

MACKENZIE ALTERNATIVE ENHANCED YIELD FUND

Interim Unaudited Financial Statements

For the Six-Month Period Ended September 30, 2021

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 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 ALTERNATIVE ENHANCED YIELD FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2021

STATEMENTS OF FINANCIAL POSITION

at (in \$ 000 except per security amounts)

	Sep. 30 2021	Mar. 31 2021 (Audited)
	\$	\$
ASSETS		
Current assets		
Investments at fair value	38,835	19,056
Cash and cash equivalents	—	—
Dividends receivable	55	37
Accounts receivable for investments sold	810	—
Accounts receivable for securities issued	111	29
Due from manager	5	3
Margin on derivatives	20	—
Unrealized gains on derivative contracts	—	6
Total assets	39,836	19,131
LIABILITIES		
Current liabilities		
Bank indebtedness	10,802	3,834
Accounts payable for investments purchased	—	650
Accounts payable for securities redeemed	42	—
Liability for options written	—	2
Unrealized losses on derivative contracts	34	—
Total liabilities	10,878	4,486
Net assets attributable to securityholders	28,958	14,645

Net assets attributable to securityholders (note 3)

	per security		per series	
	Sep. 30 2021	Mar. 31 2021 (Audited)	Sep. 30 2021	Mar. 31 2021 (Audited)
Series A	10.53	10.19	116	4
Series F	16.07	15.44	16,797	3,129
Series FB	16.00	15.41	1	1
Series O	16.23	15.53	1	1
Series PW	15.87	15.34	10	1
Series PWFB	16.10	15.45	1	1
Series PWX	16.23	15.53	1	1
Series R	10.85	10.38	12,031	11,507
			28,958	14,645

STATEMENTS OF COMPREHENSIVE INCOME

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

	2021 \$	2020 \$
Income		
Dividends	653	192
Interest income	15	1
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	445	(84)
Net unrealized gain (loss)	417	(227)
Fee rebate income	24	4
Total income (loss)	1,554	(114)
Expenses (note 6)		
Management fees	48	—
Administration fees	10	—
Borrowing fees	31	9
Commissions and other portfolio transaction costs	30	10
Independent Review Committee fees	—	—
Expenses before amounts absorbed by Manager	119	19
Expenses absorbed by Manager	10	—
Net expenses	109	19
Increase (decrease) in net assets attributable to securityholders from operations before tax	1,445	(133)
Foreign withholding taxes	43	14
Foreign income taxes paid (recovered)	—	—
Increase (decrease) in net assets attributable to securityholders from operations	1,402	(147)

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

	per security		per series	
	2021	2020	2021	2020
Series A	0.40	(0.06)	3	—
Series F	0.85	(0.23)	591	—
Series FB	0.97	(0.25)	—	—
Series O	1.09	(0.20)	—	—
Series PW	0.73	(0.28)	1	—
Series PWFB	1.03	(0.23)	—	—
Series PWX	1.09	(0.20)	—	—
Series R	0.73	(0.13)	807	(147)
			1,402	(147)

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

MACKENZIE ALTERNATIVE ENHANCED YIELD FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2021

STATEMENTS OF CHANGES IN FINANCIAL POSITION

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

	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Series A		Series F		Series FB		Series O		Series PW	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS	\$		\$		\$		\$		\$	
Beginning of period	4	–	3,129	–	1	–	1	–	1	–
Increase (decrease) in net assets from operations	3	–	591	–	–	–	–	–	1	–
Distributions paid to securityholders:										
Investment income	(1)	–	(284)	–	–	–	–	–	–	–
Capital gains	–	–	–	–	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–	–	–	–	–
Total distributions paid to securityholders	(1)	–	(284)	–	–	–	–	–	–	–
Security transactions:										
Proceeds from securities issued	117	156	13,577	1	–	1	–	1	8	1
Reinvested distributions	1	–	79	–	–	–	–	–	–	–
Payments on redemption of securities	(8)	(149)	(295)	–	–	–	–	–	–	–
Total security transactions	110	7	13,361	1	–	1	–	1	8	1
Total increase (decrease) in net assets	112	7	13,668	1	–	1	–	1	9	1
End of period	116	7	16,797	1	1	1	1	1	10	1
Increase (decrease) in fund securities (note 7):	Securities		Securities		Securities		Securities		Securities	
Securities outstanding – beginning of period	–	–	203	–	–	–	–	–	–	–
Issued	12	16	856	–	–	–	–	–	1	–
Reinvested distributions	–	–	5	–	–	–	–	–	–	–
Redeemed	(1)	(15)	(19)	–	–	–	–	–	–	–
Securities outstanding – end of period	11	1	1,045	–	–	–	–	–	1	–
	Series PWFB		Series PWX		Series R		Total			
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS	\$		\$		\$		\$			
Beginning of period	1	–	1	–	11,507	–	14,645	–		
Increase (decrease) in net assets from operations	–	–	–	–	807	(147)	1,402	(147)		
Distributions paid to securityholders:										
Investment income	–	–	–	–	(283)	(116)	(568)	(116)		
Capital gains	–	–	–	–	–	–	–	–		
Return of capital	–	–	–	–	–	–	–	–		
Total distributions paid to securityholders	–	–	–	–	(283)	(116)	(568)	(116)		
Security transactions:										
Proceeds from securities issued	–	1	–	1	–	11,001	13,702	11,163		
Reinvested distributions	–	–	–	–	–	–	80	–		
Payments on redemption of securities	–	–	–	–	–	–	(303)	(149)		
Total security transactions	–	1	–	1	–	11,001	13,479	11,014		
Total increase (decrease) in net assets	–	1	–	1	524	10,738	14,313	10,751		
End of period	1	1	1	1	12,031	10,738	28,958	10,751		
Increase (decrease) in fund securities (note 7):	Securities		Securities		Securities					
Securities outstanding – beginning of period	–	–	–	–	1,109	–				
Issued	–	–	–	–	–	1,100				
Reinvested distributions	–	–	–	–	–	–				
Redeemed	–	–	–	–	–	–				
Securities outstanding – end of period	–	–	–	–	1,109	1,100				

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

MACKENZIE ALTERNATIVE ENHANCED YIELD FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2021

STATEMENTS OF CASH FLOWS

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

	2021	2020
	\$	\$
Cash flows from operating activities		
Net increase (decrease) in net assets attributable to securityholders from operations	1,402	(147)
Adjustments for:		
Net realized loss (gain) on investments	(349)	113
Change in net unrealized loss (gain) on investments	(417)	227
Purchase of investments	(31,857)	(17,030)
Proceeds from sale and maturity of investments	11,421	1,453
Change in dividends receivable	(18)	(29)
Change in due from manager	(2)	(1)
Change in margin on derivatives	(20)	–
Net cash from operating activities	(19,840)	(15,414)
Cash flows from financing activities		
Proceeds from securities issued	13,612	11,163
Payments on redemption of securities	(253)	(149)
Distributions paid net of reinvestments	(488)	(116)
Net cash from financing activities	12,871	10,898
Net increase (decrease) in cash and cash equivalents	(6,969)	(4,516)
Cash and cash equivalents at beginning of period	(3,834)	–
Effect of exchange rate fluctuations on cash and cash equivalents	1	(1)
Cash and cash equivalents at end of period	(10,802)	(4,517)
Cash	–	–
Cash equivalents	–	–
Bank indebtedness	(10,802)	(4,517)
Cash and cash equivalents at end of period	(10,802)	(4,517)
Supplementary disclosures on cash flow from operating activities:		
Dividends received	635	163
Foreign taxes paid	43	14
Interest received	15	1
Interest paid	–	–

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

MACKENZIE ALTERNATIVE ENHANCED YIELD FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2021

SCHEDULE OF INVESTMENTS

As at September 30, 2021

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
EQUITIES					
3i Group PLC	United Kingdom	Financials	797	11	17
ABB Ltd.	Switzerland	Industrials	1,716	49	72
Alaris Equity Partners Income Trust	Canada	Financials	4,000	62	71
Ames National Corp.	United States	Financials	2,000	64	59
Apollo Commercial Real Estate Finance Inc.	United States	Financials	6,260	122	118
Apollo Global Management LLC	United States	Financials	189	13	15
Ares Capital Corp.	United States	Financials	12,245	283	315
Ashmore Group PLC	United Kingdom	Financials	580	4	3
Assicurazioni Generali SPA	Italy	Financials	1,248	26	34
Atrium Mortgage Investment Corp.	Canada	Financials	6,000	80	86
Aviva PLC	United Kingdom	Financials	40,000	293	270
Axis Capital Holdings Ltd.	United States	Financials	69	4	4
B&G Foods Inc.	United States	Consumer Staples	5,000	191	189
B2Gold Corp.	Canada	Materials	21,722	110	94
Bank of Montreal	Canada	Financials	1,731	183	219
The Bank of Nova Scotia	Canada	Financials	6,533	508	509
Bank of the Ozarks Inc.	United States	Financials	83	3	5
Banque Cantonale Vaudoise	Switzerland	Financials	68	9	7
BCE Inc.	Canada	Communication Services	1,754	108	111
The Blackstone Group Inc. Class A	United States	Financials	2,363	292	348
Boston Properties Inc.	United States	Real Estate	995	143	136
British American Tobacco PLC	United Kingdom	Consumer Staples	1,839	94	81
BSR Real Estate Investment Trust	Canada	Real Estate	2,661	40	53
BTB Real Estate Investment Trust	Canada	Financials	9,700	38	39
Canadian Imperial Bank of Commerce	Canada	Financials	1,000	125	141
Canadian Net Real Estate Investment Trust Units	Canada	Real Estate	2,400	17	19
Capital Southwest Corp.	United States	Financials	9,000	301	287
The Carlyle Group	United States	Financials	284	11	17
Citizens Financial Group Inc.	United States	Financials	1,000	49	59
City Office REIT Inc.	United States	Real Estate	3,892	56	88
Corus Entertainment Inc. Class B non-voting	Canada	Communication Services	19,052	109	108
Dream Industrial Real Estate Investment Trust	Canada	Real Estate	6,140	86	99
Dream Office Real Estate Investment Trust	Canada	Real Estate	6,534	141	150
Enbridge Inc.	Canada	Energy	11,053	499	558
Fiera Capital Corp.	Canada	Financials	7,255	78	76
Firm Capital Property Trust	Canada	Real Estate	3,400	22	24
Fortis Inc.	Canada	Utilities	1,945	108	109
Franklin Resources Inc.	United States	Financials	409	12	15
GlaxoSmithKline PLC	United Kingdom	Health Care	3,948	108	94
Goldman Sachs BDC Inc.	United States	Financials	8,925	210	207
¹ Great-West Lifeco Inc.	Canada	Financials	748	18	29
Hancock Holding Co.	United States	Financials	705	19	42
Hennessy Advisors Inc.	United States	Financials	1,500	18	18
Hercules Capital Inc.	United States	Financials	4,000	85	84
Huntington Bancshares Inc.	United States	Financials	1,255	18	25
IA Financial Corporate Inc.	Canada	Financials	89	4	6
IG Group Holdings PLC	United Kingdom	Financials	283	4	4
Intel Corp.	United States	Information Technology	1,000	75	67
Intermediate Capital Group PLC	United Kingdom	Financials	229	5	8
Invesco Mortgage Capital Inc.	United States	Financials	15,980	83	64
James River Group Holdings Ltd.	United States	Financials	3,000	134	143

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INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2021

SCHEDULE OF INVESTMENTS (cont'd)

As at September 30, 2021

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
EQUITIES (cont'd)					
Janus Henderson Group PLC	United Kingdom	Financials	154	5	8
KeyCorp	United States	Financials	3,214	73	88
Keyera Corp.	Canada	Energy	3,918	114	125
KP Tissue Inc.	Canada	Consumer Staples	5,000	57	51
The Kraft Heinz Co.	United States	Consumer Staples	972	42	45
Manulife Financial Corp.	Canada	Financials	31,040	772	757
MCAN Mortgage Corp.	Canada	Financials	4,211	73	76
Medical Properties Trust Inc.	United States	Real Estate	2,000	55	51
Mediobanca SPA	Italy	Financials	706	7	11
MetLife Inc.	United States	Financials	762	40	60
MSC Industrial Direct Co. Inc. Class A	United States	Industrials	28	3	3
National Bank of Canada	Canada	Financials	319	20	31
NetApp Inc.	United States	Information Technology	190	11	22
New Mountain Finance Corp.	United States	Financials	3,600	60	61
NorthWest Healthcare Properties Real Estate Investment Trust	Canada	Real Estate	5,400	68	70
Ocean Yield ASA	Norway	Energy	90,000	411	535
OFS Credit Co. Inc.	United States	Financials	6,000	108	103
Old Republic International Corp.	United States	Financials	3,247	99	95
OneMain Holdings Inc.	United States	Financials	116	4	8
PennyMac Mortgage Investment Trust	United States	Financials	3,106	79	77
Pfizer Inc.	United States	Health Care	3,000	145	163
Philip Morris International Inc.	United States	Consumer Staples	1,255	125	151
Portman Ridge Finance Corp.	United States	Financials	1,200	36	37
¹ Power Corp. of Canada Sub. Voting	Canada	Financials	531	13	22
Principal Financial Group Inc.	United States	Financials	232	14	19
PRO Real Estate Investment Trust	Canada	Real Estate	2,600	17	17
Proximus SA	Belgium	Communication Services	2,793	79	70
Qualcomm Inc.	United States	Information Technology	2,147	398	351
Raytheon Technologies Corp.	United States	Industrials	1,261	114	137
Redwood Trust Inc.	United States	Financials	2,200	29	36
Regions Financial Corp.	United States	Financials	812	14	22
Schroders PLC	United Kingdom	Financials	185	9	11
Siemens AG	Germany	Industrials	688	106	143
Solar Capital Ltd.	United States	Financials	10,557	234	256
Synovus Financial Corp.	United States	Financials	126	4	7
TELUS Corp.	Canada	Communication Services	21,047	542	586
Tesco PLC	United Kingdom	Consumer Staples	5,937	29	25
Transurban Group Rights Exp. 10-18-2021	Australia	Industrials	240	—	—
TriplePoint Venture Growth BDC Corp.	United States	Financials	10,000	199	201
U.S. Bancorp	United States	Financials	1,252	66	94
United Bankshares Inc.	United States	Financials	109	4	5
United Parcel Service Inc. (UPS) Class B	United States	Industrials	778	131	179
UnitedHealth Group Inc.	United States	Health Care	600	318	297
Universal Corp.	United States	Consumer Staples	332	25	20
Unum Group	United States	Financials	175	4	6
Valley National Bancorp.	United States	Financials	343	4	6
Waterstone Financial Inc.	United States	Financials	1,481	38	38
Whitestone REIT	United States	Real Estate	5,000	61	62
William Morrison Supermarkets PLC	United Kingdom	Consumer Staples	1,876	6	9
Yamana Gold Inc.	Canada	Materials	13,475	69	68
Total equities				10,059	10,711

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SCHEDULE OF INVESTMENTS (cont'd)

As at September 30, 2021

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
EXCHANGE-TRADED FUNDS/NOTES					
iShares Mortgage Real Estate ETF	United States	Exchange-Traded Funds/Notes	42,596	1,932	1,951
iShares S&P/TSX Canadian Preferred Share Index Fund ETF	Canada	Exchange-Traded Funds/Notes	155,976	2,132	2,168
² Mackenzie Emerging Markets Bond Index ETF (CAD-Hedged)	Canada	Exchange-Traded Funds/Notes	19,108	1,828	1,815
² Mackenzie Floating Rate Income ETF	Canada	Exchange-Traded Funds/Notes	253,117	4,809	4,898
² Mackenzie US High Yield Bond Index ETF (CAD-Hedged)	Canada	Exchange-Traded Funds/Notes	37,128	3,459	3,497
² Mackenzie US Investment Grade Corporate Bond Index ETF (CAD-Hedged)	Canada	Exchange-Traded Funds/Notes	40,000	4,352	4,206
SPDR Wells Fargo Preferred Stock ETF	United States	Exchange-Traded Funds/Notes	55,949	3,109	3,078
Utilities Select Sector SPDR Fund	United States	Exchange-Traded Funds/Notes	14,000	1,196	1,132
Vanguard Intermediate-Term Corporate Bond ETF	United States	Exchange-Traded Funds/Notes	15,976	1,960	1,909
Vanguard Long-Term Corporate Bond ETF	United States	Exchange-Traded Funds/Notes	11,089	1,484	1,482
Vanguard Real Estate ETF	United States	Exchange-Traded Funds/Notes	15,426	1,880	1,988
Total exchange-traded funds/notes				28,141	28,124
Transaction costs				(22)	–
Total investments				38,178	38,835
Derivative instruments (see schedule of derivative instruments)					(34)
Bank indebtedness					(10,802)
Other assets less liabilities					959
Net assets attributable to securityholders					28,958

¹ The issuer of this security is related to Mackenzie. See Note 1.

² This exchange-traded fund is managed by Mackenzie.

MACKENZIE ALTERNATIVE ENHANCED YIELD FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2021

SUMMARY OF INVESTMENT PORTFOLIO

September 30, 2021		March 31, 2021	
Effective Portfolio Allocation	% of NAV	Effective Portfolio Allocation	% of NAV
Equities	72.3	Bonds	74.0
Bonds	62.0	Equities	55.7
<i>Bonds</i>	60.5	<i>Equities</i>	55.7
<i>Long futures</i>	1.5	<i>Written options</i>	(0.0)
Other assets (liabilities)	1.4	Other assets (liabilities)	(6.1)
Cash and short-term investments	(35.7)	Cash and short-term investments	(23.6)
Effective Regional Allocation	% of NAV	Effective Regional Allocation	% of NAV
United States	93.0	United States	80.0
Canada	25.2	Canada	10.8
Other	5.9	Other Asia	7.9
United Kingdom	3.2	Japan	5.8
Norway	1.8	Other Europe	5.6
Other assets (liabilities)	1.4	Other America and Africa	4.4
Netherlands	1.1	United Kingdom	4.1
Germany	0.6	Australia	1.7
Mexico	0.6	Germany	1.5
Luxembourg	0.5	China	1.5
Indonesia	0.4	Netherlands	1.4
Saudi Arabia	0.4	Singapore	1.4
China	0.4	Mexico	1.3
Belgium	0.4	Hong Kong	1.2
Ireland	0.4	Brazil	1.1
Turkey	0.4	Other assets (liabilities)	(6.1)
Cash and short-term investments	(35.7)	Cash and short-term investments	(23.6)
Effective Sector Allocation	% of NAV	Effective Sector Allocation	% of NAV
Corporate bonds	40.7	Corporate bonds	52.8
Financials	36.5	Financials	26.1
Term loans	15.6	Term loans	13.7
Real estate	10.8	Real estate	10.0
Utilities	6.5	Foreign government bonds	6.4
Energy	5.7	Industrials	5.4
Foreign government bonds	4.3	Communication services	5.3
Communication services	3.8	Consumer staples	2.8
Consumer staples	2.1	Energy	1.9
Health care	1.9	Other	1.5
Industrials	1.8	Utilities	1.5
Information technology	1.5	Health care	0.9
Federal bonds	1.5	Information technology	0.7
Other assets (liabilities)	1.4	Federal bonds	0.7
Other	1.0	Other assets (liabilities)	(6.1)
Materials	0.6	Cash and short-term investments	(23.6)
Cash and short-term investments	(35.7)		

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

MACKENZIE ALTERNATIVE ENHANCED YIELD FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2021

SCHEDULE OF DERIVATIVE INSTRUMENTS

As at September 30, 2021

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)
10 Year Canadian Government Bond Futures December 2021	3	Dec. 20, 2021	146.20 CAD	429	–	(9)
Total futures contracts				429	–	(9)

* Notional value represents the exposure to the underlying instruments as at September 30, 2021

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	1,901 CAD	(1,520) USD	Nov. 9, 2021	(1,901)	(1,926)	–	(25)
Total forward currency contracts						–	(25)
Total derivative instruments at fair value						–	(34)

MACKENZIE ALTERNATIVE ENHANCED YIELD FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2021

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, 2021 and 2020, except for the comparative information presented in the Statements of Financial Position and notes thereto, which is as at March 31, 2021, 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, 2021. 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, 2021.

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.

MACKENZIE ALTERNATIVE ENHANCED YIELD FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2021

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(a) Financial instruments (cont'd)

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.

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. Refer to "Exemptions from National Instrument 81-102" in the Annual Information Form of the Fund for further details, including the complete conditions of these exemptions, 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, 2021.

MACKENZIE ALTERNATIVE ENHANCED YIELD FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2021

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(b) Fair value measurement (cont'd)

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. 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.

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 well as a reconciliation of securities lending income, 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.

MACKENZIE ALTERNATIVE ENHANCED YIELD FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2021

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(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.

(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.

MACKENZIE ALTERNATIVE ENHANCED YIELD FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2021

NOTES TO FINANCIAL STATEMENTS

4. Critical Accounting Estimates and Judgments

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

Ongoing uncertainty regarding the duration and long-term impact of the COVID-19 pandemic and the implementation of vaccination programs, as well as the efficacy of government and central bank monetary and fiscal interventions, may continue to affect the Fund's performance in future periods.

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 ALTERNATIVE ENHANCED YIELD FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2021

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, 2021 and 2020 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, 2021, 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 come 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 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.

MACKENZIE ALTERNATIVE ENHANCED YIELD FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2021

NOTES TO FINANCIAL STATEMENTS

8. Financial Instruments Risk (cont'd)

iv. Interest rate risk

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

If significant, Note 10 summarizes the Fund's interest-bearing financial instruments by remaining term to maturity and illustrates the potential impact to the Fund's net assets had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, all other variables held constant. The Fund's sensitivity to interest rate changes was estimated using weighted average duration. In practice, the actual trading results may differ and the difference could be material.

The Fund's sensitivity to interest rate risk illustrated in Note 10 includes potential indirect impacts from underlying funds and ETFs in which the Fund invests, and/or derivative contracts. Cash and cash equivalents and other money market instruments are short term in nature and are not generally subject to significant amounts of interest rate risk.

v. Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategies. Except for certain derivative contracts 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(I).

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.

MACKENZIE ALTERNATIVE ENHANCED YIELD FUND

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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 ALTERNATIVE ENHANCED YIELD FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2021

NOTES TO FINANCIAL STATEMENTS

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

(a) Fund Formation and Series Information

Date of Formation April 17, 2020

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 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.

An investor in the Fund may choose among different purchase options that are available under each series. These purchase options are a sales charge purchase option, a redemption charge purchase option and various low-load purchase options. The charges under the sales charge purchase option are negotiated by investors with their dealers. The charges under the redemption charge and low-load purchase options are paid to Mackenzie if an investor redeems securities of the Fund during specific periods. Not all purchase options are available under each series of the Fund, and the charges for each purchase option may vary among the different series. All deferred sales charge purchase options will cease on or prior to June 2022. For further details on these purchase options, please refer to the Fund's Simplified Prospectus and Fund Facts.

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees
Series A	June 11, 2020	1.85%	0.24%
Series F	June 11, 2020	0.75%	0.15%
Series FB	June 11, 2020	0.85%	0.24%
Series O	June 11, 2020	— ⁽¹⁾	—*
Series PW	June 11, 2020	1.75%	0.15%
Series PWFB	June 11, 2020	0.75%	0.15%
Series PWX	June 11, 2020	— ⁽²⁾	— ⁽²⁾
Series R	June 11, 2020	—*	—*

* Not applicable.

(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) Investments by Mackenzie and Affiliates

As at September 30, 2021, funds managed by Mackenzie had an investment of \$12,031 (March 31, 2021 – \$11,507) in the Fund.

(c) Loss Carryforwards

As at the last taxation year-end, the Fund has capital losses of \$74 which may be carried forward indefinitely to reduce future realized capital gains. There were no non-capital losses available to carry forward for tax purposes.

MACKENZIE ALTERNATIVE ENHANCED YIELD FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2021

NOTES TO FINANCIAL STATEMENTS

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

(d) Securities Lending

As at September 30, 2021 and March 31, 2021, the Fund did not have any open securities lending, repurchase or reverse repurchase transactions.

(e) Commissions

	(\$)
September 30, 2021	9
September 30, 2020	–

(f) 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 Fund uses conservative amounts of leverage strategically to help fund its yield target and monthly distribution.

During the six-month period ended September 30, 2021, the Fund's aggregate exposure to sources of leverage ranged from 27% to 41% of the Fund's NAV. The low end of the range occurred in May 2021 as a result of a large inflow of assets. The high end of the range was reached in July 2021 and represents the typical amount of leverage after the Fund was fully invested. The sources of leverage were cash borrowing, options and futures. Including the notional value of derivatives used for hedging, the low and high amounts of leverage ranged from 36% to 67%.

During the period from its inception on June 11, 2020, to March 31, 2021, the Fund's aggregate exposure to sources of leverage ranged from 0% to 49% of the Fund's NAV.

The low end of the range occurred at the time of the Fund's launch, when its strategies were not fully implemented. The high end of the range was reached in January 2021 and represents the typical amount of leverage after the Fund was fully invested. The source of leverage was cash borrowing and options. Including the notional value of derivatives used for hedging, the low and high amounts of leverage ranged from 0% to 81%.

(g) Investments Pledged as Collateral

As at September 30, 2021, investments in securities with a fair value of \$14,166 (March 31, 2021 – \$7,352) have been pledged as collateral against investments purchased with cash borrowings.

(h) Offsetting of Financial Assets and Liabilities

As at September 30, 2021, there were no amounts subject to offsetting.

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

	March 31, 2021			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	–	–	–	–
Unrealized losses on derivative contracts	–	–	–	–
Liability for options written	(2)	–	–	(2)
Total	(2)	–	–	(2)

(i) Risks Associated with Financial Instruments

i. Risk exposure and management

The Fund seeks a high level of current income and the potential for long-term capital appreciation primarily through long and/or short positions in fixed income securities and equities of issuers anywhere in the world. The Fund's asset mix will generally range between 45%–65% fixed income securities and 35%–55% equities. The Fund may engage in physical short sales and borrowing and/or use derivatives for hedging and investment purposes.

The Fund's aggregate exposure to its sources of leverage, calculated as the sum of the following sources of leverage, 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.

MACKENZIE ALTERNATIVE ENHANCED YIELD FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2021

NOTES TO FINANCIAL STATEMENTS

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

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

ii. Currency risk

The table below summarizes the Fund's exposure to currency risk.

Currency	September 30, 2021			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure*
USD	16,715	33	(1,926)	14,822
NOK	535	–	–	535
GBP	522	–	–	522
EUR	258	2	–	260
CHF	79	–	–	79
HKD	–	1	–	1
Total	18,109	36	(1,926)	16,219
% of Net Assets	62.5	0.1	(6.7)	55.9

Currency	March 31, 2021			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure*
USD	7,637	212	(1,910)	5,939
JPY	790	–	–	790
GBP	299	–	–	299
EUR	231	–	–	231
AUD	209	–	–	209
SGD	158	–	–	158
HKD	123	–	–	123
CHF	74	1	–	75
THB	47	–	–	47
MYR	31	–	–	31
NOK	12	–	–	12
Total	9,611	213	(1,910)	7,914
% of Net Assets	65.6	1.5	(13.0)	54.1

* Includes both monetary and non-monetary financial instruments

As at September 30, 2021, had the Canadian dollar increased or decreased by 5% relative to all foreign currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$846 or 2.9% of total net assets (March 31, 2021 – \$419 or 2.9%). In practice, the actual trading results may differ and the difference could be material.

iii. Interest rate risk

The Fund does not directly hold any interest-bearing financial instruments other than a nominal amount of cash and short-term investments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the Underlying Fund will fluctuate due to changes in the prevailing levels of market interest rates.

As at September 30, 2021, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets would have decreased or increased by approximately \$996 or 3.4% of total net assets (March 31, 2021 – \$592 or 4.0%). In practice, the actual trading results may differ and the difference could be material.

MACKENZIE ALTERNATIVE ENHANCED YIELD FUND

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NOTES TO FINANCIAL STATEMENTS

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

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

iv. Other price risk

The table below summarizes the Fund's exposure to other price risk.

Impact on net assets	Increased by 10%		Decreased by 10%	
	(\$)	(%)	(\$)	(%)
September 30, 2021	2,105	7.3	(2,105)	(7.3)
March 31, 2021	819	5.6	(853)	(5.8)

v. Credit risk

The Fund's greatest indirect concentration of credit risk is in debt securities, such as bonds, held by underlying funds. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. For more information regarding the credit risk of underlying funds, refer to the underlying funds' financial statements available on the SEDAR website at www.sedar.com or at www.mackenzieinvestments.com.

(j) 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, 2021				March 31, 2021			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	9,317	1,394	–	10,711	2,861	1,970	–	4,831
Exchange-traded funds/notes	28,124	–	–	28,124	14,225	–	–	14,225
Derivative assets	–	–	–	–	–	6	–	6
Derivative liabilities	(9)	(25)	–	(34)	–	(2)	–	(2)
Total	37,432	1,369	–	38,801	17,086	1,974	–	19,060

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 ended September 30, 2021, non-North American equities frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at September 30, 2021, these securities were classified as Level 2 (March 31, 2021 – Level 2).