

# MACKENZIE NORTHLEAF GLOBAL PRIVATE EQUITY FUND

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

*For the Period Ended September 30, 2022*

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

*Mackenzie Financial Corporation, the Manager of the Mackenzie Northleaf Global Private Equity 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 NORTHLEAF GLOBAL PRIVATE EQUITY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## STATEMENT OF FINANCIAL POSITION

at (in \$ 000 except per security amounts)

	Sep. 30 2022 \$
<b>ASSETS</b>	
<b>Current assets</b>	
Investments at fair value	15,036
Cash and cash equivalents	214
Accounts receivable for investments sold	1
Accounts receivable for securities issued	–
<b>Total assets</b>	<b>15,251</b>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable for investments purchased	–
Accounts payable for securities redeemed	–
Accrued performance fee	209
<b>Total liabilities</b>	<b>209</b>
<b>Net assets attributable to securityholders</b>	<b>15,042</b>

	Net assets attributable to securityholders (note 3)	
	per security	per series
	Sep. 30 2022	Sep. 30 2022
Series A	13.28	1
Series F	13.34	1
Series FA	13.29	1
Series FF	13.34	1,079
Series RR	13.38	13,960
		<b>15,042</b>

## STATEMENT OF COMPREHENSIVE INCOME

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

	2022 \$
<b>Income</b>	
Interest income	5
Other changes in fair value of investments and other net assets	
Net realized gain (loss)	133
Net unrealized gain (loss)	3,679
<b>Total income (loss)</b>	<b>3,817</b>
<b>Expenses (note 6)</b>	
Management fees	2
Commissions and other portfolio transaction costs	209
Independent Review Committee fees	–
<b>Expenses before amounts absorbed by Manager</b>	<b>211</b>
Expenses absorbed by Manager	1
<b>Net expenses</b>	<b>210</b>
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	<b>3,607</b>
Foreign withholding tax expense (recovery)	–
Foreign income taxes paid (recovered)	–
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	<b>3,607</b>

	Increase (decrease) in net assets attributable to securityholders from operations (note 3)	
	per security	per series
	2022	2022
Series A	3.28	–
Series F	3.34	–
Series FA	3.29	–
Series FF	4.81	147
Series RR	3.42	3,460
		<b>3,607</b>

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

# MACKENZIE NORTHLEAF GLOBAL PRIVATE EQUITY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## STATEMENT OF CHANGES IN FINANCIAL POSITION

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

	Total 2022	Series A 2022	Series F 2022	Series FA 2022
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>				
Beginning of period	–	–	–	–
Increase (decrease) in net assets from operations	3,607	–	–	–
Distributions paid to securityholders:				
Investment income	–	–	–	–
Capital gains	–	–	–	–
Total distributions paid to securityholders	–	–	–	–
Security transactions:				
Proceeds from securities issued	11,435	1	1	1
Reinvested distributions	–	–	–	–
Payments on redemption of securities	–	–	–	–
Total security transactions	11,435	1	1	1
<b>Increase (decrease) in net assets attributable to securityholders</b>	<b>15,042</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>End of period</b>	<b>15,042</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Increase (decrease) in fund securities (in thousands) (note 7):</b>				
Securities outstanding – beginning of period		Securities	Securities	Securities
Issued		–	–	–
Reinvested distributions		–	–	–
Redeemed		–	–	–
Securities outstanding – end of period		–	–	–

	Series FF 2022	Series RR 2022
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>		
Beginning of period	–	–
Increase (decrease) in net assets from operations	147	3,460
Distributions paid to securityholders:		
Investment income	–	–
Capital gains	–	–
Total distributions paid to securityholders	–	–
Security transactions:		
Proceeds from securities issued	932	10,500
Reinvested distributions	–	–
Payments on redemption of securities	–	–
Total security transactions	932	10,500
<b>Increase (decrease) in net assets attributable to securityholders</b>	<b>1,079</b>	<b>13,960</b>
<b>End of period</b>	<b>1,079</b>	<b>13,960</b>
<b>Increase (decrease) in fund securities (in thousands) (note 7):</b>		
Securities outstanding – beginning of period		Securities
Issued	81	1,043
Reinvested distributions	–	–
Redeemed	–	–
Securities outstanding – end of period	81	1,043

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

# MACKENZIE NORTHLEAF GLOBAL PRIVATE EQUITY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## STATEMENT OF CASH FLOWS

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

	2022
	\$
<b>Cash flows from operating activities</b>	
Net increase (decrease) in net assets attributable to securityholders from operations	3,607
Adjustments for:	
Net realized loss (gain) on investments	–
Change in net unrealized loss (gain) on investments	(3,679)
Purchase of investments	(11,363)
Proceeds from sale and maturity of investments	–
Increase (decrease) in accounts payable and other liabilities	209
<b>Net cash provided by (used in) operating activities</b>	<b>(11,226)</b>
<b>Cash flows from financing activities</b>	
Proceeds from securities issued	11,435
Payments on redemption of securities	–
Distributions paid net of reinvestments	–
<b>Net cash provided by (used in) financing activities</b>	<b>11,435</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>209</b>
Cash and cash equivalents at beginning of period	–
Effect of exchange rate fluctuations on cash and cash equivalents	5
<b>Cash and cash equivalents at end of period</b>	<b>214</b>
Cash	214
Cash equivalents	–
<b>Cash and cash equivalents at end of period</b>	<b>214</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>	
Dividends received	–
Foreign taxes paid	–
Interest received	5
Interest paid	–

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

# MACKENZIE NORTHLEAF GLOBAL PRIVATE EQUITY 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)
<b>PRIVATE FUNDS</b>					
<sup>2</sup> Northleaf Secondary Partners III	Canada	Financials	2,000	10,337	14,006
<b>Total funds</b>				<b>10,337</b>	<b>14,006</b>
<b>MUTUAL FUNDS</b>					
<sup>1</sup> Mackenzie Private Equity Replication Fund Series R	Canada	Mutual Funds	109,859	1,025	1,030
<b>Total mutual funds</b>				<b>1,025</b>	<b>1,030</b>
Transaction costs				–	–
<b>Total investments</b>				<b>11,362</b>	<b>15,036</b>
Cash and cash equivalents					214
Other assets less liabilities					(208)
<b>Net assets attributable to securityholders</b>					<b>15,042</b>

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

<sup>2</sup> This fund is managed by Northleaf Capital Partners (Canada) Ltd., an affiliate of Mackenzie.

# MACKENZIE NORTHLEAF GLOBAL PRIVATE EQUITY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## SUMMARY OF INVESTMENT PORTFOLIO

SEPTEMBER 30, 2022

<b>EFFECTIVE PORTFOLIO ALLOCATION</b>	<b>% OF NAV</b>
Secondary investments	87.5
<i>Fund interest investments</i>	48.2
<i>Continuation vehicle investments</i>	31.8
<i>Structured capital investments</i>	7.5
Equities	6.3
<i>Equities</i>	6.1
<i>Purchased options</i>	0.6
<i>Long equity futures</i>	(0.4)
Cash and short-term investments	1.5
Other assets (liabilities)	4.7

<b>EFFECTIVE REGIONAL ALLOCATION</b>	<b>% OF NAV</b>
North America – Secondary investments	85.6
Europe – Secondary investments	4.7
Other assets (liabilities)	4.7
Asia – Secondary investments	2.8
Cash and short-term investments	1.5
North America – Other	0.4
Other	0.2

<b>EFFECTIVE SECTOR ALLOCATION</b>	<b>% OF NAV</b>
Secondary investment – Health care	21.9
Secondary investment – Information technology	20.1
Secondary investment – Consumer discretionary	18.4
Secondary investment – Industrials	7.9
Secondary investment – Business services	7.9
Secondary investment – Financials	5.2
Other assets (liabilities)	4.7
Secondary investment – Energy	2.6
Secondary investment – Materials	2.6
Information technology	1.9
Cash and short-term investments	1.5
Industrials	1.3
Health care	1.2
Other	1.0
Secondary investment – Communication services	0.9
Energy	0.3
Consumer discretionary	0.3
Communication services	0.3

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

# MACKENZIE NORTHLEAF GLOBAL PRIVATE EQUITY 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 unit 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 an exempt distribution option through an Offering Memorandum.

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.

The Fund will generally have exposure to: (i) illiquid private equity investments (the portion of the Fund's assets allocated to such securities, the "Private Portfolio"); and (ii) public securities and other debt instruments (the "Public Portfolio"). The Fund will generally allocate its Private Portfolio to a private fund (the "Private Fund") managed by Northleaf Capital Partners (Canada) Ltd. ("Northleaf"), a company in which Mackenzie holds a significant equity interest. Refer to Note 10 for further details of the Private Fund.

### 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 NORTHLEAF GLOBAL PRIVATE EQUITY 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 constituting documents of such underlying fund. Unlisted or non-exchange traded investments, or investments where a last sale or close price is unavailable or investments for which market quotations are, in Mackenzie's opinion, inaccurate, unreliable, or not reflective of all available material information, are valued at their fair value as determined by Mackenzie using appropriate and accepted industry valuation techniques including valuation models. The fair value determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the fair value may be determined using valuation techniques that are not supported by observable market data.

Cash and cash equivalents which includes cash on deposit with financial institutions and short-term investments that are readily convertible to cash, are subject to an insignificant risk of changes in value, and are used by the Fund in the management of short-term commitments. Cash and cash equivalents are reported at fair value which closely approximates their amortized cost due to their nature of being highly liquid and having short terms to maturity. Bank overdraft positions are presented under current liabilities as bank indebtedness in the Statement of Financial Position.

The Fund may use derivatives (such as written options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest rates or exchange rates. The Fund may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets, to gain exposure to other currencies, to seek to generate additional income, and/or for any other purpose considered appropriate by the Fund's portfolio manager(s), provided that the use of the derivative is consistent with the Fund's investment objectives. Any use of derivatives will comply with Canadian mutual fund laws subject to the regulatory exemptions granted to the Fund, as applicable.

Valuations of derivative instruments are carried out daily, using normal exchange reporting sources for exchange-traded derivatives and specific broker enquiry for over-the-counter derivatives.

The value of forward contracts is the gain or loss that would be realized if, on the valuation date, the positions were to be closed out. The change in value of forward contracts is included in the Statement of Comprehensive Income – Other changes in fair value of investments and other net assets – Net unrealized gain (loss).

The value of futures contracts or swaps fluctuates daily, and cash settlements made daily, where applicable, by the Fund are equal to the change in unrealized gains or losses that are best determined at the settlement price. These unrealized gains or losses are recorded and reported as such until the Fund closes out the contract or the contract expires. Margin paid or deposited in respect of futures contracts or swaps is reflected as a receivable in the Statement of Financial Position – Margin on derivatives. Any change in the variation margin requirement is settled daily.

Premiums paid for purchasing an option are recorded in the Statement of Financial Position – Investments at fair value.

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

Refer to the Schedule of Derivative Instruments and Schedule of Options Purchased/Written, as applicable, included in the Schedule of Investments for a listing of derivative and options positions as at September 30, 2022.

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

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

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

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

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

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

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

See Note 10 for the fair value classifications of the Fund.

#### (c) Income recognition

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

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



# MACKENZIE NORTHLEAF GLOBAL PRIVATE EQUITY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

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

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

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

#### (e) 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.

#### (f) 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.

#### (g) 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.

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

The monthly 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.

#### (i) 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.

#### (j) 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.

#### (k) 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.

# MACKENZIE NORTHLEAF GLOBAL PRIVATE EQUITY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

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

#### 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 unit 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, Incentive Allocation 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 monthly net asset value of the series.

In order to avoid a duplication of management fees, Mackenzie intends to partially reduce the monthly management fee to offset those management fees paid to the Private Fund held by the Fund. Mackenzie also intends to ensure that a management fee rebate is paid to the Fund on a monthly basis to offset the management fees paid by the Fund to the Mackenzie exchange-traded funds held by the Fund within its Public Portfolio. Refer to Note 10 for further details of the Fund's investment objective and strategies.

The interests of the Private Fund held by the Fund is subject to a carried interest distribution payable to an affiliate of Northleaf (the "Class C Partner"), as described below, that will be borne indirectly by the Fund.

After payment of annual distributions, each Private Fund's limited partner's (each a "Limited Partner") share of proceeds allocated to it will generally be distributed to such Limited Partner and Class C Partner in the following order of priority:

- (i) first, 100% to such Limited Partner until such Limited Partner has received aggregate distributions equal to the sum of (a) an amount equal to such Limited Partner's contributed capital to date and (b) a cumulative preferred return of 8% per annum, compounded annually;
- (ii) second, 100% to the Class C Partner until the Class C Partner has received aggregate distributions with respect to its carried interest equal to the "catch-up amount", which will be calculated to be 10% of all distributions under clause (i)(b) above and this clause (ii); and
- (iii) thereafter, 10% to the Class C Partner and 90% to such Limited Partner;
- (iv) (Distributions received by the Class C Partner pursuant to clauses (ii) and (iii) above are referred to as the "Carried Interest Distributions").

Each series of the Fund, except Series RR, 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 monthly net asset value of the series.

Other fund costs include taxes (including, but not limited to GST/HST and income tax), initial organizational costs, 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 issued offering memorandum, and the costs of complying with any new regulatory requirements, including, without limitation, any new fees introduced after the date of the most recently issued offering memorandum.

# MACKENZIE NORTHLEAF GLOBAL PRIVATE EQUITY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

### 6. Management Fees, Incentive Allocation and Operating Expenses (cont'd)

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 period 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 monthly (series RR) and quarterly (series A and F) cash redemptions of redeemable securities. In order to monitor the liquidity of its assets, the Fund requires notice of a redemption at least 30 days prior to the relevant redemption date. In addition, for any securities redeemed within one year of their purchase, Mackenzie will deduct an early redemption fee of 2% of the net asset value of the redeemed securities from the redemption proceeds, which will be retained by the Fund.

#### 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.

#### v. Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategies. Except for certain derivative contracts, the maximum risk resulting from financial instruments is equivalent to their fair value. The maximum risk of loss on certain derivative contracts such as forwards, swaps and futures contracts is equal to their notional values. In the case of written call (put) options and short futures contracts, the loss to the Fund continues to increase, theoretically without limit, as the fair value of the underlying interest increases (decreases). However, these instruments are generally used within the overall investment management process to manage the risk from the underlying investments and do not typically increase the overall risk of loss to the Fund. This risk is mitigated by ensuring that the Fund holds a combination of the underlying interest, cash cover and/or margin that is equal to or greater than the value of the derivative contract.

# MACKENZIE NORTHLEAF GLOBAL PRIVATE EQUITY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

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

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

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

The Fund's sensitivity to other price risk illustrated in Note 10 includes potential indirect impacts from underlying funds and ETFs in which the Fund invests, and/or derivative contracts.

#### vi. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Note 10 summarizes the Fund's exposure, if applicable and significant, to credit risk.

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

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

The carrying amount of investments and other assets represents the maximum credit risk exposure as at the date of the Statement of Financial Position.

#### vii. Underlying funds

The Fund may invest in underlying funds and may be indirectly exposed to currency risk, interest rate risk, other price risk and credit risk from fluctuations in the value of financial instruments held by the underlying funds. Note 10 summarizes the Fund's exposure, if applicable and significant, to these risks from underlying funds.

### 9. Other Information

#### Abbreviations

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

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

# MACKENZIE NORTHLEAF GLOBAL PRIVATE EQUITY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

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

#### (a) Fund Formation and Series Information

Date of Formation: April 12, 2022

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 Statement of Changes in Financial Position.

Series A securities are available to all investors who meet the minimum investment criteria.

Series F securities are available to investors who meet the minimum investment criteria, who are enrolled in a dealer-sponsored fee-for-service or wrap program with their dealer, who are subject to an asset-based fee rather than commissions on each transaction and whose dealer has entered into an agreement with the Manager relating to the distribution of these securities.

Series FA securities are available to investors who meet the minimum investment criteria. Series FA securities will be closed to any new investment on the earlier of: (i) March 31, 2023; or (ii) \$25,000,000 of Series FA and Series FF securities (in aggregate) being issued.

Series FF securities are available to investors who meet the minimum investment criteria, who are enrolled in a dealer-sponsored fee-for-service or wrap program with their dealer, who are subject to an asset-based fee rather than commissions on each transaction and whose dealer has entered into an agreement with the Manager relating to the distribution of these securities. Series FF securities will be closed to any new investment on the earlier of: (i) March 31, 2023; or (ii) \$25,000,000 of Series FA and Series FF securities (in aggregate) being issued.

Series RR securities are only available to the Manager, or an affiliate of the Manager, in its capacity as seed investor.

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees
Series A	May 10, 2022	2.65%	0.15%
Series F	May 10, 2022	1.65%	0.15%
Series FA	May 10, 2022	2.35%	0.15%
Series FF	May 10, 2022	1.35%	0.15%
Series RR	May 10, 2022	— <sup>(1)</sup>	— <sup>(1)</sup>

(1) No management fees and administration fees are charged to the Fund in respect of the Series RR securities.

#### (b) Tax Loss Carryforwards

As the Fund was launched May 10, 2022, it has not had a taxation year-end and does not have any capital losses and non-capital losses available to carry forward for tax purposes.

#### (c) Securities Lending

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

#### (d) Commissions

	(\$)
September 30, 2022	—

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

##### *i. Risk exposure and management*

The investment objective of the Fund is to seek to achieve long-term capital appreciation mainly through exposure to private equity and public securities globally. The Fund will seek to achieve its investment objective by investing, under normal circumstances, approximately 75-80% of its portfolio in a diversified global portfolio of private equity assets and investments (the "Private Portfolio"), and approximately 20-25% of its portfolio in public equity securities (the "Public Portfolio"). The Fund generally intends to allocate the Private Portfolio to Northleaf Secondary Partners (Canada) III LP, (the "Private Fund") an Ontario limited partnership managed by Northleaf and the Public Portfolio to various investment funds managed by Mackenzie.

##### *ii. Commitment*

	September 30, 2022	
Private Fund	Called Amount (\$)	Total Commitment to Invest (US\$)
Northleaf Secondary Partners III <sup>(1)</sup>	14,006	20,000

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

Mackenzie and the Fund have entered into an agreement in which Mackenzie will make additional investments in the Fund up to a maximum of USD \$20,000, if required, to ensure the Fund will satisfy its payment obligations under the commitments to the Private Fund.

# MACKENZIE NORTHLEAF GLOBAL PRIVATE EQUITY 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. Currency risk

The Fund is exposed to currency risk from its investments in the underlying exchange traded funds (“underlying ETFs”) and the Private Fund.

The underlying ETFs are denominated in Canadian dollars. However, the Fund is indirectly exposed to the risk that the value of foreign currency denominated financial instruments held by the underlying ETFs will fluctuate due to changes in exchange rates. The Private Fund is denominated in U.S. dollars. The Fund and the underlying ETFs may hedge some or all of their currency exposure.

As at September 30, 2022, 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 \$710 or 5.0% of total net assets. In practice, the actual trading results may differ and the difference could be material.

##### iv. Interest rate risk

As at September 30, 2022, the Fund did not have a significant exposure to interest rate risk.

##### 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, 2022	1,467	10.3	(1,467)	(10.3)

##### v. Credit risk

As at September 30, 2022, the Fund did not have significant exposure to credit risk.

#### (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			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Mutual funds	1,030	–	–	1,030
Private funds	–	–	14,006	14,006
Total	1,030	–	14,006	15,036

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 period ended September 30, 2022:

	September 30, 2022
	Private funds (\$)
Balance – beginning of period	–
Purchases	10,337
Sales	–
Transfers in	–
Transfers out	–
Gains (losses) during the period:	
Realized	–
Unrealized	3,669
Balance – end of period	14,006
Change in unrealized gains (losses) during the period attributable to securities held at end of period	3,669

Fair value of each Level 3 financial instrument is generally measured using unobservable market inputs with the best information available at the time. Various valuation techniques are utilized, depending on a number of factors including, key inputs and assumptions which are company specific and may include estimated discount rates and expected price volatilities.

Level 3 investments of \$14,006 have been valued based on financing transactions and values of comparable indices that are observable. If the value of these investments were to increase or decrease by 10%, the value of the Fund would increase or decrease by \$1,401.

# MACKENZIE NORTHLEAF GLOBAL PRIVATE EQUITY FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

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## NOTES TO FINANCIAL STATEMENTS

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

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

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

	<u>September 30, 2022</u>
	<u>(\$)</u>
The Manager	12,675
Other funds managed by the Manager	–
Funds managed by affiliates of the Manager	–

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

As at September 30, 2022, there were no amounts subject to offsetting.

#### (i) Exemption

The Fund is exempt from filing its financial statements as it meets all of the exemption requirements under Section 2.11 of National Instrument 81-106.