

# MACKENZIE CHINA A-SHARES CSI 300 INDEX ETF

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## **Annual Management Report of Fund Performance**

*For the Year Ended March 31, 2022*

*This Annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements of the exchange-traded fund ("ETF"). You may obtain a copy of the annual financial statements, 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). Unitholders may also contact us using one of these methods to request a copy of the ETF's interim financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure. For more information, please refer to the ETF's Prospectus and ETF Facts, which may also be obtained, at no cost, using any of the methods outlined above.*

*For the ETF's current net asset value per unit and for more recent information on general market events, please visit our website.*

### **A NOTE ON FORWARD-LOOKING STATEMENTS**

*This report may contain forward-looking statements that reflect our current expectations or forecasts of future events. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", "preliminary", "typical" and other similar expressions. In addition, these statements may relate to future corporate actions, future financial performance of a fund or a security and their future investment strategies and prospects. Forward-looking statements are inherently subject to, among other things, risks, uncertainties and assumptions that could cause actual events, results, performance or prospects to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and assumptions include, without limitation, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, the volatility of global equity and capital markets, business competition, technological change, changes in government regulations, changes in securities laws and regulations, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, outbreaks of disease or pandemics (such as COVID-19), and the ability of Mackenzie to attract or retain key employees. The foregoing list of important risks, uncertainties and assumptions is not exhaustive. Please consider these and other factors carefully and do not place undue reliance on forward-looking statements.*

*The forward-looking information contained in this report is current only as of the date of this report. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.*



**MACKENZIE**  
Investments

# MACKENZIE CHINA A-SHARES CSI 300 INDEX ETF

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE | For the Year Ended March 31, 2022

## Management Discussion of Fund Performance

June 3, 2022

This Management Discussion of Fund Performance presents the portfolio management team's view on the significant factors and developments that have affected the ETF's performance and outlook in the year ended March 31, 2022 (the "period"). If the ETF was established during the period, "period" represents the period since inception.

In this report, "Mackenzie" and "the Manager" refer to Mackenzie Financial Corporation, the manager of the ETF. In addition, net asset value ("NAV") refers to the value of the ETF as calculated for subscription and redemption purposes, on which the discussion of ETF performance is based.

Please read *A Note on Forward-Looking Statements* on the first page of this document.

### Investment Objective and Strategies

The ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the CSI 300 Index, or any successor thereto. It invests directly in the constituent securities of the CSI 300 Index or indirectly through China Asset Management Co., Ltd. CSI 300 Index ETF or other exchange-traded funds that track the CSI 300 Index. The ETF has significant exposure to Chinese issuers.

### Risk

The risks of the ETF remain as discussed in the ETF's Prospectus.

The ETF is suitable for medium- to long-term investors looking for a Chinese equity fund to hold as part of their portfolio, who can handle the volatility of stock markets and who have a high tolerance for risk.

### Results of Operations

#### Investment Performance

During the period, the ETF returned -12.7% (after deducting fees and expenses). This compares with the CSI 300 Index return of -12.6%. All index returns are calculated on a total return basis in Canadian dollar terms. Investors cannot invest in an index without incurring fees, expenses and commissions, which are not reflected in the index returns.

The Chinese economy slowed over the period in response to pandemic-related lockdowns, regulatory uncertainty and a housing market slowdown. Equities declined sharply toward the end of the period, until China indicated it was nearing the end of regulatory reforms. The risk that Chinese companies could be delisted by U.S. stock exchanges, as well as uncertainty about China's stance on the Russian invasion of Ukraine, pressured equity prices lower.

Through the period, the ETF invested all its assets in ChinaAMC CSI 300 Index ETF (the "Underlying ETF"). Alternatively, the ETF may invest some or all of its assets directly in the stocks that make up the index.

The difference in performance between the ETF and the index resulted primarily from management fees and other operating expenses. This was partially offset by income from securities lending and variations in the timing of currency conversions.

Over the period, changes were made to the holdings of the Underlying ETF to reflect changes in the composition of the index.

#### Net Assets

The ETF's net assets decreased by 46.5% during the period to \$9.9 million. This change was composed primarily of \$1.8 million in net losses (including any interest and/or dividend income) from investment performance, after deducting fees and expenses, and a decrease of \$6.8 million due to net unitholder activity (including sales, redemptions and cash distributions).

At March 31, 2022, 36.4% of the ETF's NAV was held as inventory by the ETF's designated broker primarily for the purpose of sales to investors in the secondary market. As a result of these investments, the ETF is subject to large transaction risk as discussed in the Prospectus. Mackenzie manages this risk to reduce the possibility of any adverse effect on the ETF or on its investors, through such processes as settling transactions in kind, charging creation and/or redemption fees for transactions settling in cash, and establishing appropriate order cut-off times for transactions.

### Recent Developments

Ongoing uncertainty regarding the duration and long-term impact of the COVID-19 pandemic and the effectiveness of vaccines against new variants of the virus contributes to uncertainty regarding the timing of a full economic recovery. As a result, it is not possible to reliably estimate the impact of the pandemic on the financial results and condition of the ETF in future periods.

Because the ETF is an index fund, neither market expectations nor recent developments affect the composition of the portfolio.

Effective September 22, 2021, Atul Tiwari was appointed to the Mackenzie Funds' Independent Review Committee.

### Related Party Transactions

#### Management Fees

The management expense ratio ("MER") for the ETF during the year ended March 31, 2022, was similar to the MER for the year ended March 31, 2021. Total expenses paid vary from period to period mainly as a result of changes in average assets in the ETF. The ETF's MER includes the management fee paid by the ETF to the Manager, net of a fee waiver. The MER also includes the proportionate amount of the MER of the Underlying ETF. The ETF paid management fees before waivers to the Manager at the annual rate of 0.55% and received fee waivers from the Manager at the annual rate of 0.275%.

The management fee for the ETF is calculated and accrued daily as a percentage of its NAV. The ETF's management fees were used by the Manager to pay for the costs of managing the investment portfolio of the ETF, including providing investment analysis and recommendations, making investment decisions, making brokerage arrangements for the purchase and sale of the investment portfolio, providing other services and licensing the index, and to pay for all costs and expenses (other than certain specified fund costs as more fully described in the Prospectus) required to operate the ETF.

#### Other Related Party Transactions

During the period, the ETF received \$0.1 million in income distributions from investments in other ETFs managed by Mackenzie to offset fees paid within those ETFs. There is no assurance that these distributions will continue in the future.

The ETF did not rely on an approval, positive recommendation or standing instruction from the Mackenzie Funds' Independent Review Committee with respect to any related party transactions in the period.

# MACKENZIE CHINA A-SHARES CSI 300 INDEX ETF

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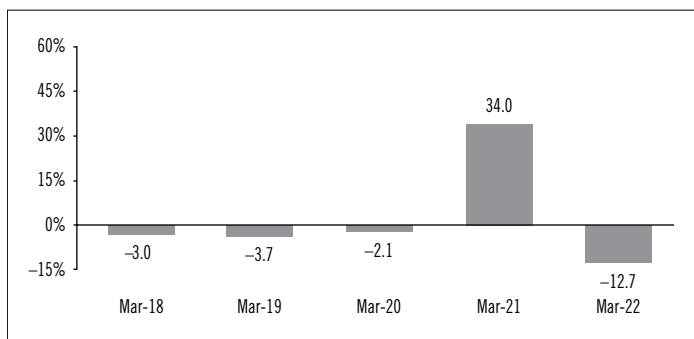
## Past Performance

The ETF's past performance information is presented in the following chart and table. It assumes all distributions made by the ETF in the periods presented are reinvested in additional units of the ETF. The chart and table do not take into account brokerage commissions or income taxes payable by any investor that would have reduced returns. The past performance of the ETF is not necessarily an indication of how it will perform in the future.

If you hold this ETF outside of a registered plan, income and capital gains distributions paid to you increase your income for tax purposes whether paid to you in cash or reinvested in additional units of the ETF. The amount of reinvested taxable distributions is added to the adjusted cost base of the units that you own. This would decrease your capital gain or increase your capital loss when you later sell from the ETF, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation.

## Year-by-Year Returns

The following bar chart presents the performance of the ETF for each of the fiscal periods shown. The chart shows, in percentage terms, how much an investment made on the first day of each fiscal period, or on the ETF's inception date (February 1, 2018), as applicable, would have increased or decreased by the last day of the fiscal period presented.



## Annual Compound Returns

The following table compares the historical annual compound total returns for the ETF with the relevant index or indices shown below for each of the periods ended March 31, 2022. Investors cannot invest in an index without incurring fees, expenses and commissions, which are not reflected in these performance figures.

All index returns are calculated in Canadian dollars on a total return basis, meaning that all dividend payments, interest income accruals and interest payments are reinvested.

Percentage Return:	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
Mackenzie China A-Shares CSI 300 Index ETF	-12.7	4.6	n/a	n/a	1.6
CSI 300 Index	-12.6	4.7	n/a	n/a	2.1

*The CSI 300 Index consists of the 300 listed A-share companies in China with the largest market capitalization and liquidity. The index aims to measure the performance of A-shares traded on the Shanghai and Shenzhen stock exchanges.*

# MACKENZIE CHINA A-SHARES CSI 300 INDEX ETF

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## Summary of Investment Portfolio of the Underlying ETF\* at March 31, 2022

PORTFOLIO ALLOCATION	% OF NAV
Equities	90.2
Cash and short-term investments	9.6
Other assets (liabilities)	0.2
REGIONAL ALLOCATION	% OF NAV
China	64.5
Hong Kong	25.7
Cash and short-term investments	9.6
Other assets (liabilities)	0.2
SECTOR ALLOCATION	% OF NAV
Financials	20.8
Industrials	13.3
Consumer staples	13.0
Information technology	12.9
Cash and short-term investments	9.6
Health care	8.5
Materials	8.1
Consumer discretionary	6.7
Utilities	2.4
Real estate	1.9
Energy	1.4
Communication services	1.2
Other assets (liabilities)	0.2

\* The ETF is currently fully invested in ChinaAMC CSI 300 Index ETF (the "Underlying ETF"). For the prospectus and other information about the Underlying ETF, visit [www.chinaamc.com.hk/en/index](http://www.chinaamc.com.hk/en/index).

The Underlying ETF's foreign currency exposure was not hedged at the end of the period.

TOP 25 POSITIONS OF THE UNDERLYING ETF*	% OF NAV
Issuer	
Kweichow Moutai Co. Ltd.	5.2
Contemporary Amperex Technology Co. Ltd.	3.4
China Merchants Bank Co. Ltd.	2.8
Ping An Insurance (Group) Co. of China Ltd.	2.5
LONGi Green Energy Technology Co. Ltd.	1.5
Industrial Bank Co. Ltd.	1.4
Wuliangye Yibin Co. Ltd.	1.4
Midea Group Co. Ltd.	1.3
China Yangtze Power Co. Ltd.	1.2
WuXi AppTec Co. Ltd.	1.1
East Money Information Co. Ltd.	1.1
BYD Co. Ltd.	1.0
CITIC Securities Co. Ltd.	1.0
Hangzhou Hik-Vision Digital Technology Co. Ltd.	0.9
Inner Mongolia Yili Industrial Group Co. Ltd.	0.9
Industrial and Commercial Bank of China Ltd.	0.8
Jiangsu Hengrui Pharmaceuticals Co. Ltd.	0.8
Zijin Mining Group Co. Ltd.	0.8
China Tourism Group Duty Free Corp. Ltd.	0.8
Luxshare Precision Industry Co. Ltd.	0.7
Gree Electric Appliances Inc.	0.7
Muyuan Foods Co. Ltd.	0.7
Ping An Bank Co. Ltd.	0.7
Mindray Bio-Medical Electronics Co. Ltd.	0.7
Bank of Ningbo Co. Ltd.	0.7
<b>Top long positions as a percentage of total net asset value</b>	<b>34.1</b>

The Underlying ETF held no short positions at the end of the period.

The investments and percentages may have changed since March 31, 2022, due to the ongoing portfolio transactions of the ETF and the Underlying ETF.

# MACKENZIE CHINA A-SHARES CSI 300 INDEX ETF

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## Financial Highlights

The following tables show selected key financial information about the ETF and are intended to help you understand the ETF's financial performance for each of the fiscal periods presented below. In the period when the ETF was established, "period" represents the period from inception to the end of that fiscal period. The inception date can be found under *Past Performance*.

### THE ETF'S NET ASSETS PER SECURITY (\$)¹

CAD Units (Ticker: QCH)	Mar. 31 2022	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019	Mar. 31 2018
<b>Net assets, beginning of period</b>	115.17	87.04	89.71	93.84	100.00
<b>Increase (decrease) from operations:</b>					
Total revenue	2.07	3.50	1.45	1.15	0.06
Total expenses	(0.48)	(0.44)	(0.33)	(0.32)	(0.06)
Realized gains (losses) for the period	0.57	4.92	-	(0.28)	(0.01)
Unrealized gains (losses) for the period	(13.67)	10.30	(1.47)	(2.90)	(6.15)
<b>Total increase (decrease) from operations²</b>	<b>(11.51)</b>	18.28	(0.35)	(2.35)	(6.16)
<b>Distributions:</b>					
From net investment income (excluding Canadian dividends)	(2.17)	(1.42)	(0.76)	(0.61)	-
From Canadian dividends	-	-	-	-	-
From capital gains	(0.21)	-	-	-	-
Return of capital	-	(0.11)	-	-	-
<b>Total annual distributions³</b>	<b>(2.38)</b>	(1.53)	(0.76)	(0.61)	-
<b>Net assets, end of period</b>	<b>98.62</b>	115.17	87.04	89.71	93.84

- These calculations are prescribed by securities regulations and are not intended to be a reconciliation between opening and closing net assets per unit. This information is derived from the ETF's audited annual financial statements. The net assets per unit presented in the financial statements may differ from the net asset value per unit calculated for ETF pricing purposes. An explanation of these differences, if any, can be found in the *Notes to Financial Statements*.
- Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the fiscal period.
- Distributions were paid in cash/reinvested in additional units of the ETF, or both.

## Index Provider Disclaimer

All rights in the CSI 300 Index (the "Underlying Index") vest in China Securities Index Company ("CSI"). "CSI 300" is a trademark of CSI. CSI does not make any warranties, express or implied, regarding the accuracy or completeness of any data related to the Underlying Index. CSI is not liable to any person for any error of the Underlying Index (whether due to negligence or otherwise), nor shall it be under any obligation to advise any person of any error therein. Mackenzie China A-Shares CSI 300 Index ETF is in no way sponsored, endorsed, sold or promoted by CSI and CSI shall not have any liability with respect thereto.

## RATIOS AND SUPPLEMENTAL DATA

CAD Units (Ticker: QCH)	Mar. 31 2022	Mar. 31 2021	Mar. 31 2020	Mar. 31 2019	Mar. 31 2018
Total net asset value (\$000)¹	9,862	18,427	6,963	2,691	938
Units outstanding (000)¹	100	160	80	30	10
Management expense ratio (%)²	0.70	0.71	0.76	0.81	0.82
Management expense ratio before waivers or absorptions (%)²	0.70	0.71	0.76	0.81	0.82
Trading expense ratio (%)³	0.00	0.00	0.00	0.00	0.00
Trading expense ratio before reimbursements (%)³	0.00	0.00	0.00	0.00	0.03
Portfolio turnover rate (%)⁴	29.84	36.34	0.91	0.86	n/a
Net asset value per unit (\$)	98.62	115.17	87.04	89.71	93.84
Closing market price (\$)⁵	97.72	116.40	86.94	90.24	94.97

- This information is provided as at the end of the fiscal period shown.
- Management expense ratio ("MER") is based on total expenses, excluding commissions and other portfolio transaction costs, income taxes and withholding taxes, for the stated period and is expressed as an annualized percentage of daily average net assets during the period, except as noted. If the ETF was established in the period, the MER is annualized from the date of inception to the end of the period. Where the ETF directly invests in securities of another fund (including other ETFs), the MER presented for the ETF includes the portion of MERs of the other fund(s) attributable to this investment. Any income distributions received from ETFs managed by the Manager, with the intention of offsetting fees paid within those ETFs but which are not considered to be duplicative fees under regulatory requirements, are treated as waived expenses for MER purposes. The Manager may waive or absorb operating expenses at its discretion and stop waiving or absorbing such expenses at any time without notice.
- The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period. Where the ETF invests in securities of another fund (including other ETFs), the TER presented for the ETF includes the portion of TERs of the other fund(s) attributable to this investment. Mackenzie may reimburse the ETF for certain brokerage commissions and other transaction costs (including those payable to the custodian or its agents). Mackenzie may make these reimbursements at its discretion and stop these reimbursements at any time without notice.
- The ETF's portfolio turnover rate indicates how actively the ETF's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of the period. The higher the ETF's portfolio turnover rate in a period, the greater the trading costs payable by the ETF in the period, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the ETF. The portfolio turnover rate is not provided when the ETF is less than one year old.
- Closing market price, or the midpoint of the bid and ask prices in the absence of a closing market price, on the last trading day of the period as reported on the NEO Exchange Inc.