)	(327)	1	–
A	309 EUR	(225) USD	Oct. 4, 2022	311	299	–	(12)
A	219 USD	(309) EUR	Oct. 4, 2022	(303)	(303)	–	–
A	811 GBP	(683) USD	Oct. 4, 2022	944	890	–	(54)
A	655 USD	(811) GBP	Oct. 4, 2022	(905)	(905)	–	–
A	433 USD	(82,800) JPY	Oct. 4, 2022	(599)	(562)	37	–
A	82,800 JPY	(414) USD	Oct. 4, 2022	572	572	–	–
A	564 USD	(7,730) NOK	Oct. 4, 2022	(779)	(683)	96	–
A	7,730 NOK	(513) USD	Oct. 4, 2022	709	710	1	–
A	266 USD	(600) NZD	Oct. 4, 2022	(368)	(324)	44	–
A	600 NZD	(245) USD	Oct. 4, 2022	339	334	–	(5)
A	482 USD	(7,070) SEK	Oct. 4, 2022	(666)	(626)	40	–
A	7,070 SEK	(461) USD	Oct. 4, 2022	637	637	–	–

MACKENZIE CREDIT ABSOLUTE RETURN FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

SCHEDULE OF DERIVATIVE INSTRUMENTS (cont'd)

as at September 30, 2022

Schedule of Forward Currency Contracts (cont'd)

Counterparty Credit Rating	Currency to be Received (\$ 000)	Currency to be Delivered (\$ 000)	Settlement Date	Contract Cost (\$ 000)	Current Fair Value (\$ 000)	Unrealized Gains (\$ 000)	Unrealized Losses (\$ 000)
A	190 EUR	(252) CAD	Oct. 21, 2022	252	258	6	–
A	15 EUR	(20) CAD	Oct. 21, 2022	20	21	1	–
AA	44,377 CAD	(34,157) USD	Oct. 21, 2022	(44,377)	(47,179)	–	(2,802)
AA	248 CAD	(191) USD	Oct. 21, 2022	(248)	(264)	–	(16)
A	387 CAD	(300) USD	Oct. 21, 2022	(387)	(415)	–	(28)
A	129 CAD	(100) USD	Oct. 21, 2022	(129)	(138)	–	(9)
A	7,639 CAD	(5,909) USD	Oct. 28, 2022	(7,639)	(8,159)	–	(520)
AA	5,656 CAD	(4,375) USD	Oct. 28, 2022	(5,656)	(6,041)	–	(385)
AA	1,425 CAD	(1,100) USD	Oct. 28, 2022	(1,425)	(1,518)	–	(93)
AA	2,120 USD	(2,786) CAD	Oct. 28, 2022	2,786	2,926	140	–
AA	1,200 USD	(1,593) CAD	Oct. 28, 2022	1,593	1,657	64	–
A	2,190 USD	(3,012) CAD	Oct. 28, 2022	3,012	3,024	12	–
A	1,568 CAD	(1,213) USD	Oct. 28, 2022	(1,568)	(1,675)	–	(107)
AA	271 CAD	(210) USD	Oct. 28, 2022	(271)	(289)	–	(18)
A	142 CAD	(110) USD	Oct. 28, 2022	(142)	(151)	–	(9)
A	1,421 AUD	(661) USD	Nov. 2, 2022	914	908	–	(6)
A	1,978 CAD	(1,041) USD	Nov. 2, 2022	(1,433)	(1,442)	–	(9)
A	834 USD	(1,132) CHF	Nov. 2, 2022	(1,153)	(1,150)	3	–
A	543 USD	(765) EUR	Nov. 2, 2022	(751)	(753)	–	(2)
A	746 GBP	(603) USD	Nov. 2, 2022	833	833	–	–
A	640 USD	(127,700) JPY	Nov. 2, 2022	(885)	(885)	–	–
A	3 USD	(40) NOK	Nov. 2, 2022	(4)	(4)	–	–
A	27 USD	(65) NZD	Nov. 2, 2022	(37)	(37)	–	–
A	637 USD	(9,770) SEK	Nov. 2, 2022	(881)	(882)	–	(1)
A	92 CAD	(70) EUR	Nov. 4, 2022	(92)	(95)	–	(3)
A	136 CAD	(103) EUR	Nov. 4, 2022	(136)	(140)	–	(4)
A	140 EUR	(185) CAD	Nov. 4, 2022	185	190	5	–
A	971 CAD	(100,517) JPY	Nov. 8, 2022	(971)	(962)	9	–
A	2,193 CAD	(1,702) USD	Nov. 8, 2022	(2,193)	(2,350)	–	(157)
A	120,000 COP	(20) USD	Nov. 9, 2022	27	26	–	(1)
A	4,800 INR	(43) USD	Nov. 9, 2022	59	58	–	(1)
A	15 USD	(100) PLN	Nov. 9, 2022	(21)	(20)	1	–
A	350 ZAR	(15) USD	Nov. 9, 2022	21	19	–	(2)
A	819 USD	(3,786) ILS	Nov. 10, 2022	(1,132)	(1,036)	96	–
AA	1,734 CAD	(1,310) EUR	Nov. 18, 2022	(1,734)	(1,781)	–	(47)
AA	70 EUR	(93) CAD	Nov. 18, 2022	93	96	3	–
A	6,399 CAD	(4,980) USD	Nov. 18, 2022	(6,399)	(6,875)	–	(476)
A	617 CAD	(480) USD	Nov. 18, 2022	(617)	(663)	–	(46)
AA	276 CAD	(210) USD	Jan. 13, 2023	(276)	(290)	–	(14)
A	80 CAD	(60) USD	Jan. 20, 2023	(80)	(82)	–	(2)
Total forward currency contracts						570	(5,042)
Total Derivative assets							1,676
Total Derivative liabilities							(6,797)

MACKENZIE CREDIT ABSOLUTE RETURN 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 Canadian 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 CREDIT ABSOLUTE RETURN 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 and expense recognition

Interest income and expense from interest bearing investments is recognized using the effective interest method. Dividend income and expense is recognized as of the ex-dividend date. Dividends and interest paid on the short selling of equity and bond securities are included in the Statement of Comprehensive Income – Dividends and Interest Income, respectively. 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, expense, realized gains (losses) on sale of investments or fee rebate income, as appropriate, on the ex-dividend or distribution date.

MACKENZIE CREDIT ABSOLUTE RETURN FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(c) Income and expense recognition (cont'd)

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

(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 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 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.

MACKENZIE CREDIT ABSOLUTE RETURN FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(l) Short selling and borrowing fees

The Fund may engage in the short selling of equity and bond securities as a part of its overall investment strategy. When the Fund sells an equity or bond security short, it must borrow the security from a broker, and in exchange pay a borrowing fee to that broker, to complete the sale. The Fund can realize a gain on a short sale, if the price of the security decreases from the date the security was sold short until the date at which the Fund closes out its short position, by buying the security at a lower price and returning it back to the broker. A loss will be incurred if the price of the security increases. Limitations within the Fund's investment strategy on the Fund's ability to engage in short selling and borrowing include: (i) the aggregate market value of all securities sold short by the Fund will not exceed 50% of the total net assets of the Fund; (ii) the aggregate market value of all securities of any particular issuer sold short by the Fund will not exceed 20% of the total net assets of the Fund; (iii) the Fund may borrow cash up to a maximum of 50% of its net asset value; and (iv) the combined use of short-selling and cash borrowing by the Fund is subject to an overall limit of 50% of its net asset value. Gains and losses realized on the short selling of equity and bond securities are included in the Statement of Comprehensive Income – Net realized gain (loss).

(m) 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.

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 Canadian 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.

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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NOTES TO FINANCIAL STATEMENTS

6. Management Fees and Operating Expenses (cont'd)

Each series of the Fund 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.

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.

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 Canadian 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 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 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 Canadian dollar terms, to the Fund'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 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.

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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NOTES TO FINANCIAL STATEMENTS

8. 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 and securities sold short, 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. In the case of securities sold short, the loss to the Fund continues to increase, without limit, as the fair value of the underlying interest increases. This risk is mitigated by placing limitations on the Fund's ability to sell securities short, which are outlined in Note 3(l).

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.

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NOTES TO FINANCIAL STATEMENTS

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 CREDIT ABSOLUTE RETURN FUND

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NOTES TO FINANCIAL STATEMENTS

10. Fund Specific Information (in '000, except for (a))

(a) Fund Formation and Series Information

Date of Formation: January 31, 2019

The Fund may issue an unlimited number of securities of each series. The number of issued and outstanding securities of each series is disclosed in the Statements of Changes in Financial Position.

Series Offered by Mackenzie Financial Corporation (180 Queen Street West, Toronto, Ontario, M5V 3K1; 1-800-387-0614; www.mackenzieinvestments.com)

Series A are offered to retail investors investing a minimum of \$500.

Series CL securities are offered exclusively to mutual funds and segregated funds managed by The Canada Life Assurance Company and its subsidiaries.

Series F securities are offered to retail investors who are enrolled in a dealer-sponsored fee-for-service or wrap program, who are subject to an asset-based fee rather than commissions on each transaction and who invest at least \$500; they are also available to employees of Mackenzie and its subsidiaries, and directors of Mackenzie.

Series FB securities are offered to retail investors investing a minimum of \$500. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor.

Series O securities are offered only to investors investing a minimum of \$500,000 who have an account with Mackenzie Private Wealth Counsel; certain institutional investors; investors in a qualified group plan, and certain qualifying employees of Mackenzie and its subsidiaries.

Series PW securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000.

Series PWFB securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor.

Series PWX securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor.

Series R securities are offered only to other funds managed by Mackenzie on a non-prospectus basis in connection with fund-of-fund arrangements.

Each series is available for purchase under the sales charge purchase option. The charges under the sales charge purchase option are negotiated by investors with their dealers. For further details on this purchase option, please refer to the Fund's Simplified Prospectus and Fund Facts.

Series	Inception/ Reinstatement Date	Management Fee	Administration Fee
Series A	February 26, 2019	1.35%	0.24%
Series CL	February 10, 2021	n/a	n/a
Series F	February 26, 2019	0.75%	0.15%
Series FB	February 26, 2019	0.85%	0.24%
Series O	February 26, 2019	— ⁽¹⁾	n/a
Series PW	February 26, 2019	1.25%	0.15%
Series PWFB	February 26, 2019	0.75%	0.15%
Series PWX	February 26, 2019	— ⁽²⁾	— ⁽²⁾
Series R	February 26, 2019	n/a	n/a

(1) This fee is negotiable and payable directly to Mackenzie by investors in this series.

(2) This fee is payable directly to Mackenzie by investors in this series through redemptions of their securities.

(b) Tax Loss Carryforwards

As at the last taxation year-end, there were no capital and non-capital losses available to carry forward for tax purposes.

(c) Securities Lending

As at September 30, 2022 and March 31, 2022, the Fund did not have any open securities lending, repurchase or reverse repurchase transactions.

(d) Commissions

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

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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NOTES TO FINANCIAL STATEMENTS

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

(e) Risks Associated with Financial Instruments

i. Risk exposure and management

The Fund seeks a positive total return over a market cycle, regardless of general market direction, by employing a variety of fundamentally driven and systematically driven investment strategies. The Fund will invest in long and short positions in fixed income securities and instruments of issuers anywhere in the world. The Fund may also engage in physical short sales, borrowing and/or derivatives.

The Fund's aggregate exposure to its sources of leverage is calculated as the sum of the following sources of leverage, and must not exceed 300% of its net asset value: (i) the aggregate market value of securities sold short; (ii) the value of indebtedness under any borrowing arrangements for investment purposes; and (iii) the aggregate notional value of the Fund's specified derivatives positions, excluding any specified derivatives used for hedging purposes.

The cumulative effect of the use of leverage in a market that moves adversely to a leveraged investment could result in a substantial loss which would be greater than if leverage were not used. Therefore, any event that adversely affects the value of an investment by the Fund would be magnified to the extent leverage is employed.

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%	
					(\$)	%	(\$)	%
AUD	–	101	851	952				
GBP	–	(1)	818	817				
ILS	–	1,470	(1,036)	434				
INR	–	–	58	58				
COP	–	–	26	26				
NOK	–	–	23	23				
ZAR	–	–	19	19				
PLN	–	–	(20)	(20)				
NZD	–	–	(27)	(27)				
USD	63,718	7,178	(71,246)	(350)				
EUR	1,425	319	(2,208)	(464)				
SEK	–	–	(871)	(871)				
JPY	–	946	(1,835)	(889)				
CHF	–	–	(1,151)	(1,151)				
Total	65,143	10,013	(76,599)	(1,443)				
% of Net Assets	51.9	8.0	(61.0)	(1.1)				
Total currency rate sensitivity					72	0.1	(72)	(0.1)

MACKENZIE CREDIT ABSOLUTE RETURN FUND

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NOTES TO FINANCIAL STATEMENTS

10. Fund Specific Information (in '000, 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%	
					(\$)	%	(\$)	%
AUD	–	81	1,003	1,084				
NZD	–	–	874	874				
GBP	–	3	473	476				
THB	–	–	136	136				
SGD	–	–	81	81				
PLN	–	–	53	53				
ILS	–	1,483	(1,483)	–				
ZAR	–	–	(22)	(22)				
BRL	–	–	(28)	(28)				
PEN	–	–	(34)	(34)				
COP	–	–	(36)	(36)				
RUB	–	–	(43)	(43)				
KOR	–	–	(60)	(60)				
NOK	–	–	(63)	(63)				
IDR	–	–	(107)	(107)				
EUR	1,958	332	(2,642)	(352)				
USD	61,413	5,174	(67,138)	(551)				
SEK	–	–	(849)	(849)				
JPY	–	1,019	(2,171)	(1,152)				
CHF	–	–	(2,170)	(2,170)				
Total	63,371	8,092	(74,226)	(2,763)				
% of Net Assets	49.8	6.4	(58.3)	(2.1)				
Total currency rate sensitivity					138	0.1	(138)	(0.1)

* Includes both monetary and non-monetary financial instruments

MACKENZIE CREDIT ABSOLUTE RETURN FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

NOTES TO FINANCIAL STATEMENTS

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

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

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.

	Bonds (\$)		Derivative Instruments (\$)		Impact on net assets			
	Long	Short	Long	Short	Increase by 1%		Decrease by 1%	
September 30, 2022					(\$)	(%)	(\$)	(%)
Less than 1 year	6,316	–	67,862	(3,493)				
1-5 years	25,755	(1,461)	–	–				
5-10 years	46,078	(1,747)	–	–				
Greater than 10 years	20,198	(227)	–	–				
Total	98,347	(3,435)	67,862	(3,493)				
Total sensitivity to interest rate changes					(7,560)	(6.0)	7,798	6.2

	Bonds (\$)		Derivative Instruments (\$)		Impact on net assets			
	Long	Short	Long	Short	Increase by 1%		Decrease by 1%	
March 31, 2022					(\$)	(%)	(\$)	(%)
Less than 1 year	2,686	–	143,830	(1,956)				
1-5 years	24,518	(1,546)	–	–				
5-10 years	51,329	(3,735)	–	–				
Greater than 10 years	17,106	–	–	–				
Total	95,639	(5,281)	143,830	(1,956)				
Total sensitivity to interest rate changes					(10,984)	(8.6)	11,377	8.9

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.

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 2.9% (March 31, 2022 – 2.0%) of the net assets of the Fund.

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	0.1	0.2
AA	0.7	–
A	4.7	0.7
BBB	8.8	6.9
Less than BBB	53.1	55.2
Unrated	8.2	8.0
Total	75.6	71.0

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

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NOTES TO FINANCIAL STATEMENTS

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

(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 – Long	–	98,347	–	98,347	705	94,934	–	95,639
Bonds – Short	–	(3,435)	–	(3,435)	–	(5,281)	–	(5,281)
Equities	545	–	–	545	802	8	–	810
Options	–	1,458	–	1,458	–	775	–	775
Exchange-traded funds/notes – Long	463	–	–	463	494	–	–	494
Exchange-traded funds/notes – Short	(796)	–	–	(796)	(870)	–	–	(870)
Private funds	–	–	2,201	2,201	–	–	1,266	1,266
Derivative assets	2	1,674	–	1,676	395	1,796	–	2,191
Derivative liabilities	(1,755)	(5,629)	–	(7,384)	(866)	(401)	–	(1,267)
Short-term investments	–	16,224	–	16,224	–	19,270	–	19,270
Total	(1,541)	108,639	2,201	109,299	660	111,101	1,266	113,027

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.

The table below presents a reconciliation of financial instruments measured at fair value using unobservable inputs (Level 3) for the periods ended September 30, 2022 and March 31, 2022:

	September 30, 2022	March 31, 2022
	Private funds (\$)	Private funds (\$)
Balance – beginning of period	1,266	–
Purchases	846	1,210
Sales	–	–
Transfers in	–	–
Transfers out	–	–
Gains (losses) during the period:		
Realized	–	–
Unrealized	89	56
Balance – end of period	2,201	1,266
Change in unrealized gains (losses) during the period attributable to securities held at end of period	89	56

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.

(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	–	–
Other funds managed by the Manager	102,963	112,947
Funds managed by affiliates of the Manager	16,260	6,518

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NOTES TO FINANCIAL STATEMENTS

10. Fund Specific Information (in '000, 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	1,391	(235)	–	1,156
Unrealized losses on derivative contracts	(5,335)	235	–	(5,100)
Liability for options written	(587)	–	–	(587)
Total	(4,531)	–	–	(4,531)

	March 31, 2022			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	1,190	(460)	–	730
Unrealized losses on derivative contracts	(931)	460	3,802	3,331
Liability for options written	(245)	–	–	(245)
Total	14	–	3,802	3,816

(i) Dividend and interest income

Included in dividend and interest income for the period ended September 30, 2022 are dividends paid on securities sold short of \$8 (September 30, 2021 – \$6) and interest paid on securities sold short of \$131 (September 30, 2021 – \$153).

(j) Leverage

Leverage occurs when the Fund borrows money or securities, or uses derivatives, to generate investment exposure that would otherwise not be possible. The Fund's aggregate exposure to its sources of leverage is calculated as the sum of the following: (i) the market value of short holdings; (ii) the amount of cash borrowed for investment purposes; and (iii) the notional value of the Fund's derivatives positions, excluding any derivatives used for hedging purposes. This exposure must not exceed 300% of the Fund's NAV.

The leverage of the Fund results from the combined impact of each of its strategies: protected high-yield, leveraged investment grade credit, long/short credit and credit momentum. The protected high-yield strategy seeks exposure to a diversified collection of non-investment grade bonds and applies an options overlay to mitigate the risk associated with this asset class. The leveraged investment grade credit strategy uses leverage to increase exposure when the portfolio management team sees positive credit fundamentals, attractive valuations and acceptable market risk sentiment. The long/short credit strategy takes long and short positions in corporate bonds based on company- and industry-specific factors. The proprietary credit momentum strategy uses primarily derivatives such as swaps and futures to systematically adjust the Fund's exposure to investment grade and high-yield bonds, floating-rate loans and emerging market debt.

During the six-month period ended September 30, 2022, the Fund's aggregate exposure to sources of leverage ranged from 135% to 66% of the Fund's NAV. The high end of the range occurred in July, when the Fund used total return swaps for incremental investment grade and high-yield bond exposure. The low end of the range occurred in September, when the investment grade total return swap expired. The primary sources of leverage were physical short positions in fixed income securities, futures, options, forward currency contracts and swaps. Including the notional value of derivatives used for hedging, the low and high amounts of leverage ranged from 230% to 285%.

During the year ended March 31, 2022, the Fund's aggregate exposure to sources of leverage ranged from 40% to 140% of the Fund's NAV. The high end of the range occurred in April 2021 when the Fund had significant leveraged exposure to investment grade bonds. The low end of the range occurred in May 2021, when total return swaps expired. The primary sources of leverage were physical short positions in fixed income securities, futures, options, forward currency contracts and swaps. Including the notional value of derivatives used for hedging, the low and high amounts of leverage ranged from 206% to 413%.

MACKENZIE CREDIT ABSOLUTE RETURN FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

NOTES TO FINANCIAL STATEMENTS

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

(k) Commitment

	September 30, 2022		March 31, 2022	
	Called Amount (\$)	Total Commitment to Invest (US\$)	Called Amount (\$)	Total Commitment to Invest (US\$)
Northleaf Private Credit II LP ⁽¹⁾	1,629	1,856	1,088	1,856
Sagard Credit Partners II LP ⁽²⁾	572	1,856	178	1,856

⁽¹⁾ This fund is managed by Northleaf Capital Partners (Canada) Ltd., an affiliate of Mackenzie.

⁽²⁾ This fund is managed by Sagard Holdings Inc., an affiliate of Mackenzie.

(l) Investments Pledged as Collateral

As at September 30, 2022, investments in securities with a fair value of \$8,146 (March 31, 2022 – \$6,312) have been pledged as collateral against securities sold short, swap contracts and futures contracts.