

# MACKENZIE MASTER LIMITED PARTNERSHIP

---

## ***Interim Report***

*June 30, 2020*

*(Unaudited)*

### **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 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 at the time of writing 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 MASTER LIMITED PARTNERSHIP

Interim Unaudited Report | June 30, 2020

---

<b>General Partner</b>	MMLP GP Inc.
<b>Registrar and Transfer Agent</b>	Mackenzie Financial Corporation 180 Queen Street West, Toronto, Ontario M5V 3K1 Tel: (416) 922-5322 or toll free 1-800-387-0614
<b>Year-End</b>	December 31
<b>Toronto Stock Exchange Listing Symbol</b>	MKZ.UN

## Table of Contents

Business of the Master LP .....	1
Management's Discussion and Analysis .....	2
Financial Statements .....	7
Notes to the Financial Statements .....	8
Value of Distributed Securities .....	12
Movement in Value of Distributed Securities .....	13
Percentage Change in Value of Distributed Securities .....	13

# MACKENZIE MASTER LIMITED PARTNERSHIP

Interim Unaudited Report | June 30, 2020

---

## INTERIM REPORT

### TO THE LIMITED PARTNERS OF MACKENZIE MASTER LIMITED PARTNERSHIP (THE “MASTER LP”)

#### BUSINESS OF THE MASTER LP

The Master LP was formed by the consolidation of eight Mackenzie Financial Corporation (“Mackenzie”) retail limited partnerships: Industrial Horizon Partnerships 1987, 1988, 1989, 1990, 1992, 1992-II, 1993 and Mackenzie Limited Partnership 1994 (collectively the “Partnerships”). The Partnerships were formed to pay selling commissions to financial advisors who sold redemption charge securities of Mackenzie mutual funds (the “Funds”) for specified periods between 1987 and 1994. “Redemption Charge Securities” are securities of a fund for which investors are, under certain circumstances, required to pay a charge on redemption. Throughout this report, the securities for which the Partnerships paid selling commissions are referred to as “Distributed Securities”.

In return for paying selling commissions, the Partnerships received Distributor fees income and Redemption fees income. As a result of the consolidation of the Partnerships into the Master LP, that income is now earned by the Master LP. The redemption charge periods for all of the Partnerships expired on December 31, 2001 and therefore, the Distributed Securities financed by these Partnerships no longer earn Redemption fees income.

#### Distributed Securities

Distributed Securities are the underlying assets of the Master LP. Distributed Securities include the original Redemption Charge Securities of the Funds purchased by an investor and any securities issued upon the automatic reinvestment of distributions from the Funds or transferred to another Fund or series of a Fund under the redemption charge purchase option, which are deemed to have the same purchase date as the original securities purchased.

Owners of Distributed Securities may transfer their investment among the Funds without incurring a redemption charge. If they are transferred to a series of a Fund under a redemption charge purchase option the investment continues to be included in Distributed Securities, and therefore the Master LP continues to receive the applicable Distributor fees income on these transferred Distributed Securities.

Changes in the total value of the Distributed Securities impacts the Distributor fees income. Increases in the total value of Distributed Securities caused by market appreciation of the Funds will increase Distributor fees income. Conversely, decreases in the total value of Distributed Securities due to market depreciation of or redemptions in the Funds will reduce Distributor fees income.

The market value of the Funds will change based on the performance of the underlying securities within the Funds, general market conditions and the ability of investors to transfer between Funds or redeem their Distributed Securities. Redemptions in the Funds are a function of Fund performance, expectation of investors about market conditions and the availability and competitiveness of alternative investments.

# MACKENZIE MASTER LIMITED PARTNERSHIP

Interim Unaudited Report | June 30, 2020

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Value of Distributed Securities

#### Results for the six-month period ended June 30, 2020

The Canadian market, represented by the S&P/TSX Composite Total Return Index, returned  $-7.5\%$  for the six-month period ended June 30, 2020.

In Canada, Information Technology was the largest contributing sector during the last six months as they stood their ground during the global pandemic and pushed for a strong recovery, followed by the materials sector led by gold. Detracting sectors were led by Energy and Health care.

Gold stocks performed strongly as a hedge against volatility and a safe haven against rising inflation. Energy prices dropped during the period due to decreased demand as a result from the COVID-19 pandemic.

In terms of returns by market capitalizations for the index, small cap equities returned  $-14.3\%$ . In comparison, mid-cap equities returned  $-11.8\%$  and large-cap equities returned  $-7.5\%$ .

Global equities represented by the MSCI World Total Return Index returned  $-1.5\%$  and U.S. equities represented by the S&P 500 Total Return Index returned  $1.3\%$  (all in Canadian dollar terms) for the same period. The Information Technology sector continues to be the largest contributor to U.S. markets led by a narrow set of names.

During this period, Mackenzie's broad lineup of funds were ranging from underperforming the benchmark to performing at par, with a few exceptions that outperformed their respective benchmarks.

The total value of distributed securities as at June 30, 2020 was \$171 million (December 31, 2019: \$196 million), a decrease of \$25 million or  $12.9\%$  from December 2019 (2019: decrease of \$5 million or  $2.2\%$ ). Of this change, a decrease of \$14 million or  $7.1\%$  (2019: increase of \$25 million or  $12.4\%$ ) was attributable to investment performance, and a decrease of \$11 million or  $5.8\%$  in redemptions (2019: decrease of \$30 million or  $14.7\%$ ).

For a detailed breakdown of the value of Distributed Securities and the changes during the period, see pages 12 through 13.

### 2020 Outlook

We believe people will generally remain cautious in their behavior until risks associated with the coronavirus dissipate, the timing of which is uncertain. These behavioral changes are likely to lead to subpar economic activity in the near term. Admittedly, the discovery of an effective vaccine would rapidly change this view. We continue to be encouraged by government support programs which seek to ease the financial stresses for unemployed workers and for businesses. These programs have proven to put a floor in the level of economic decline and the expectation is for them to allow the economy to rebound more quickly as coronavirus risks pass. The team remains constructive on the long-term outlook for Canadian equities.

Although there has been a rise in COVID cases in a number of US states in recent weeks, we are encouraged by the general direction that the global economy is heading, which we would characterize as a non-linear slow recovery.

In addition to the risks associated with the coronavirus and contraction in the economy we continue to monitor additional market risks. A key risk for the market that we are monitoring is the U.S. Presidential election in November of this year. Whichever candidate is successful in becoming President and whichever party controls Congress and the Senate could result in a material change to U.S economic policy which is likely to impact markets.

# MACKENZIE MASTER LIMITED PARTNERSHIP

Interim Unaudited Report | June 30, 2020

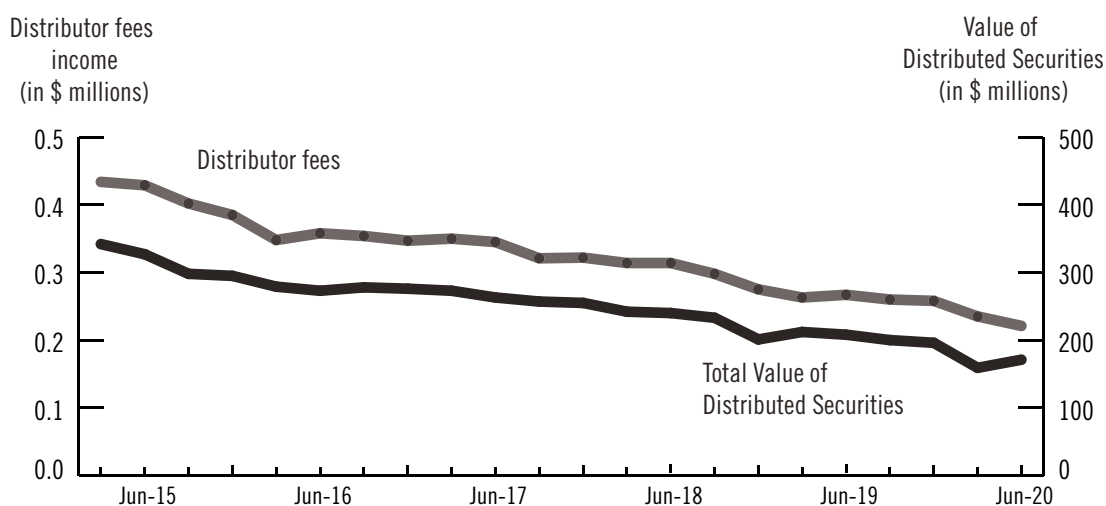
## Distributor Fees Income

As the Master LP no longer earns Redemption fees income, its main source of income is Distributor fees earned on Distributed Securities.

Currently, the Master LP earns Distributor fees income equal to an average annual rate of 0.51% of the market value of the outstanding Distributed Securities (\$5.10 annually for every \$1,000 of Distributed Securities outstanding). The Distributor fees income is calculated each day the Toronto Stock Exchange is open for business and is paid monthly to the Master LP by Mackenzie.

Distributor fees income for the six-month period ended June 30, 2020 was \$0.46 million (2019: \$0.58 million), a decrease of 21.5% from the previous year. Distributor fees income is dependent upon the average net asset value of the Distributed Securities during the six-month period and is not based on the ending value of the Distributed Securities. The monthly average net asset value of the Distributed Securities for the six-month period ended June 30, 2020 was \$175 million (2019: \$210 million), a decrease of 17% from the monthly average net asset value of the Distributed Securities of the prior year.

The following chart shows the decline in the value of the Distributed Securities and the impact of this decline on Distributor fees income over the last five years.



We expect the number and value of Distributed Securities to continue to decline due to ongoing redemptions (as the redemption charge period has ended) and as a result we expect Distributor fees income to continue to decline perpetually until there are no remaining Distributed Securities or until the Master LP is terminated because it is no longer economically viable (when the expenses exceed the revenue). As the Distributor fees income declines, the general partner of the Master LP will continue to review the economic viability of continuing the Master LP.

## Interest Income

Interest income for the six-month period ended June 30, 2020 was \$0.01 million (2019: \$0.02 million). Interest income is earned by investing excess cash generated during the year in units of Mackenzie Canadian Money Market Fund, a money market fund managed by Mackenzie.

## Operating Expenses

Operating expenses for the six-month period ended June 30, 2020 were \$0.051 million (2019: \$0.051 million), no change for the year.

# MACKENZIE MASTER LIMITED PARTNERSHIP

Interim Unaudited Report | June 30, 2020

## Summary of Financial Results

Financial results for the six-month period ended June 30, 2020 and the years ended December 31, 2019, 2018 and 2017 are as follows:

Financial Results				
	June 30, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Value of Distributed Securities	\$171,167,447	\$196,498,598	\$201,018,494	\$255,084,433
Distributor fees income	\$456,413	\$1,098,611	\$1,200,587	\$1,337,802
Interest income	\$8,741	\$31,440	\$24,755	\$11,072
Expenses	\$58,989	\$114,860	\$124,767	\$128,572
Increase in net assets	\$298,531	\$746,165	\$808,923	\$896,922
Total assets	\$471,801	\$1,078,256	\$1,172,924	\$1,286,907

Financial results on a per unit basis for the six-month period ended June 30, 2020 and the years ended December 31, 2019, 2018 and 2017 are as follows:

Per Unit Financial Results				
	June 30, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Value of Distributed Securities	\$27.32	\$31.37	\$32.09	\$40.72
Distributor fees income	\$0.07	\$0.18	\$0.19	\$0.21
Interest income	\$0.00	\$0.01	\$0.00	\$0.00
Expenses	\$0.01	\$0.02	\$0.02	\$0.02
Increase in net assets	\$0.05	\$0.12	\$0.13	\$0.14

*Per unit information is calculated based on the number of Master LP units outstanding at the end of the period.*

## Liquidity and Market Performance of Units

The units of the Master LP are listed on the Toronto Stock Exchange. Since inception, the number of units issued and outstanding is 6,264,511 units and the Master LP does not participate in any buy-back program or have any trading restrictions on its units. During the six-month period ended June 30, 2020, the average daily trading volume was approximately 9,140 units and the market price ranged from \$0.73 to \$0.98.

Market financials for the six-month period ended June 30, 2020 and the years ended December 31, 2019, 2018 and 2017 are as follows:

Market Financials				
	June 30, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Daily average trading volume (units)	9,140	6,652	7,318	10,347
High market price	\$0.98	\$1.08	\$1.08	\$1.11
Low market price	\$0.73	\$0.93	\$0.90	\$0.91
Close market price	\$0.83	\$0.98	\$0.94	\$1.02
Return on investment <sup>1</sup>	(15.3%) <sup>1</sup>	16.9% <sup>2</sup>	4.8% <sup>2</sup>	10.8% <sup>2</sup>

<sup>1</sup> The return on investment represents the total return of the units during the six-month period and is calculated based on the opening and closing market price for the period. The past performance of the Master LP is not necessarily an indication of how it will perform in the future.

<sup>2</sup> The return on investment represents the total return of the units during the year and is calculated based on the opening and closing market price for the year, assuming the annual distribution paid by the Master LP was instead retained by the Master LP. The past performance of the Master LP is not necessarily an indication of how it will perform in the future.

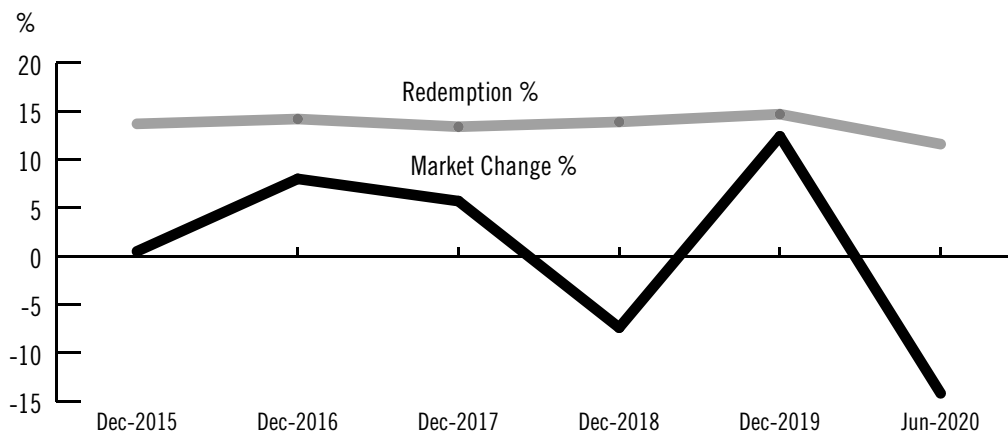
# MACKENZIE MASTER LIMITED PARTNERSHIP

Interim Unaudited Report | June 30, 2020

## FUTURE PROSPECTS

The Master LP's income is dependent upon the level of redemptions and market value of the Distributed Securities. The level of redemptions in the Distributed Securities is a function of Fund performance, expectations of investors and the availability and competitiveness of alternative investments. Total market value of the Distributed Securities will change based on various factors including the mix of the Distributed Securities, the performance of the Funds and general market conditions.

The following chart shows the trend in redemptions and market performance of Distributed Securities over the last five years.



### Redemptions

The level of redemptions of the Distributed Securities were 13%, 14% and 15% in 2017, 2018 and 2019, respectively, and 12% in 2020 on an annualized basis. Since January 2002, all Distributed Securities have been eligible for redemption without incurring a redemption charge. Because there is no longer a redemption fee associated with the Distributed Securities, there is less disincentive for an investor to redeem Distributed Securities. Historically, as redemption charge schedules expire, fund companies have experienced an increase in redemptions of securities previously subject to those schedules. Accordingly, we would expect redemption rates for the Distributed Securities to remain at or above current levels. A significant and prolonged market correction and/or underperformance of the Distributed Securities may also increase the redemption rate from its current level.

### Market Change

The value of Distributed Securities depreciated 7.1% (2019: appreciated 12.4%) over the past six months. Market change of the Distributed Securities is affected by many factors including the various strategies utilized by the Funds, the geographic allocation of the Funds, specific investment selection by the fund managers and general market conditions. Although future market movements cannot be predicted, the fund managers are committed to adding value over the long term.

### Distributor Fees Income

Redemption rates (even when Distributed Securities were subject to redemption charges) have historically exceeded market appreciation of the Distributed Securities and we would expect the value of Distributed Securities and, therefore, Distributor fees income to continue to decline. While Mackenzie anticipates that the Master LP will continue to make its regular distributions, it does expect the amount of those distributions to continue to decline.

### Provision for Income Taxes

The Master LP is considered a specified investment flow-through entity ("SIFT") and is subject to entity level taxation on its taxable non-portfolio earnings. Most of the income earned by the Master LP is taxable non-portfolio earnings. The tax payable by the Master LP is the combined provincial and federal tax rate applicable to income earned by Canadian public corporations. As all the income earned by the Master LP is attributable to Ontario, the applicable rate for 2020 is 26.5% (2019 – 26.5%).

The amount of the Master LP's income that is subject to tax, less the amount of such tax, is treated as taxable dividends when allocated to Limited Partners. These dividends are eligible dividends and taxable Limited Partners are entitled to the enhanced gross-up and dividend tax credit if they are individuals resident in Canada.

The provision for income taxes for the Master LP for the six-month period ended June 30, 2020 was \$0.11 million (2019: \$0.14 million).

# MACKENZIE MASTER LIMITED PARTNERSHIP

---

Interim Unaudited Report | June 30, 2020

---

## INTERIM FINANCIAL STATEMENTS

### Notice of No Auditor Review of the Interim Financial Statements

MMLP GP Inc., the General Partner of the Fund, appoints independent auditors to audit the Master LP'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 Master LP's independent auditors have not performed a review of these Interim Financial Statements.



# MACKENZIE MASTER LIMITED PARTNERSHIP

Interim Unaudited Report | June 30, 2020

## STATEMENTS OF FINANCIAL POSITION

As at

	June 30, 2020 \$	Dec. 31, 2019 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash and investments (note 4)	389,444	992,731
Distributor fees receivable	82,357	85,525
<b>Total assets</b>	<b>471,801</b>	<b>1,078,256</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accrued expenses (note 5)	65,636	63,065
Provision for income taxes (note 6)	107,634	269,026
<b>Total liabilities (excluding net assets attributable to holders of limited partnership units)</b>	<b>173,270</b>	<b>332,091</b>
<b>Net assets attributable to holders of limited partnership units</b>	<b>298,531</b>	<b>746,165</b>

## STATEMENTS OF CHANGES IN NET ASSETS

For the six-month periods ended June 30

	2020 \$	2019 \$
<b>Net assets – beginning of year</b>	<b>746,165</b>	<b>808,923</b>
Increase in net assets for the period	298,531	395,375
Distributions of income to partners	(746,165)	(808,923)
<b>Net assets – end of year</b>	<b>298,531</b>	<b>395,375</b>
<b>Limited partnership units issued and outstanding (note 8)</b>	<b>6,264,511</b>	<b>6,264,511</b>
<b>Net assets per unit</b>	<b>0.05</b>	<b>0.06</b>

## STATEMENTS OF COMPREHENSIVE INCOME

For the six-month periods ended June 30

	2020 \$	2019 \$
<b>Income</b>		
Distributor fees	456,413	581,419
Interest	8,741	15,130
<b>Total income</b>	<b>465,154</b>	<b>596,549</b>
<b>Expenses</b>		
Management fees (note 5)	7,605	7,505
Operating expenses		
Administration	10,284	12,439
Audit fees	11,100	10,680
Securityholder reporting costs	30,000	28,000
	51,384	51,119
<b>Total expenses</b>	<b>58,989</b>	<b>58,624</b>
<b>Increase in net assets before income taxes</b>	<b>406,165</b>	<b>537,925</b>
Provision for income taxes (note 6)	107,634	142,550
<b>Increase in net assets for the period</b>	<b>298,531</b>	<b>395,375</b>
<b>Increase in net assets per unit</b>	<b>0.05</b>	<b>0.06</b>

## STATEMENTS OF CASH FLOWS

For the six-month periods ended June 30

	2020 \$	2019 \$
<b>Operating Activities</b>		
Increase in net assets for the period	298,531	395,375
Net change in non-cash items:		
Distributor fees receivable	3,168	7,438
Accrued expenses	2,571	(31,254)
Provision for income taxes	(161,392)	(149,102)
<b>Net cash provided by operating activities</b>	<b>142,878</b>	<b>222,457</b>
<b>Financing Activities</b>		
Distributions of income to partners	(746,165)	(808,923)
<b>Cash used in financing activities</b>	<b>(746,165)</b>	<b>(808,923)</b>
<b>Net decrease in cash during the period</b>	<b>(603,287)</b>	<b>(586,466)</b>
Cash – beginning of year	992,731	897,995
<b>Cash – end of period</b>	<b>389,444</b>	<b>311,529</b>

Note: Cash is defined to include cash and investments.



# MACKENZIE MASTER LIMITED PARTNERSHIP

Interim Unaudited Report | June 30, 2020

## NOTES TO FINANCIAL STATEMENTS

### 1. Organization of the Partnership

Mackenzie Master Limited Partnership (the “Master LP”) was formed under the laws of Ontario by registration under the *Limited Partnership Act* (Ontario) of a declaration of partnership on February 15, 1995 and is governed by a partnership agreement (the “Partnership Agreement”) also dated February 15, 1995. The general partner of the Master LP is MMLP GP Inc. (the “General Partner”), a wholly owned subsidiary of Mackenzie Financial Corporation (“Mackenzie”). The Master LP was formed to pay selling commissions to financial advisors who sold redemption charge securities of Mackenzie mutual funds for specified periods between 1987 and 1994. In return for paying selling commissions, the Master LP receives Distributor fees income from Mackenzie.

### 2. Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These financial statements were authorized for issue by the General Partner’s Board of Directors on August 3, 2020.

These financial statements are presented in Canadian dollars, which is the Master LP’s functional currency. These financial statements are prepared on a going concern basis using the historical cost basis, except for the financial assets and financial liabilities that have been measured at fair value. The Master LP’s accounting policies used in preparing the financial statements are explained in Note 3 and have been applied consistently to all periods presented in the financial statements.

### 3. Significant Accounting Policies

#### a) *Financial Instruments*

Financial Instruments include financial assets and liabilities such as open-ended investment funds. The Master LP 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 Statements of Financial Position when the Master LP becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Master LP has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date.

#### b) *Fair Value Measurement*

All financial instruments measured at fair value are classified into one of three levels that distinguish fair value measurements by the inputs used for valuation. 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. These classifications have been disclosed in Note 7.

#### c) *Use of estimates*

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results may differ from such estimates.

#### d) *Income recognition*

Effective January 1, 2018, the Master LP retrospectively adopted IFRS 15: Revenue from contracts with customers. The adoption of this standard did not change the timing of revenue recognition of Distributor fees income or the amount of Distributor fees income recognized in prior years. Distributor fees income continues to be calculated and recognized daily and paid to the Master LP monthly by Mackenzie.

Interest income is recognized on an accrual basis.

#### e) *Taxation*

Master LP follows the liability method of tax allocation in accounting for income taxes. Current income tax liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

#### f) *Increase in net assets per unit*

Increase in net assets per unit in the Statements of Comprehensive Income represents the increase in net assets for the period, divided by the weighted average number of units outstanding during the period.

#### g) *Net assets per unit*

Net assets per unit is computed by dividing the net assets attributable to holders of limited partnership units by the total number of units outstanding, as at the end of the period.

# MACKENZIE MASTER LIMITED PARTNERSHIP

Interim Unaudited Report | June 30, 2020

## NOTES TO FINANCIAL STATEMENTS

### 4. Investments

At June 30, 2020, the Master LP had invested \$216,624 (December 31, 2019 – \$465,504) of cash in units of Mackenzie Canadian Money Market Fund (the “Money Market Fund”), a fund managed by Mackenzie.

### 5. Related Party Transactions

Pursuant to the Partnership Agreement, the General Partner is responsible for the management of the Master LP.

The General Partner will be reimbursed by the Master LP for expenses incurred on behalf of the Master LP. In addition, the General Partner receives a management fee equal to 15% of such amounts reimbursed. The General Partner has arranged with Mackenzie to provide transfer agent and administration services. During the period, the Master LP reimbursed the General Partner \$55,737 (June 30, 2019 – \$88,795). The balance payable to the General Partner as at June 30, 2020 is \$65,636 (December 31, 2019 – \$63,065).

### 6. Taxation

These financial statements include only the assets and liabilities of the Master LP and do not include other assets and liabilities, including income taxes, of the partners.

The Master LP is considered a specified investment flow-through entity (“SIFT”) and is subject to entity level taxation on its taxable non-portfolio earnings. Most of the income earned by the Master LP is taxable non-portfolio earnings. The tax payable by the Master LP is the combined provincial and federal tax rate applicable to income earned by Canadian public corporations. As all the income earned by the Master LP is attributable to Ontario, the applicable rate for 2020 is 26.5% (2019 – 26.5%).

The amount of the Master LP’s income that is subject to tax, less the amount of such tax, is treated as taxable dividends when allocated to Limited Partners. These dividends are eligible dividends and taxable Limited Partners are entitled to the enhanced gross-up and dividend tax credit if they are individuals resident in Canada.

The provision for income taxes for the Master LP for the six-month period ended June 30, 2020 is \$107,634 (2019 – \$142,550).

### 7. Risk Associated with Financial Instruments

#### i. Risk exposure and management

The investment portfolio is comprised of the Money Market Fund, which pursues a steady flow of income with reasonable safety of capital and liquidity. It achieves these objectives by investing mainly in money market securities and bonds that are issued by Canadian governments and corporations with maturities of up to one year. It also invests in floating rate notes and asset-backed securities. The Money Market Fund intends to maintain a portfolio with a high credit quality.

Mackenzie, as manager of the Money Market fund, seeks to minimize potential adverse effects of risks on the Money Market Fund’s performance by employing professional, experienced portfolio advisors, by daily monitoring of the Money Market Fund’s positions and market events, and by diversifying the investment portfolio within the constraints of the investment objective. To assist in managing risks, Mackenzie also maintains a governance structure that oversees the Money Market Fund’s investment activities and monitors compliance with the Money Market Fund’s stated investment strategy, internal guidelines, and securities regulations.

#### ii. Liquidity risk

Liquidity risk is the risk the Master LP will encounter difficulty in paying annual distributions and meeting its financial obligations as they come due. The Master LP invests all excess cash in redeemable units of the Money Market Fund, which must maintain at least 95% of its assets in liquid investments (i.e., cash and cash equivalents). The Money Market Fund also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions.

#### iii. Interest rate risk

The Master LP is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the Money Market Fund will fluctuate due to changes in the prevailing levels of market interest rates. The Money Market Fund had minimal sensitivity to changes in interest rates due to the short-term nature of instruments held.

# MACKENZIE MASTER LIMITED PARTNERSHIP

Interim Unaudited Report | June 30, 2020

## NOTES TO FINANCIAL STATEMENTS

### 7. Risk Associated with Financial Instruments (cont'd)

#### iv. 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 Master LP. The Master LP has credit risk exposure through its investment in the Money Market Fund. The maximum exposure of the Money Market Fund to any one debt issuer was 18.8% (December 31, 2019 – 9.3%) of its net assets, representing 13.6% (December 31, 2019 – 5.8%) of the Master LP's net assets.

As of June 30, 2020 and December 31, 2019, debt securities by credit rating of the Money Market Fund are as follows:

Bond Rating*	June 30, 2020	December 31, 2019
	% of Total Bonds	% of Total Bonds
AAA	5.9	22.2
AA	4.1	29.1
A	46.1	40.1
Unrated	43.9	8.6
Total	100.0	100.0

Short-Term Note Rating*	June 30, 2020	December 31, 2019
	% of Total Short-Term Notes	% of Total Short-Term Notes
R1 (High)	65.6	62.0
R1 (Mid)	34.4	23.1
R1 (Low)	–	14.9
Total	100.0	100.0

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

#### v. Fair Value Measurement

The following fair value hierarchy is used to classify the Master LP's financial instruments:

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 assets or liability either directly or indirectly; and

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

The Money Market Fund is classified as Level 1 (December 31, 2019 – Level 1) under the fair value hierarchy. All other financial instruments on the Statements of Financial Position are classified as Level 2 (December 31, 2019 – Level 2).

### 8. Limited Partnership Units

The capital of the Master LP is divided into limited partnership units and as at June 30, 2020, 6,264,511 units are issued and outstanding (December 31, 2019 – 6,264,511). All units are of the same class with equal rights and privileges, including equal participation in any distribution made by the Master LP, and the right to one vote at any meeting of the limited partners. No additional units of the Master LP can be issued and the units are non-redeemable. The General Partner manages the capital of the Master LP in accordance with the Partnership Agreement.

The Limited Partnership Units are classified as financial liabilities as there is a requirement to distribute the income earned by the partnership in cash.

# MACKENZIE MASTER LIMITED PARTNERSHIP

---

Interim Unaudited Report | June 30, 2020

---

## NOTES TO FINANCIAL STATEMENTS

### 9. COVID-19

Governments worldwide have enacted emergency measures to combat the spread of a novel strain of coronavirus (COVID-19). These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused significant volatility and weakness in global equity markets and material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

Mackenzie, which provides transfer agency and administrative services to MMLP has implemented its business continuity plan as a result of these events, which have included moving substantially all employees, including those that provide services to MMLP, to work from home and further supporting MMLP's information technology infrastructure.

The duration and impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions and as a result it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of MMLP in future periods.

# MACKENZIE MASTER LIMITED PARTNERSHIP

Interim Unaudited Report | June 30, 2020

## VALUE OF DISTRIBUTED SECURITIES

As at June 30, 2020

	Net Asset Value	
	\$000's	%
<b>Canadian Equity Funds</b>		
Mackenzie Cundill Canadian Security Class	36,545	24.4
Mackenzie Ivy Canadian Fund	19,419	12.1
Mackenzie Canadian Growth Fund	19,161	10.5
Mackenzie Growth Fund	4,207	2.5
Other Canadian Equity Funds	3,230	2.3
	<b>82,562</b>	<b>51.8</b>
<b>Foreign Equity Funds</b>		
Mackenzie US Growth Class	12,735	6.5
Mackenzie Ivy Foreign Equity Fund	11,540	6.2
Mackenzie Global Equity Fund	2,548	1.5
Mackenzie Cundill Value Fund	2,327	1.6
Other Foreign Equity Funds	10,806	6.0
	<b>39,956</b>	<b>21.8</b>
<b>Balanced Funds</b>		
Mackenzie Income Fund	11,807	6.3
Mackenzie Canadian Growth Balanced Fund	11,494	6.1
Mackenzie Ivy Canadian Balanced Fund	8,789	5.2
Mackenzie Ivy Global Balanced Fund	2,838	1.5
Other Balanced Funds	4,089	2.2
	<b>39,017</b>	<b>21.3</b>
<b>Income Funds</b>		
Mackenzie Canadian Bond Fund	4,837	2.5
Mackenzie Corporate Bond Fund	2,633	1.5
Mackenzie Strategic Income Fund	872	0.4
Mackenzie Global Tactical Bond Fund	219	0.1
Other Income Funds	466	0.3
	<b>9,027</b>	<b>4.8</b>
<b>Money Market Funds</b>		
Mackenzie Canadian Money Market Fund	605	0.3
	<b>605</b>	<b>0.3</b>
<b>Total</b>	<b>171,167</b>	<b>100.0</b>

# MACKENZIE MASTER LIMITED PARTNERSHIP

Interim Unaudited Report | June 30, 2020

## MOVEMENT IN VALUE OF DISTRIBUTED SECURITIES

For the period from January 1, 2018 to June 30, 2020

Period ending	Transfers \$000's	Redemptions \$000's	Market Change \$000's	Total \$000's	Per Unit \$
<b>Canadian Equity Funds</b>					
Dec/17				133,452	21
Dec/18	(417)	(17,026)	(14,322)	101,687	16
Dec/19	(356)	(13,178)	13,044	101,197	16
Jun/20	(139)	(5,759)	(12,737)	82,562	13
<b>Foreign Equity Funds</b>					
Dec/17				54,794	9
Dec/18	(10)	(7,448)	(1,790)	45,546	7
Dec/19	(35)	(8,359)	5,968	43,120	7
Jun/20	17	(2,500)	(681)	39,956	6
<b>Balanced Funds</b>					
Dec/17				53,527	9
Dec/18	478	(8,078)	(2,695)	43,232	7
Dec/19	190	(6,481)	5,287	42,228	7
Jun/20	109	(2,469)	(851)	39,017	6
<b>Income Funds</b>					
Dec/17				12,185	2
Dec/18	(88)	(2,234)	(135)	9,728	2
Dec/19	151	(1,273)	688	9,294	1
Jun/20	5	(521)	249	9,027	1
<b>Money Market Funds</b>					
Dec/17				1,126	–
Dec/18	37	(342)	4	825	–
Dec/19	50	(220)	5	660	–
Jun/20	8	(64)	1	605	–
<b>Total</b>					
Dec/17				255,084	41
Dec/18	–	(35,128)	(18,938)	201,018	32
Dec/19	–	(29,511)	24,992	196,499	31
Jun/20	–	(11,313)	(14,019)	171,167	27

## PERCENTAGE CHANGE IN VALUE OF DISTRIBUTED SECURITIES

For the six-month period ended June 30, 2020

The percentage change in the value of the Distributed Securities is calculated based on the movement in the year as a percentage of the opening balance for each category.

Category	Transfers (%)	Redemptions (%)	Market Change (%)	Total Change (%)
Canadian Equity Funds	(0.1)	(5.7)	(12.6)	(18.4)
Foreign Equity Funds	0.0	(5.8)	(1.6)	(7.3)
Balanced Funds	0.3	(5.8)	(2.0)	(7.6)
Income Funds	0.1	(5.6)	2.7	(2.9)
Money Market Funds	1.2	(9.7)	0.2	(8.3)
<b>Total Movement</b>	–	<b>(5.8)</b>	<b>(7.1)</b>	<b>(12.9)</b>



**MACKENZIE**  
Investments