

# MACKENZIE U.S. AGGREGATE BOND INDEX ETF (CAD-HEDGED)

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## **Interim Unaudited Financial Statements**

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

*These Interim Unaudited Financial Statements do not contain the Interim Management Report of Fund Performance (“MRFP”) of the ETF. You may obtain a copy of the Interim MRFP, at no cost, by calling the toll-free number 1-800-387-0614, by writing to us at Mackenzie Financial Corporation, 180 Queen Street West, Toronto, Ontario M5V 3K1, by visiting our website at [www.mackenzieinvestments.com](http://www.mackenzieinvestments.com) or by visiting the SEDAR website at [www.sedar.com](http://www.sedar.com). Copies of the Annual Financial Statements or Annual MRFP may also be obtained, at no cost, using any of the methods outlined above.*

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

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

*Mackenzie Financial Corporation, the Manager of the Mackenzie U.S. Aggregate Bond Index ETF (CAD-Hedged) (“ETF”), appoints independent auditors to audit the ETF’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 ETF’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 U.S. AGGREGATE BOND INDEX ETF (CAD-HEDGED)

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## STATEMENTS OF FINANCIAL POSITION

at (in \$ 000 except per unit amounts)

	Sep. 30 2022	Mar. 31 2022 (Audited)
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Investments at fair value	18,894	8,430
Cash and cash equivalents	1,268	440
Accrued interest receivable	20	19
Accounts receivable for investments sold	–	–
Accounts receivable for units issued	–	–
Margin on derivatives	24	22
Derivative assets	157	135
<b>Total assets</b>	<b>20,363</b>	<b>9,046</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable for investments purchased	–	–
Accounts payable for units redeemed	–	–
Due to manager	2	1
Derivative liabilities	993	43
<b>Total liabilities</b>	<b>995</b>	<b>44</b>
<b>Net assets attributable to unitholders</b>	<b>19,368</b>	<b>9,002</b>

### Net assets attributable to unitholders (note 3)

	per unit		per series	
	Sep. 30 2022	Mar. 31 2022 (Audited)	Sep. 30 2022	Mar. 31 2022 (Audited)
CAD Units	80.70	90.02	19,368	9,002

## STATEMENTS OF COMPREHENSIVE INCOME

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

	2022 \$	2021 \$
<b>Income</b>		
Dividends	43	84
Interest income	58	74
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	(374)	(152)
Net unrealized gain (loss)	(941)	324
Fee rebate income	2	3
Other	11	–
<b>Total income (loss)</b>	<b>(1,201)</b>	<b>333</b>
<b>Expenses (note 6)</b>		
Management fees	8	10
Management fee rebates	(4)	(3)
Interest charges	–	1
Commissions and other portfolio transaction costs	1	1
Independent Review Committee fees	–	–
<b>Expenses before amounts absorbed by Manager</b>	<b>5</b>	<b>9</b>
Expenses absorbed by Manager	–	–
<b>Net expenses</b>	<b>5</b>	<b>9</b>
<b>Increase (decrease) in net assets attributable to unitholders from operations before tax</b>	<b>(1,206)</b>	<b>324</b>
Foreign withholding tax expense (recovery)	–	–
Foreign income taxes paid (recovered)	–	–
<b>Increase (decrease) in net assets attributable to unitholders from operations</b>	<b>(1,206)</b>	<b>324</b>

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

	per unit		per series	
	2022	2021	2022	2021
CAD Units	(10.62)	2.61	(1,206)	324

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

# MACKENZIE U.S. AGGREGATE BOND INDEX ETF (CAD-HEDGED)

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## STATEMENTS OF CHANGES IN FINANCIAL POSITION

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

	CAD Units	
	2022	2021
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		
<b>Beginning of period</b>	<b>9,002</b>	<b>13,467</b>
Increase (decrease) in net assets from operations	(1,206)	324
Distributions paid to unitholders:		
Investment income	(87)	(140)
Capital gains	–	–
Management fee rebates	(4)	(3)
<b>Total distributions paid to unitholders</b>	<b>(91)</b>	<b>(143)</b>
Unit transactions:		
Proceeds from units issued	13,366	2
Reinvested distributions	–	–
Payments on redemption of units	(1,703)	(3,942)
<b>Total unit transactions</b>	<b>11,663</b>	<b>(3,940)</b>
<b>Increase (decrease) in net assets attributable to unitholders</b>	<b>10,366</b>	<b>(3,759)</b>
<b>End of period</b>	<b>19,368</b>	<b>9,708</b>
<b>Increase (decrease) in units (in thousands) (note 7):</b>	<b>Units</b>	
<b>Units outstanding – beginning of period</b>	<b>100</b>	<b>140</b>
Issued	160	–
Reinvested distributions	–	–
Redeemed	(20)	(40)
<b>Units outstanding – end of period</b>	<b>240</b>	<b>100</b>

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

# MACKENZIE U.S. AGGREGATE BOND INDEX ETF (CAD-HEDGED)

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## STATEMENTS OF CASH FLOWS

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

	2022	2021
	\$	\$
<b>Cash flows from operating activities</b>		
Net increase (decrease) in net assets attributable to unitholders from operations	(1,206)	324
Adjustments for:		
Net realized loss (gain) on investments	40	164
Change in net unrealized loss (gain) on investments	941	(324)
Purchase of investments	(40,140)	(32,140)
Proceeds from sale and maturity of investments	29,620	35,559
(Increase) decrease in accounts receivable and other assets	(3)	(11)
Increase (decrease) in accounts payable and other liabilities	1	1
<b>Net cash provided by (used in) operating activities</b>	<b>(10,747)</b>	<b>3,573</b>
<b>Cash flows from financing activities</b>		
Proceeds from units issued	13,366	2
Payments on redemption of units	(1,703)	(3,942)
Distributions paid net of reinvestments	(91)	(143)
<b>Net cash provided by (used in) financing activities</b>	<b>11,572</b>	<b>(4,083)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>825</b>	<b>(510)</b>
Cash and cash equivalents at beginning of period	440	744
Effect of exchange rate fluctuations on cash and cash equivalents	3	4
<b>Cash and cash equivalents at end of period</b>	<b>1,268</b>	<b>238</b>
Cash	1,268	238
Cash equivalents	–	–
<b>Cash and cash equivalents at end of period</b>	<b>1,268</b>	<b>238</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	43	84
Foreign taxes paid	–	–
Interest received	57	73
Interest paid	–	1

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

# MACKENZIE U.S. AGGREGATE BOND INDEX ETF (CAD-HEDGED)

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>BONDS</b>					
European Investment Bank 1.88% 02-10-2025	Supra - National	n/a	USD 42,000	55	55
Export Development Canada 1.38% 02-24-2023	Canada	Federal Government	USD 5,000	7	7
Fannie Mae 0.25% 07-10-2023	United States	Foreign Governments	USD 5,000	7	7
Fannie Mae 0.50% 06-17-2025	United States	Foreign Governments	USD 20,000	27	25
Fannie Mae 0.88% 08-05-2030	United States	Foreign Governments	USD 7,000	9	8
Fannie Mae 2.50% 06-01-2034	United States	Mortgage Backed	USD 74,055	104	93
Fannie Mae 3.00% 03-01-2035	United States	Mortgage Backed	USD 18,501	19	24
Fannie Mae 2.00% 03-01-2036	United States	Mortgage Backed	USD 20,041	26	24
Fannie Mae 1.50% 06-01-2036	United States	Mortgage Backed	USD 52,398	66	62
Fannie Mae 3.00% 09-01-2037	United States	Mortgage Backed	USD 44,852	61	57
Fannie Mae 3.00% 11-01-2046	United States	Mortgage Backed	USD 26,873	38	33
Fannie Mae 2.50% 03-01-2050	United States	Mortgage Backed	USD 53,589	64	62
Fannie Mae 3.50% 03-01-2050	United States	Mortgage Backed	USD 96,013	138	121
Fannie Mae 2.50% 09-01-2050	United States	Mortgage Backed	USD 28,011	37	33
Fannie Mae 2.50% 10-01-2050	United States	Mortgage Backed	USD 48,069	56	55
Fannie Mae 2.00% 02-01-2051	United States	Mortgage Backed	USD 72,409	96	82
Fannie Mae 2.00% 03-01-2051	United States	Mortgage Backed	USD 107,815	138	122
Fannie Mae 2.00% 05-01-2051 (FN BQ7406)	United States	Mortgage Backed	USD 40,659	50	46
Fannie Mae 2.00% 05-01-2051 (FN MA4325)	United States	Mortgage Backed	USD 94,994	121	107
Fannie Mae 2.50% 07-01-2051	United States	Mortgage Backed	USD 42,007	-	49
Fannie Mae 2.00% 08-01-2051	United States	Mortgage Backed	USD 60,297	77	66
Fannie Mae 2.50% 10-01-2051	United States	Mortgage Backed	USD 43,794	57	51
Fannie Mae 2.00% 11-01-2051	United States	Mortgage Backed	USD 53,002	66	60
Federal Home Loan Mortgage Corp. 0.25% 08-24-2023	United States	Foreign Governments	USD 12,000	16	16
Freddie Mac 6.75% 03-15-2031	United States	Foreign Governments	USD 5,000	10	8
Freddie Mac 3.50% 03-01-2043	United States	Mortgage Backed	USD 14,582	21	18
Freddie Mac 4.00% 10-01-2048	United States	Mortgage Backed	USD 53,750	77	70
Freddie Mac 2.00% 07-01-2050 FR QB1292	United States	Mortgage Backed	USD 30,464	42	34
Freddie Mac 2.00% 07-01-2050	United States	Mortgage Backed	USD 44,016	61	50
Ginnie Mae II 3.50% 06-20-2046	United States	Mortgage Backed	USD 54,120	78	69
Ginnie Mae II 3.00% 11-20-2047	United States	Mortgage Backed	USD 52,673	75	65
Ginnie Mae II 2.50% 09-20-2050	United States	Mortgage Backed	USD 47,334	66	55
Ginnie Mae 1.00% 08-20-2049	United States	Mortgage Backed	USD 66,049	81	70
Ginnie Mae 3.00% 12-20-2050	United States	Mortgage Backed	USD 43,437	58	53
Ginnie Mae 2.00% 05-20-2051	United States	Mortgage Backed	USD 52,666	65	58
Ginnie Mae 3.00% 10-20-2051	United States	Mortgage Backed	USD 24,542	31	30
Government National Mortgage Association 3.50% 12-20-2050	United States	Mortgage Backed	USD 344	-	-
Government of Canada 1.63% 01-22-2025	Canada	Federal Government	USD 100,000	128	130
Government of Italy 5.38% 06-15-2033	Italy	Foreign Governments	USD 10,000	17	13
Inter-American Development Bank 7.00% 06-15-2025	Supra - National	n/a	USD 50,000	86	74
Islamic Development Bank 2.84% 04-25-2024	Supra - National	n/a	USD 200,000	275	270
Province of British Columbia 1.75% 09-27-2024	Canada	Provincial Governments	USD 100,000	128	131
Temasek Holdings Pte Ltd. 3.38% 07-23-2042	Singapore	Corporate - Non Convertible	USD 250,000	404	291
United States Treasury 0.13% 09-15-2023	United States	Foreign Governments	USD 276,000	367	367
United States Treasury 1.50% 11-30-2024	United States	Foreign Governments	USD 23,900	31	31
United States Treasury 0.25% 08-31-2025	United States	Foreign Governments	USD 418,200	542	515
United States Treasury 0.50% 02-28-2026	United States	Foreign Governments	USD 26,000	31	32
United States Treasury 1.50% 08-15-2026	United States	Foreign Governments	USD 52,500	67	66
United States Treasury 1.38% 08-31-2026	United States	Foreign Governments	USD 7,300	9	9
United States Treasury 1.63% 11-30-2026	United States	Foreign Governments	USD 26,100	34	33
United States Treasury 1.75% 12-31-2026	United States	Foreign Governments	USD 63,700	84	80
United States Treasury 0.50% 08-31-2027	United States	Foreign Governments	USD 336,200	450	392
United States Treasury 0.75% 01-31-2028	United States	Foreign Governments	USD 43,200	52	50
United States Treasury 2.75% 02-15-2028	United States	Foreign Governments	USD 35,200	50	46
United States Treasury 1.25% 06-30-2028	United States	Foreign Governments	USD 11,100	14	13
United States Treasury 1.00% 07-31-2028	United States	Foreign Governments	USD 33,200	42	39
United States Treasury 2.88% 08-15-2028	United States	Foreign Governments	USD 85,500	120	111
United States Treasury 1.25% 09-30-2028	United States	Foreign Governments	USD 52,400	66	62
United States Treasury 2.88% 04-30-2029	United States	Foreign Governments	USD 48,200	61	62
United States Treasury 2.38% 05-15-2029	United States	Foreign Governments	USD 157,600	209	197
United States Treasury 2.75% 05-31-2029	United States	Foreign Governments	USD 45,600	59	58
United States Treasury 1.63% 05-15-2031	United States	Foreign Governments	USD 59,600	77	69
United States Treasury 1.38% 11-15-2031	United States	Foreign Governments	USD 23,600	30	26

# MACKENZIE U.S. AGGREGATE BOND INDEX ETF (CAD-HEDGED)

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## SCHEDULE OF INVESTMENTS (cont'd)

as at September 30, 2022

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>BONDS (cont'd)</b>					
United States Treasury 1.88% 02-15-2032	United States	Foreign Governments	USD 40,800	49	48
United States Treasury 1.13% 08-15-2040	United States	Foreign Governments	USD 7,600	10	7
United States Treasury 1.38% 11-15-2040	United States	Foreign Governments	USD 15,600	17	14
United States Treasury 1.88% 02-15-2041	United States	Foreign Governments	USD 8,600	11	8
United States Treasury 1.75% 08-15-2041	United States	Foreign Governments	USD 17,600	22	17
United States Treasury 2.75% 11-15-2042	United States	Foreign Governments	USD 13,100	16	15
United States Treasury 3.00% 02-15-2047	United States	Foreign Governments	USD 25,900	38	30
United States Treasury 2.75% 11-15-2047	United States	Foreign Governments	USD 20,800	25	23
United States Treasury 1.25% 05-15-2050	United States	Foreign Governments	USD 92,200	97	71
United States Treasury 1.38% 08-15-2050	United States	Foreign Governments	USD 189,400	229	152
United States Treasury 1.63% 11-15-2050	United States	Foreign Governments	USD 28,200	30	24
United States Treasury 1.88% 02-15-2051	United States	Foreign Governments	USD 17,600	22	16
<b>Total bonds</b>				<b>5,999</b>	<b>5,437</b>
<b>EXCHANGE-TRADED FUNDS/NOTES</b>					
iShares Core U.S. Aggregate Bond ETF	United States	Exchange-Traded Funds/Notes	81,900	10,596	10,898
<sup>1</sup> Mackenzie US Investment Grade Corporate Bond Index ETF (CAD-Hedged)	Canada	Exchange-Traded Funds/Notes	30,498	3,270	2,559
<b>Total exchange-traded funds/notes</b>				<b>13,866</b>	<b>13,457</b>
Transaction costs				–	–
<b>Total investments</b>				<b>19,865</b>	<b>18,894</b>
Derivative instruments (see schedule of derivative instruments)					(836)
Cash and cash equivalents					1,268
Other assets less liabilities					42
<b>Net assets attributable to unitholders</b>					<b>19,368</b>

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

# MACKENZIE U.S. AGGREGATE BOND INDEX ETF (CAD-HEDGED)

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## SUMMARY OF INVESTMENT PORTFOLIO

SEPTEMBER 30, 2022

EFFECTIVE PORTFOLIO ALLOCATION	% OF NAV
Bonds	96.4
<i>Bonds</i>	94.2
<i>Long bond futures</i>	2.2
Other assets (liabilities)	5.7
Swaps	(0.1)
Cash and short-term investments	(2.0)

EFFECTIVE REGIONAL ALLOCATION	% OF NAV
United States	86.7
Other assets (liabilities)	5.7
Canada	2.2
Other	1.6
Singapore	1.5
Jersey	1.4
United Kingdom	1.0
Japan	0.4
Netherlands	0.4
Luxembourg	0.3
Germany	0.2
Spain	0.2
Ireland	0.2
Mexico	0.2
Cash and short-term investments	(2.0)

EFFECTIVE SECTOR ALLOCATION	% OF NAV
Foreign government bonds	57.6
Corporate bonds	28.2
Mortgage backed	9.1
Other assets (liabilities)	5.7
Provincial bonds	1.4
Federal bonds	0.2
Other	(0.2)
Cash and short-term investments	(2.0)

MARCH 31, 2022

EFFECTIVE PORTFOLIO ALLOCATION	% OF NAV
Bonds	96.3
<i>Bonds</i>	91.5
<i>Long bond futures</i>	4.8
Other assets (liabilities)	3.6
Cash and short-term investments	0.1

EFFECTIVE REGIONAL ALLOCATION	% OF NAV
United States	79.4
Jersey	5.6
Singapore	3.7
Other assets (liabilities)	3.6
Canada	3.1
United Kingdom	1.4
Ireland	0.6
Luxembourg	0.6
Netherlands	0.5
Japan	0.4
Spain	0.4
Australia	0.2
France	0.2
China	0.2
Cash and short-term investments	0.1

EFFECTIVE SECTOR ALLOCATION	% OF NAV
Corporate bonds	41.0
Foreign government bonds	32.6
Mortgage backed	19.9
Other assets (liabilities)	3.6
Provincial bonds	2.7
Cash and short-term investments	0.1
Federal bonds	0.1

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

# MACKENZIE U.S. AGGREGATE BOND INDEX ETF (CAD-HEDGED)

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## SCHEDULE OF DERIVATIVE INSTRUMENTS

as at September 30, 2022

### 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)
Ultra 10 Year United States Treasury Note Futures December 2022	1	Dec. 20, 2022	118.48 USD	164	–	(10)
2 Year United States Treasury Note Futures December 2022	1	Dec. 30, 2022	102.70 USD	284	–	(4)
<b>Total futures contracts</b>				<b>448</b>	<b>–</b>	<b>(14)</b>

\* Notional value represents the exposure to the underlying instruments as at September 30, 2022

### Schedule of Forward Currency Contracts

Counterparty Credit Rating	Currency to be Received (\$ 000)	Currency to be Delivered (\$ 000)	Settlement Date	Contract Cost (\$ 000)	Current Fair Value (\$ 000)	Unrealized Gains (\$ 000)	Unrealized Losses (\$ 000)
A	5,906 CAD	(4,503) USD	Oct. 4, 2022	(5,906)	(6,220)	–	(314)
AA	173 CAD	(132) USD	Oct. 4, 2022	(173)	(182)	–	(9)
A	10,874 CAD	(8,258) USD	Oct. 4, 2022	(10,874)	(11,406)	–	(532)
A	296 USD	(388) CAD	Oct. 4, 2022	388	408	20	–
A	210 USD	(276) CAD	Oct. 4, 2022	276	290	14	–
A	12,255 USD	(16,807) CAD	Oct. 4, 2022	16,807	16,928	121	–
AA	132 USD	(180) CAD	Oct. 4, 2022	180	182	2	–
A	16,808 CAD	(12,255) USD	Nov. 2, 2022	(16,808)	(16,930)	–	(122)
AA	180 CAD	(132) USD	Nov. 2, 2022	(180)	(182)	–	(2)
<b>Total forward currency contracts</b>						<b>157</b>	<b>(979)</b>

**Total Derivative assets**

**157**

**Total Derivative liabilities**

**(993)**



# MACKENZIE U.S. AGGREGATE BOND INDEX ETF (CAD-HEDGED)

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 an exchange-traded fund (“the ETF”) is established, ‘period’ represents the period from inception to the period end of that fiscal year. Refer to Note 11 for the formation date of the ETF.

The ETF is organized as an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust as amended and restated from time to time. The address of the ETF’s registered office is 180 Queen Street West, Toronto, Ontario, Canada. The ETF is authorized to issue an unlimited number of units for sale under a Prospectus. The units of the ETF are listed on the Toronto Stock Exchange/NEO Exchange (“the Exchange”).

Mackenzie Financial Corporation (“Mackenzie”) is the manager of the ETF and is wholly owned by IGM Financial Inc., a subsidiary of Power Corporation of Canada. Canada Life Investment Management Ltd. (“CLIML”) is wholly owned by The Canada Life Assurance Company (“Canada Life”), a subsidiary of Power Corporation of Canada. Investments in companies within the Power Group of companies held by the ETF are identified in the Schedule of Investments.

### 2. Basis of Preparation and Presentation

These 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 ETF’s most recent audited annual financial statements for the year ended March 31, 2022. A summary of the ETF’s significant accounting policies under IFRS is presented in Note 3.

These financial statements are presented in Canadian dollars, which is the ETF’s functional and presentation currency, and rounded to the nearest thousand unless otherwise indicated. These financial statements are prepared on a going concern basis using the historical cost basis, except for financial assets and liabilities that have been measured at fair value.

These financial statements were authorized for issue by the Board of Directors of Mackenzie Financial Corporation on November 11, 2022.

### 3. Significant Accounting Policies

#### (a) Financial instruments

Financial instruments include financial assets and liabilities such as debt and equity securities, exchange-traded funds and derivatives. The ETF classifies and measures financial instruments in accordance with IFRS 9, *Financial Instruments* (“IFRS 9”). Upon initial recognition, financial instruments are classified as fair value through profit or loss (“FVTPL”). All financial instruments are recognized in the Statement of Financial Position when the ETF becomes a party to the contractual requirements of the instrument. Financial assets are derecognized when the right to receive cash flows from the instrument has expired or the ETF has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled or expires. As such, investment purchase and sale transactions are recorded as of the trade date.

Financial instruments are subsequently measured at FVTPL with changes in fair value recognized in the Statement of Comprehensive Income – Other changes in fair value of investments and other net assets – Net unrealized gain (loss).

The cost of investments is determined on a weighted average cost basis.

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

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

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

The ETF’s redeemable units are held by different types of unitholders that are entitled to different redemption rights. Unitholders may redeem units of the ETF at a redemption price per unit equal to 95% of the closing price of the units on the Exchange on the effective day of the redemption, subject to a maximum redemption price of the applicable NAV per unit. These different redemption features create equally subordinate but not identical units of the ETF which therefore meet the criteria for classification as financial liabilities under IAS 32, *Financial Instruments: Presentation*. The ETF’s obligation for net assets attributable to unitholders is presented at the redemption amount. Refer to Note 7 for details of subscriptions and redemptions of the ETF’s units.

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

#### (b) Fair value measurement

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

# MACKENZIE U.S. AGGREGATE BOND INDEX ETF (CAD-HEDGED)

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 ETF in the management of short-term commitments. Cash and cash equivalents are reported at fair value which closely approximates their amortized cost due to their nature of being highly liquid and having short terms to maturity. Bank overdraft positions are presented under current liabilities as bank indebtedness in the Statement of Financial Position.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### (c) Income recognition

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

# MACKENZIE U.S. AGGREGATE BOND INDEX ETF (CAD-HEDGED)

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

Mackenzie may reimburse the ETF for certain commissions and other portfolio transaction costs. Mackenzie may make these reimbursements at its discretion and stop these reimbursements at any time without notice. Any such reimbursements are included in the Statement of Comprehensive Income – expenses absorbed by Manager.

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

The ETF is permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in the ETF's Prospectus. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions included in the Statement of Comprehensive Income and recognized when earned. Securities lending transactions are administered by The Bank of New York Mellon (the "Securities Lending Agent"). The value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned, sold or purchased.

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

#### (f) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the ETF enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. Note 11 summarizes the details of such offsetting, if applicable, subject to master netting arrangements or other similar agreements and the net impact to the Statements of Financial Position if all such rights were exercised.

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

#### (g) Currency

The functional and presentation currency of the ETF is Canadian dollars. Foreign currency purchases and sales of investments and foreign currency dividend and interest income and expenses are translated to Canadian dollars at the rate of exchange prevailing at the time of the transactions.

Foreign exchange gains (losses) on purchases and sales of foreign currencies are included in the Statement of Comprehensive Income – Other changes in fair value of investments and other net assets – Net realized gain (loss).

The fair value of investments and other assets and liabilities, denominated in foreign currencies, are translated to Canadian dollars at the rate of exchange prevailing on each business day.

#### (h) Net assets attributable to unitholders per unit

Net assets attributable to unitholders per unit is computed by dividing the net assets attributable to unitholders on a business day by the total number of units outstanding on that day.

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

The daily Net Asset Value ("NAV") of an investment fund may be calculated without reference to IFRS as per the Canadian Securities Administrators' ("CSA") regulations. The difference between NAV and Net assets attributable to unitholders (as reported in the financial statements), if any, is mainly due to differences in fair value of investments and other financial assets and liabilities and is disclosed in Note 11.

#### (j) Increase (decrease) in net assets attributable to unitholders from operations per unit

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

#### (k) Future accounting changes

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

### 4. Critical Accounting Estimates and Judgments

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

# MACKENZIE U.S. AGGREGATE BOND INDEX ETF (CAD-HEDGED)

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

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

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

#### Use of Estimates

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

The ETF may hold financial instruments that are not quoted in active markets and are valued using valuation techniques that make use of observable data, to the extent practicable. Various valuation techniques are utilized, depending on a number of factors, including comparison with similar instruments for which observable market prices exist and recent arm's length market transactions. Key inputs and assumptions used are company specific and may include estimated discount rates and expected price volatilities. Changes in key inputs, could affect the reported fair value of these financial instruments held by the ETF.

#### Use of Judgments

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

In classifying and measuring financial instruments held by the ETF, Mackenzie is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. Mackenzie has assessed the ETF's business model, the manner in which all financial instruments are managed and performance evaluated as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the ETF's financial instruments.

##### *Functional currency*

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

##### *Structured entities and associates*

In determining whether an unlisted open-ended investment fund or an exchange-traded fund in which the ETF invests, but that it does not consolidate, meets the definitions of either a structured entity or of an associate, Mackenzie is required to make significant judgments about whether these underlying funds have the typical characteristics of a structured entity or of an associate. Mackenzie has assessed the characteristics of these underlying funds and has concluded that they do not meet the definition of either a structured entity or of an associate because the ETF does not have contracts or financing arrangements with these underlying funds and the ETF does not have an ability to influence the activities of these underlying funds or the returns it receives from investing in these underlying funds.

### 5. Income Taxes

The ETF qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its income including net realized capital gains in the taxation year, which is not paid or payable to its unitholders as at the end of the taxation year. The ETF maintains a December year-end for tax purposes. The ETF may be subject to withholding taxes on foreign income. In general, the ETF treats withholding tax as a charge against income for tax purposes. The ETF will distribute sufficient amounts from net income for tax purposes, as required, so that the ETF will not pay income taxes other than refundable tax on capital gains, if applicable.

Losses of the ETF cannot be allocated to investors and are retained in the ETF for use in future years. Non-capital losses may be carried forward up to 20 years to reduce taxable income and realized capital gains of future years. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Refer to Note 11 for the ETF's loss carryforwards.

### 6. Management Fees and Operating Expenses

Mackenzie is paid a management fee for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions and making brokerage arrangements relating to the purchase and sale of the investment portfolio. The management fee is calculated as a fixed annual percentage of the daily net asset value of the units of the ETF.

In addition to the applicable management fee, the operating expenses payable by the ETF include interest and borrowing costs, brokerage expenses and related transaction fees, fees and expenses relating to the operation of the Mackenzie ETFs' Independent Review Committee (IRC), fees under any derivative instrument used by the ETF, cost of complying with the regulatory requirement to produce summary documents, ETF facts or other similar disclosure documents, the costs of complying with governmental or regulatory requirements introduced after the date of the most recently filed prospectus, including, without limitation, any new fees or increases in fees, the fees related to external services that are not commonly charged in the Canadian exchange-traded fund industry after the date of the most recently filed prospectus, fees paid to external service providers associated with tax reclaims, refunds or the preparation of foreign tax reports on behalf of the ETFs, fees paid to external legal counsel and/or others in connection with corporate or other actions affecting the portfolio holdings of the ETF, and any applicable taxes, including income, withholding or other taxes and also including G.S.T. or H.S.T. on expenses.

Mackenzie may waive or absorb management fees and operating expenses at its discretion and stop waiving or absorbing such fees at any time without notice. Mackenzie may charge a reduced management fee rate with respect to investments in the ETF by large investors, including other funds managed by Mackenzie or affiliates of Mackenzie. An amount equal to the difference between the fee otherwise chargeable and the reduced fee will be distributed in cash to those unitholders by the ETF as a management fee distribution. Refer to Note 11 for the management fee rates charged to units of the ETF.

### 7. Units and Unit Transactions

Mackenzie, on behalf of the ETF, has entered into a designated broker agreement with one or more designated brokers pursuant to which the designated broker has agreed to perform certain duties relating to the ETF including, without limitation: (i) to subscribe for a sufficient number of units to satisfy the Exchange's original listing requirements; (ii) to subscribe for units on an ongoing basis in connection with any rebalancing event, as applicable, and when cash redemptions of units occur; and (iii) to post a liquid two-way market for the trading of units on the Exchange. In accordance with the designated broker agreement, Mackenzie may from time to time require the designated broker to subscribe for units of the ETF for cash.

# MACKENZIE U.S. AGGREGATE BOND INDEX ETF (CAD-HEDGED)

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

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

The number of units issued/redeemed for subscription/redemption orders (the "Prescribed Number of Units") is determined by Mackenzie. On any trading day, a designated broker may place a subscription or redemption order for any multiple of the Prescribed Number of Units of the ETF based on the NAV per unit determined on the applicable trading day. A trading day is each day on which the Exchange is opened for business.

Generally, all orders to purchase units directly from an ETF must be placed by a designated broker or a dealer. The ETF reserves the absolute right to reject any subscription order placed by a designated broker or a dealer. No fees will be payable by the ETF to a designated broker or a dealer in connection with the issuance of units. On the issuance of units, an amount may be charged to a designated broker or a dealer to offset the expenses incurred in issuing the units.

For each Prescribed Number of Units issued, a dealer must deliver payment consisting of: (i) a basket of securities and cash equal to the aggregate NAV per unit of the Prescribed Number of Units next determined following the receipt of the subscription order; (ii) cash in an amount equal to the aggregate NAV per unit of the Prescribed Number of Units next determined following the receipt of the subscription order; or (iii) a combination of securities and cash, as determined by Mackenzie, in an amount sufficient so that the value of the securities and cash received is equal to the aggregate NAV per unit of the Prescribed Number of Units next determined following the receipt of the subscription order.

### 8. ETF's Capital

The capital of the ETF is comprised of the net assets attributable to unitholders. The units outstanding for the ETF as at September 30, 2022 and 2021 and units issued, reinvested and redeemed for the periods are presented in the Statement of Changes in Financial Position. Mackenzie manages the capital of the ETF in accordance with the investment objectives as discussed in Note 11.

### 9. Financial Instruments Risk

#### i. Risk exposure and management

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

Mackenzie seeks to minimize potential adverse effects of financial risks on the ETF's performance by employing professional, experienced portfolio advisors, by monitoring the ETF's positions and market events daily, by diversifying the investment portfolio within the constraints of the ETF's investment objectives, and where applicable, by using derivatives to hedge certain risk exposures. To assist in managing risks, Mackenzie also maintains a governance structure that oversees the ETF's investment activities and monitors compliance with the ETF's stated investment strategy, internal guidelines, and securities regulations.

#### ii. Liquidity risk

Liquidity risk arises when the ETF encounters difficulty in meeting its financial obligations as they become due. The ETF is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. In accordance with securities regulations, the ETF must maintain at least 85% of its assets in liquid investments (i.e., investments that can be readily sold). The ETF also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions and an additional 5% of its net assets for the purpose of funding distributions paid to its investors.

#### iii. Currency risk

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

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

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

#### iv. Interest rate risk

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

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

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

# MACKENZIE U.S. AGGREGATE BOND INDEX ETF (CAD-HEDGED)

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

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

#### v. Other price risk

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

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

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

#### vi. Credit risk

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

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

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

The carrying amount of investments and other assets represents the maximum credit risk exposure as at the date of the Statement of Financial Position. The ETF may enter into securities lending transactions with counterparties and it may also be exposed to credit risk from the counterparties to the derivative instruments it may use. Credit risk associated with these transactions is considered minimal as all counterparties have a rating equivalent to a designated rating organization's credit rating of not less than A-1 (low) on their short-term debt and of A on their long-term debt, as applicable.

#### vii. Underlying ETFs

The ETF may invest in underlying ETFs and may be indirectly exposed to currency risk, interest rate risk, other price risk and credit risk from fluctuations in the value of financial instruments held by the underlying ETFs. Note 11 summarizes the ETF's exposure, if applicable and significant, to these risks from underlying ETF.

### 10. Other Information

#### Abbreviations

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

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

# MACKENZIE U.S. AGGREGATE BOND INDEX ETF (CAD-HEDGED)

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

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

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

Date of Formation: August 25, 2020

The ETF may issue an unlimited number of units. The number of issued and outstanding units is disclosed in the Statements of Changes in Financial Position.

CAD Units were listed on the TSX under the symbol QUB on August 25, 2020. The closing market price, or the midpoint of the bid and ask prices in the absence of a closing market price, at September 30, 2022 was \$80.61 (March 31, 2022 – \$89.83).

The management fee rate for CAD Units is 0.15%.

As at September 30, 2022, the ETF's NAV per unit was \$80.70 (March 31, 2022 – \$90.02) and its Net Assets per unit calculated in accordance with IFRS was \$80.70 (March 31, 2022 – \$90.02).

#### (b) Tax Loss Carryforwards

Total Capital Loss \$	Total Non-Capital Loss \$	Expiration Date of Non-Capital Losses													
		2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
209	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

#### (c) Securities Lending

	September 30, 2022		March 31, 2022	
	(\$)		(\$)	
Value of securities loaned		63		180
Value of collateral received		67		189

  

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

#### (d) Commissions

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

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

##### i. Risk exposure and management

The ETF seeks to replicate, to the extent possible and before fees and expenses, the performance of the Solactive US Aggregate Bond Hedged to CAD Index, or any successor thereto. It invests primarily in U.S. investment grade fixed income securities. Foreign currency is hedged back to the Canadian dollar.

##### ii. Currency risk

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

Currency	September 30, 2022				Impact on net assets			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)	Strengthened by 5%		Weakened by 5%	
					(\$)	%	(\$)	%
USD	16,335	37	(17,126)	(754)				
Total	16,335	37	(17,126)	(754)				
% of Net Assets	84.3	0.2	(88.4)	(3.9)				
Total currency rate sensitivity					45	0.2	(45)	(0.2)

# MACKENZIE U.S. AGGREGATE BOND INDEX ETF (CAD-HEDGED)

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2022

## NOTES TO FINANCIAL STATEMENTS

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

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

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

Currency	March 31, 2022				Impact on net assets			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)	Strengthened by 5%		Weakened by 5%	
					(\$)	%	(\$)	%
USD	5,496	18	(5,730)	(216)				
Total	5,496	18	(5,730)	(216)				
% of Net Assets	61.1	0.2	(63.7)	(2.4)				
Total currency rate sensitivity					15	0.1	(15)	(0.1)

\* Includes both monetary and non-monetary financial instruments

##### iii. Interest rate risk

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

September 30, 2022	Bonds (\$)	Derivative Instruments (\$)	Impact on net assets			
			Increase by 1%		Decrease by 1%	
			(\$)	(%)	(\$)	(%)
Less than 1 year	397	448				
1-5 years	1,843	–				
5-10 years	797	–				
Greater than 10 years	2,400	–				
Total	5,437	448				
Total sensitivity to interest rate changes			(489)	(2.5)	489	2.5

March 31, 2022	Bonds (\$)	Derivative Instruments (\$)	Impact on net assets			
			Increase by 1%		Decrease by 1%	
			(\$)	(%)	(\$)	(%)
Less than 1 year	256	434				
1-5 years	1,809	–				
5-10 years	930	–				
Greater than 10 years	2,501	–				
Total	5,496	434				
Total sensitivity to interest rate changes			(580)	(6.5)	580	6.5

##### iv. Other price risk

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

##### v. Credit risk

The ETF's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The maximum exposure to any one debt issuer as at September 30, 2022, was 13.9% of the net assets of the ETF (March 31, 2022 – 27.4%).

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

Bond Rating*	September 30, 2022	March 31, 2022
	% of Net Assets	% of Net Assets
AAA	4.3	12.0
AA	23.7	48.9
A	–	–
BBB	0.1	0.2
Less than BBB	–	–
Unrated	–	–
Total	28.1	61.1

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



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## NOTES TO FINANCIAL STATEMENTS

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

#### (f) Fair Value Classification

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

	September 30, 2022				March 31, 2022			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Bonds	–	5,437	–	5,437	–	5,496	–	5,496
Exchange-traded funds/notes	13,457	–	–	13,457	2,934	–	–	2,934
Derivative assets	–	157	–	157	–	135	–	135
Derivative liabilities	(14)	(979)	–	(993)	(12)	(31)	–	(43)
<b>Total</b>	<b>13,443</b>	<b>4,615</b>	<b>–</b>	<b>18,058</b>	<b>2,922</b>	<b>5,600</b>	<b>–</b>	<b>8,522</b>

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

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

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

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

	September 30, 2022 (\$)	March 31, 2022 (\$)
The Manager	–	–
Other funds managed by the Manager	13,090	4,660
Funds managed by affiliates of the Manager	4,353	–

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

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

	September 30, 2022			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	–	–	–	–
Unrealized losses on derivative contracts	(14)	–	24	10
Liability for options written	–	–	–	–
<b>Total</b>	<b>(14)</b>	<b>–</b>	<b>24</b>	<b>10</b>

	March 31, 2022			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	–	–	–	–
Unrealized losses on derivative contracts	(12)	–	22	10
Liability for options written	–	–	–	–
<b>Total</b>	<b>(12)</b>	<b>–</b>	<b>22</b>	<b>10</b>