

MACKENZIE INVESTMENT GRADE FLOATING RATE FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2019

FIXED INCOME FUND

MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by Mackenzie Financial Corporation, as Manager of Mackenzie Investment Grade Floating Rate Fund (the "Fund"). The Manager is responsible for the integrity, objectivity and reliability of the data presented. This responsibility includes selecting appropriate accounting principles and making judgments and estimates consistent with International Financial Reporting Standards. The Manager is also responsible for the development of internal controls over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors (the "Board") of Mackenzie Financial Corporation is responsible for reviewing and approving the financial statements and overseeing the Manager's performance of its financial reporting responsibilities. The Board is assisted in discharging this responsibility by an Audit Committee, which reviews the financial statements and recommends them for approval by the Board. The Audit Committee also meets regularly with the Manager, internal auditors and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues.

Deloitte LLP is the external auditor of the Fund. It is appointed by the Board. The external auditor has audited the financial statements in accordance with Canadian generally accepted auditing standards to enable it to express to the securityholders its opinion on the financial statements. Its report is set out below.

On behalf of Mackenzie Financial Corporation,
Manager of the Fund



Barry McNerney
President and Chief Executive Officer



Terry Rountes
Chief Financial Officer, Funds

June 3, 2019

INDEPENDENT AUDITOR'S REPORT

To the Securityholders of Mackenzie Investment Grade Floating Rate Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at March 31, 2019 and 2018, and the statements of comprehensive income, changes in financial position and cash flows for the periods then ended, as indicated in Note 1, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2019 and 2018, and its financial performance and its cash flows for the periods then ended, as indicated in Note 1, in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information which comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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INDEPENDENT AUDITOR'S REPORT (cont'd)

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
June 3, 2019



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STATEMENTS OF FINANCIAL POSITION

*In thousands (except per security figures)
As at March 31*

	2019	2018		2019	2018
	\$	\$		\$	\$
ASSETS			Net assets attributable to securityholders		
Current assets			per security (note 3)		
Investments at fair value	54,769	53,789	Series A	9.93	9.95
Cash and cash equivalents	1,577	831	Series AR	10.03	10.05
Accrued interest receivable	171	225	Series D	10.01	10.02
Dividends receivable	1	1	Series F	10.01	10.02
Accounts receivable for investments sold	358	81	Series F5	11.87	12.37
Accounts receivable for securities issued	41	7	Series FB	10.01	10.03
Due from manager	–	7	Series FB5	13.45	13.91
Margin on derivatives	–	154	Series O	9.61	9.63
Unrealized gains on derivative contracts	14	51	Series PW	9.93	9.95
Total assets	56,931	55,146	Series PWF	–	10.01
			Series PWF6	–	14.30
LIABILITIES			Series PWF6	10.00	10.02
Current liabilities			Series PWF6B5	13.99	14.45
Accounts payable for investments purchased	83	701	Series PWT5	13.58	14.24
Accounts payable for securities redeemed	243	291	Series PWX	9.62	9.63
Due to manager	–	3	Series SC	9.97	9.98
Unrealized losses on derivative contracts	96	241	Series S5	11.55	12.13
Total liabilities	422	1,236	Series T5	11.36	11.97
Net assets attributable to securityholders	56,509	53,910			
Net assets attributable to securityholders					
per series (note 3)					
Series A	1,883	2,304			
Series AR	335	297			
Series D	202	122			
Series F	21,485	6,483			
Series F5	65	149			
Series FB	37	48			
Series FB5	1	1			
Series O	1,210	1,568			
Series PW	24,847	22,850			
Series PWF	–	9,602			
Series PWF6	–	8			
Series PWF6	16	1			
Series PWF6B5	1	1			
Series PWT5	83	46			
Series PWX	328	485			
Series SC	5,618	9,481			
Series S5	89	124			
Series T5	309	340			

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



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STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended March 31 (note 1)
In thousands (except per security figures)

	2019	2018		2019	2018
	\$	\$		\$	\$
Income			Increase (decrease) in net assets attributable to securityholders from operations per security		
Dividends	20	46	Series A	0.08	0.02
Interest income	1,500	1,252	Series AR	0.07	0.08
Other changes in fair value of investments and other net assets			Series D	0.13	0.11
Net realized gain (loss)	(319)	362	Series F	0.19	0.14
Net unrealized gain (loss)	208	(381)	Series F5	0.22	0.17
Total income (loss)	1,409	1,279	Series FB	0.17	0.15
			Series FB5	0.25	0.23
Expenses (note 6)			Series O	0.23	0.23
Management fees	507	550	Series PW	0.13	0.12
Management fee rebates	(27)	(37)	Series PWF	0.03	0.16
Administration fees	89	91	Series PWF6	0.05	0.24
Interest charges	1	–	Series PWFB	0.18	0.15
Commissions and other portfolio transaction costs	14	8	Series PWFB5	0.28	0.23
Independent Review Committee fees	–	–	Series PWT5	0.17	0.14
Other	3	4	Series PWX	0.24	0.22
Expenses before amounts absorbed by Manager	587	616	Series SC	0.11	0.09
Expenses absorbed by Manager	–	–	Series S5	0.11	0.11
Net expenses	587	616	Series T5	0.08	0.06
Increase (decrease) in net assets attributable to securityholders from operations before tax	822	663			
Foreign withholding taxes	1	1			
Foreign income taxes paid (recovered)	–	–			
Increase (decrease) in net assets attributable to securityholders from operations	821	662			
Increase (decrease) in net assets attributable to securityholders from operations per series					
Series A	15	11			
Series AR	3	1			
Series D	3	2			
Series F	319	93			
Series F5	1	1			
Series FB	–	1			
Series FB5	–	–			
Series O	34	32			
Series PW	329	260			
Series PWF	32	159			
Series PWF6	–	1			
Series PWFB	–	–			
Series PWFB5	–	–			
Series PWT5	–	1			
Series PWX	9	10			
Series SC	73	87			
Series S5	2	1			
Series T5	1	2			

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STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the periods ended March 31 (note 1)
In thousands

	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Series A		Series AR		Series D		Series F		Series F5	
	\$		\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	2,304	6,478	297	115	122	173	6,483	9,053	149	101
Increase (decrease) in net assets from operations	15	11	3	1	3	2	319	93	1	1
Distributions paid to securityholders:										
Investment income	(19)	(25)	(3)	(1)	(3)	(2)	(320)	(90)	(1)	(2)
Capital gains	-	-	-	-	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-	-	-	(3)	(7)
Management fee rebates	-	-	-	-	-	-	(2)	-	-	-
Total distributions paid to securityholders	(19)	(25)	(3)	(1)	(3)	(2)	(322)	(90)	(4)	(9)
Security transactions:										
Proceeds from securities issued	660	835	61	199	153	13	27,520	5,244	7	100
Reinvested distributions	18	22	3	1	2	1	279	69	1	4
Payments on redemption of securities	(1,095)	(5,017)	(26)	(18)	(75)	(65)	(12,794)	(7,886)	(89)	(48)
Total security transactions	(417)	(4,160)	38	182	80	(51)	15,005	(2,573)	(81)	56
Total increase (decrease) in net assets	(421)	(4,174)	38	182	80	(51)	15,002	(2,570)	(84)	48
End of period	1,883	2,304	335	297	202	122	21,485	6,483	65	149

Increase (decrease) in fund securities (note 7):	Securities		Securities		Securities		Securities		Securities	
Securities outstanding – beginning of period	231	650	30	11	12	17	647	904	12	8
Issued	66	84	6	21	16	1	2,750	523	1	8
Reinvested distributions	2	2	-	-	-	-	28	7	-	-
Redeemed	(110)	(505)	(3)	(2)	(8)	(6)	(1,278)	(787)	(7)	(4)
Securities outstanding – end of period	189	231	33	30	20	12	2,147	647	6	12

	Series FB		Series FB5		Series O		Series PW		Series PWF	
	\$		\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	48	48	1	1	1,568	1,164	22,850	20,399	9,602	6,155
Increase (decrease) in net assets from operations	-	1	-	-	34	32	329	260	32	159
Distributions paid to securityholders:										
Investment income	(1)	-	-	-	(38)	(19)	(377)	(267)	(27)	(154)
Capital gains	-	-	-	-	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-	-	-	-	-
Management fee rebates	-	-	-	-	-	-	(23)	(32)	(2)	(5)
Total distributions paid to securityholders	(1)	-	-	-	(38)	(19)	(400)	(299)	(29)	(159)
Security transactions:										
Proceeds from securities issued	6	-	-	-	398	433	8,793	6,982	314	6,520
Reinvested distributions	1	-	-	-	38	19	314	234	26	143
Payments on redemption of securities	(17)	(1)	-	-	(790)	(61)	(7,039)	(4,726)	(9,945)	(3,216)
Total security transactions	(10)	(1)	-	-	(354)	391	2,068	2,490	(9,605)	3,447
Total increase (decrease) in net assets	(11)	-	-	-	(358)	404	1,997	2,451	(9,602)	3,447
End of period	37	48	1	1	1,210	1,568	24,847	22,850	-	9,602

Increase (decrease) in fund securities (note 7):	Securities		Securities		Securities		Securities		Securities	
Securities outstanding – beginning of period	5	5	-	-	163	122	2,296	2,046	959	615
Issued	1	-	-	-	41	45	884	700	31	651
Reinvested distributions	-	-	-	-	4	2	32	24	3	14
Redeemed	(2)	-	-	-	(82)	(6)	(709)	(474)	(993)	(321)
Securities outstanding – end of period	4	5	-	-	126	163	2,503	2,296	-	959

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



MACKENZIE INVESTMENT GRADE FLOATING RATE FUND

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STATEMENTS OF CHANGES IN FINANCIAL POSITION (cont'd)

For the periods ended March 31 (note 1)
In thousands

	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Series PWF6		Series PWF6		Series PWF6		Series PWF5		Series PWT5	
	\$		\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	8	–	1	–	1	–	46	–	485	450
Increase (decrease) in net assets from operations	–	1	–	–	–	–	–	1	9	10
Distributions paid to securityholders:										
Investment income	–	–	–	–	–	–	(1)	–	(9)	(6)
Capital gains	–	–	–	–	–	–	–	–	–	–
Return of capital	–	–	–	–	–	–	(3)	(3)	–	–
Management fee rebates	–	–	–	–	–	–	–	–	–	–
Total distributions paid to securityholders	–	–	–	–	–	–	(4)	(3)	(9)	(6)
Security transactions:										
Proceeds from securities issued	–	7	25	1	–	1	237	48	207	32
Reinvested distributions	–	–	–	–	–	–	2	–	9	6
Payments on redemption of securities	(8)	–	(10)	–	–	–	(198)	–	(373)	(7)
Total security transactions	(8)	7	15	1	–	1	41	48	(157)	31
Total increase (decrease) in net assets	(8)	8	15	1	–	1	37	46	(157)	35
End of period	–	8	16	1	1	1	83	46	328	485

Increase (decrease) in fund securities (note 7):	Securities		Securities		Securities		Securities		Securities	
Securities outstanding – beginning of period	1	–	–	–	–	–	3	–	50	47
Issued	–	1	3	–	–	–	17	3	22	3
Reinvested distributions	–	–	–	–	–	–	–	–	1	1
Redeemed	(1)	–	(1)	–	–	–	(14)	–	(39)	(1)
Securities outstanding – end of period	–	1	2	–	–	–	6	3	34	50

	Series SC		Series S5		Series T5		Total	
	\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS								
Beginning of period	9,481	12,528	124	170	340	338	53,910	57,173
Increase (decrease) in net assets from operations	73	87	2	1	1	2	821	662
Distributions paid to securityholders:								
Investment income	(79)	(86)	(2)	(1)	(3)	(2)	(883)	(655)
Capital gains	–	–	–	–	–	–	–	–
Return of capital	–	–	(6)	(6)	(17)	(19)	(29)	(35)
Management fee rebates	–	–	–	–	–	–	(27)	(37)
Total distributions paid to securityholders	(79)	(86)	(8)	(7)	(20)	(21)	(939)	(727)
Security transactions:								
Proceeds from securities issued	3,747	4,917	304	27	–	1	42,432	25,360
Reinvested distributions	70	78	3	1	19	20	785	598
Payments on redemption of securities	(7,674)	(8,043)	(336)	(68)	(31)	–	(40,500)	(29,156)
Total security transactions	(3,857)	(3,048)	(29)	(40)	(12)	21	2,717	(3,198)
Total increase (decrease) in net assets	(3,863)	(3,047)	(35)	(46)	(31)	2	2,599	(3,263)
End of period	5,618	9,481	89	124	309	340	56,509	53,910

Increase (decrease) in fund securities (note 7):	Securities		Securities		Securities	
Securities outstanding – beginning of period	950	1,254	10	13	28	27
Issued	376	494	26	2	–	–
Reinvested distributions	7	8	–	–	2	2
Redeemed	(769)	(806)	(28)	(5)	(3)	(1)
Securities outstanding – end of period	564	950	8	10	27	28

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

MACKENZIE INVESTMENT GRADE FLOATING RATE FUND

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STATEMENTS OF CASH FLOWS

For the periods ended March 31 (note 1)
In thousands

	2019	2018
	\$	\$
Cash flows from operating activities		
Net increase (decrease) in net assets attributable to securityholders from operations	821	662
Adjustments for:		
Net realized loss (gain) on investments	(101)	278
Change in net unrealized loss (gain) on investments	(215)	384
Purchase of investments	(49,387)	(51,047)
Proceeds from sale and maturity of investments	47,720	52,556
Change in accrued interest receivable	54	(77)
Change in dividends receivable	–	(1)
Change in due from manager	7	(6)
Change in due to manager	(3)	3
Change in margin on derivatives	154	143
Net cash from operating activities	(950)	2,895
Cash flows from financing activities		
Proceeds from securities issued	36,625	14,068
Payments on redemption of securities	(34,775)	(17,554)
Distributions paid net of reinvestments	(154)	(129)
Net cash from financing activities	1,696	(3,615)
Net increase (decrease) in cash and cash equivalents	746	(720)
Cash and cash equivalents at beginning of period	831	1,551
Effect of exchange rate fluctuations on cash and cash equivalents	–	–
Cash and cash equivalents at end of period	1,577	831
Cash	14	192
Cash equivalents	1,563	639
Cash and cash equivalents at end of period	1,577	831
Supplementary disclosures on cash flow from operating activities:		
Dividends received	20	45
Foreign taxes paid	1	1
Interest received	1,554	1,175
Interest paid	1	–

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SCHEDULE OF INVESTMENTS

As at March 31, 2019

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS					
Acproducts Inc. Term Loan 1st Lien F/R 02-14-2024	United States	Term Loans	USD 10,000	13	13
Aegis Toxicology Sciences Corp. Term Loan B 1st Lien F/R 05-09-2025	United States	Term Loans	USD 9,950	13	13
Al Ladder Luxembourg Term Loan B 1st Lien F/R 05-04-2025	United States	Term Loans	USD 16,456	20	22
AL Midcoast Holdings LLC Term Loan B 1st Lien F/R 06-28-2025	United States	Term Loans	USD 19,900	26	27
Alcami Carolinas Corp. Term Loan 1st Lien F/R 07-06-2025	United States	Term Loans	USD 19,900	26	26
Alchemy US Holdco LLC Term Loan B 1st Lien F/R 10-01-2025	United States	Term Loans	USD 19,875	25	27
Allegiant Travel Co. Term Loan B 1st Lien F/R 01-29-2024	United States	Term Loans	USD 30,000	39	40
Artis Real Estate Investment Trust F/R 02-07-2020	Canada	Corporate - Non Convertible	1,000,000	1,002	1,001
Artis Real Estate Investment Trust 3.68% 02-22-2021	Canada	Corporate - Non Convertible	40,000	40	40
AT&T Inc. F/R 06-12-2024	United States	Corporate - Non Convertible	USD 900,000	1,178	1,195
Ball Metalpack Finco LLC Term Loan B 1st Lien F/R 07-26-2025	United States	Term Loans	USD 9,925	13	13
Bank of America Corp. F/R 04-24-2022 Callable 2021	United States	Corporate - Non Convertible	1,150,000	1,150	1,148
Bank of Montreal F/R 04-11-2019	Canada	Corporate - Non Convertible	1,300,000	1,301	1,300
Bank of Montreal 2.27% 07-11-2022	Canada	Corporate - Non Convertible	70,000	69	70
The Bank of Nova Scotia F/R 08-27-2019	Canada	Corporate - Non Convertible	1,000,000	1,000	1,001
The Bank of Nova Scotia 1.90% 12-02-2021 DPNT	Canada	Corporate - Non Convertible	160,000	156	159
Bausch Health Cos Inc. Term Loan B 1st Lien F/R 05-24-2025	United States	Term Loans	USD 9,250	12	12
Bruce Power LP 2.84% 06-23-2021	Canada	Corporate - Non Convertible	1,000,000	999	1,007
C&D Technologies Inc. Term Loan B 1st Lien F/R 12-13-2025	United States	Term Loans	USD 19,950	23	25
Calceus Acquisition Inc. Term Loan B1 1st Lien F/R 02-08-2025	United States	Term Loans	USD 30,000	39	40
Canada Goose Inc. Term Loan 1st Lien F/R 12-22-2021	Canada	Term Loans	USD 110,000	138	146
Canada Housing Trust No. 1 F/R 09-15-2023	Canada	Federal Government	10,070,000	10,069	10,060
Canada Housing Trust No. 1 F/R 03-15-2024	Canada	Federal Government	5,250,000	5,247	5,236
Canadian Imperial Bank of Commerce F/R 07-22-2019	Canada	Corporate - Non Convertible	1,300,000	1,300	1,300
Canadian Imperial Bank of Commerce 2.90% 09-14-2021	Canada	Corporate - Non Convertible	250,000	250	254
Canadian Imperial Bank of Commerce 2.47% 12-05-2022	Canada	Corporate - Non Convertible	20,000	20	20
Canadian Western Bank 2.12% 07-29-2019	Canada	Corporate - Non Convertible	800,000	801	801
Cards II Trust 2.16% 10-15-2020	Canada	Corporate - Non Convertible	440,000	440	440
CareCentrix Inc. Term Loan 1st Lien F/R 03-22-2025	United States	Term Loans	USD 48,750	63	65
Caterpillar Financial Services Ltd. F/R 12-09-2019	United States	Corporate - Non Convertible	1,200,000	1,200	1,201
CCS-CMGC Holdings Inc. Term Loan 1st Lien F/R 09-25-2025	United States	Term Loans	USD 9,975	13	13
Central 1 Credit Union F/R 02-05-2021	Canada	Corporate - Non Convertible	800,000	798	797
CEVA Logistics Finance BV Term Loan B 1st Lien F/R 08-03-2025	United States	Term Loans	USD 10,000	13	13
Charter Communications Operating LLC F/R 02-01-2024 Callable 2024	United States	Corporate - Non Convertible	USD 900,000	1,194	1,203
Citadel LLC Term Loan B 1st Lien F/R 02-22-2026	United States	Term Loans	USD 40,000	52	54
CommScope Inc. Term Loan B2 1st Lien F/R 02-07-2026	United States	Term Loans	USD 20,000	26	27
Communications Sales & Leasing Inc. Term Loan B 1st Lien F/R 10-24-2022	United States	Term Loans	USD 538	1	1
Concrete Pumping Merger Sub Inc. Term Loan 1st Lien F/R 11-14-2025	United States	Term Loans	USD 20,000	26	26
Crombie Real Estate Investment Trust 4.80% 01-31-2025 Callable 2024	Canada	Corporate - Non Convertible	10,000	10	10
Crown Subsea Communications Holding Inc. Term Loan 1st Lien F/R 11-02-2025	United States	Term Loans	USD 29,625	38	39
CVS Health Corp. F/R 03-09-2020	United States	Corporate - Non Convertible	USD 500,000	642	668
Dawn Acquisition LLC Term Loan 1st Lien F/R 10-25-2025	United States	Term Loans	USD 19,950	26	25



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SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2019

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS (cont'd)					
Diamond 1 Finance Corp. 4.42% 06-15-2021 Callable 2021 144A	United States	Corporate - Non Convertible	USD 740,000	994	1,015
Dollarama Inc. F/R 03-16-2020	Canada	Corporate - Non Convertible	2,000,000	2,004	2,003
EagleTree-Carbide Acquisition Corp. Term Loan 1st Lien F/R 08-28-2024	United States	Term Loans	USD 68,753	86	91
Eastern Power LLC Term Loan B 1st Lien F/R 10-02-2023	United States	Term Loans	USD 9,690	13	13
Electrical Components International Inc. Term Loan 1st Lien F/R 06-22-2025	United States	Term Loans	USD 19,850	26	26
EnerCare Solutions Inc. 3.38% 02-21-2022 Callable 2022	Canada	Corporate - Non Convertible	130,000	130	131
Ensono LP Term Loan 1st Lien F/R 04-30-2025	United States	Term Loans	USD 19,850	25	26
EnTrans International LLC Term Loan 1st Lien F/R 10-29-2025	United States	Term Loans	USD 19,625	25	26
Federation des Caisses Desjardins du Quebec F/R 08-22-2019	Canada	Corporate - Non Convertible	360,000	360	360
Federation des Caisses Desjardins du Quebec 3.06% 09-11-2023	Canada	Corporate - Non Convertible	530,000	538	546
Forming Machining Industries Holdings LLC Term Loan 1st Lien F/R 10-03-2025	United States	Term Loans	USD 16,281	21	21
Fortified Trust 1.67% 07-23-2021	Canada	Corporate - Non Convertible	180,000	180	178
Foundation Building Materials LLC Term Loan B 1st Lien F/R 05-11-2025	United States	Term Loans	USD 9,975	13	13
Gaz Metro Inc. 1.52% 05-25-2020	Canada	Corporate - Non Convertible	60,000	60	60
Genesis Trust II 1.70% 04-15-2020	Canada	Corporate - Non Convertible	110,000	109	110
GFL Environmental Inc. Term Loan B 1st Lien F/R 05-31-2025	Canada	Term Loans	USD 29,825	39	39
Glacier Credit Card Trust 3.14% 09-20-2023	Canada	Corporate - Non Convertible	20,000	20	21
GlaxoSmithKline Capital PLC F/R 05-14-2021	United Kingdom	Corporate - Non Convertible	USD 870,000	1,133	1,165
The Goldman Sachs Group Inc. F/R 07-27-2022 Callable 2021	United States	Corporate - Non Convertible	800,000	797	794
Government of Canada 2.00% 09-01-2023	Canada	Federal Government	10,000	10	10
H&R Real Estate Investment Trust F/R 07-23-2019	Canada	Corporate - Non Convertible	1,800,000	1,800	1,803
Halo Buyer Inc. Delayed Draw Term Loan 1st Lien F/R 06-28-2025	United States	Term Loans	USD 2,941	4	4
Halo Buyer Inc. Term Loan 1st Lien F/R 06-28-2025	United States	Term Loans	USD 6,984	9	9
Hillman Group Inc. Term Loan B 1st Lien F/R 05-21-2025	United States	Term Loans	USD 25	—	—
Hollis Receivables Term Trust II 1.79% 02-26-2020	Canada	Corporate - Non Convertible	340,000	337	339
HSBC Bank Canada 2.17% 06-29-2022	Canada	Corporate - Non Convertible	1,850,000	1,819	1,836
HSBC Bank Canada 3.25% 09-15-2023	Canada	Corporate - Non Convertible	20,000	20	21
IEA Energy Services LLC Term Loan 1st Lien F/R 11-02-2024	United States	Term Loans	USD 29,250	37	37
Innovative Water Care Global Corp. Term Loan 1st Lien F/R 02-27-2026	United States	Term Loans	USD 10,000	12	13
Institutional Shareholder Services Inc. Term Loan 1st Lien F/R 02-26-2026	United States	Term Loans	USD 10,000	13	13
Inter Pipeline Ltd. F/R 03-26-2079 Callable 2029	Canada	Corporate - Non Convertible	10,000	10	10
Intermedia Holdings Inc. Term Loan B 1st Lien F/R 07-13-2025	United States	Term Loans	USD 19,950	26	27
iQor US Inc. Term Loan B 1st Lien F/R 04-01-2021	United States	Term Loans	USD 19,060	23	24
Isagenix International LLC Term Loan 1st Lien F/R 04-26-2025	United States	Term Loans	USD 28,875	37	35
Ivanhoe Cambridge II Inc. 2.91% 06-27-2023 Callable 2023	Canada	Corporate - Non Convertible	10,000	10	10
Janus International Group LLC Term Loan 1st Lien F/R 02-15-2025	United States	Term Loans	USD 10,000	13	13
John Deere Canada Funding Inc. F/R 09-21-2020	United States	Corporate - Non Convertible	1,500,000	1,500	1,500
JP Intermediate B LLC Term Loan 1st Lien F/R 10-19-2025	United States	Term Loans	USD 9,875	13	12
Keane Group Holdings LLC Term Loan B 1st Lien F/R 05-18-2025	United States	Term Loans	USD 19,850	25	26
Kestrel Acquisition LLC Term Loan B 1st Lien F/R 05-02-2025	United States	Term Loans	USD 9,925	13	13
The KeyW Holding Corp. Term Loan 1st Lien F/R 05-04-2024	United States	Term Loans	USD 18,605	24	25
Kindred Healthcare Inc. Term Loan B 1st Lien F/R 06-21-2025	United States	Term Loans	USD 19,900	26	26



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SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2019

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS (cont'd)					
Laurentian Bank of Canada F/R 04-24-2019	Canada	Corporate - Non Convertible	USD 750,000	1,011	1,002
Laurentian Bank of Canada 3.00% 09-12-2022	Canada	Corporate - Non Convertible	10,000	10	10
Manulife Bank of Canada F/R 01-27-2020 Callable 2019	Canada	Corporate - Non Convertible	1,500,000	1,500	1,501
Metro Inc. 1.52% 02-27-2020 MTN	Canada	Corporate - Non Convertible	1,000,000	1,002	1,001
Minotaur Acquisition Inc. Term Loan 1st Lien F/R 02-27-2026	United States	Term Loans	USD 10,000	13	13
Nissan Canada Financial Services Inc. F/R 04-09-2019	Canada	Corporate - Non Convertible	1,000,000	1,000	1,000
OCI Beaumont LLC Term Loan B 1st Lien F/R 02-16-2025	United States	Term Loans	USD 9,900	12	13
OMERS Realty Corp. 2.47% 11-12-2019 Callable	Canada	Corporate - Non Convertible	1,190,000	1,192	1,192
Panther BF Aggregator 2 LP Term B 1st Lien F/R 03-18-2026	United States	Term Loans	USD 10,000	13	13
Piscis Midco Inc. 8.00% 04-15-2026 Callable 2021	United States	Corporate - Non Convertible	USD 10,000	13	12
Prairie ECI Acquiror LP Term Loan 1st Lien F/R 03-07-2026	United States	Term Loans	USD 10,000	13	13
Project Leopard Holdings Inc. Term Loan 1st Lien F/R 07-07-2023	United States	Term Loans	USD 29,925	39	40
Prospect Medical Holdings Inc. Term Loan B 1st Lien F/R 02-15-2024	United States	Term Loans	USD 49,575	61	61
PS HoldCo LLC Term Loan 1st Lien F/R 03-02-2025	United States	Term Loans	USD 9,950	13	13
PSC Industrial Outsourcing LP Term Loan B 1st Lien F/R 10-05-2024	United States	Term Loans	USD 69,125	86	91
R.R. Donnelley & Sons Co. Term Loan B 1st Lien F/R 01-04-2024	United States	Term Loans	USD 13,965	18	19
R1 RCM Inc. Term Loan B 1st Lien F/R 05-02-2025	United States	Term Loans	USD 19,850	25	26
Royal Bank of Canada F/R 02-11-2020	Canada	Corporate - Non Convertible	1,500,000	1,507	1,507
Savage Enterprises LLC Term Loan B 1st Lien F/R 07-02-2025	United States	Term Loans	USD 26,870	35	36
SIRVA Worldwide Inc. Term Loan 1st Lien F/R 07-31-2025	United States	Term Loans	USD 17,888	23	23
SNC-Lavalin Group Inc. F/R 03-02-2021	Canada	Corporate - Non Convertible	900,000	900	886
SS&C Technologies Inc. Term Loan B5 1st Lien F/R 04-16-2025	United States	Term Loans	USD 9,949	13	13
Staples Inc. Term Loan 1st Lien F/R 08-15-2024	United States	Term Loans	USD 78,876	101	105
Sun Life Financial Inc. F/R 11-23-2027 Callable 2022	Canada	Corporate - Non Convertible	20,000	20	20
Superior Plus LP 7.00% 07-15-2026 Callable 2021	Canada	Corporate - Non Convertible	USD 10,000	13	14
Talen Energy Supply LLC 9.50% 07-15-2022 Callable 2020 144A	United States	Corporate - Non Convertible	USD 10,000	14	14
Teva Pharmaceutical Industries Ltd. 2.20% 07-21-2021	Israel	Corporate - Non Convertible	USD 7,000	9	9
Thor Industries Inc. Term Loan B 1st Lien F/R 11-01-2025	United States	Term Loans	USD 36,606	47	47
The Toronto-Dominion Bank F/R 09-17-2020	Canada	Corporate - Non Convertible	USD 1,300,000	1,711	1,741
Travelport Finance Luxembourg Sarl Term Loan 1st Lien F/R 03-18-2026	Luxembourg	Term Loans	USD 10,000	13	13
Ultra Clean Holdings Inc. Term Loan B 1st Lien F/R 08-27-2025	United States	Term Loans	USD 29,625	38	38
Unimin Corp. Term Loan 1st Lien F/R 05-21-2025	United States	Term Loans	USD 29,775	38	34
Vancouver City Savings Credit Union F/R 04-10-2019	Canada	Corporate - Non Convertible	1,670,000	1,670	1,670
VeriFone Systems Inc. Term Loan 1st Lien F/R 08-09-2025	United States	Term Loans	USD 9,975	13	13
Vertex Aerospace Services Corp. Term Loan B 1st Lien F/R 06-14-2025	United States	Term Loans	USD 9,920	13	13
VVC Holding Corp. Term Loan B 1st Lien F/R 02-07-2026	United States	Term Loans	USD 50,000	65	66
Vyair Medical Inc. Term Loan B 1st Lien F/R 04-06-2025	United States	Term Loans	USD 19,850	24	23
Wells Fargo & Co. 3.19% 02-08-2024 Callable 2024	United States	Corporate - Non Convertible	20,000	20	20
Yak Access LLC Term Loan B 1st Lien F/R 06-26-2025	United States	Term Loans	USD 39,500	50	45
Zotec Partners LLC Term Loan 1st Lien F/R 02-09-2024	United States	Term Loans	USD 39,000	49	52
Total bonds				54,272	54,444



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SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2019

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES					
AltaGas Ltd. Pfd. Series K	Canada	Energy	2,215	55	44
Brookfield Asset Management Inc. Pfd. Series 46	Canada	Real Estate	1,278	32	33
Brookfield Asset Management Inc. Pfd. Series 48	Canada	Real Estate	1,209	30	29
Brookfield Renewable Partners LP Pfd. Series 11	Canada	Utilities	3,897	97	84
TransAlta Corp. Pfd. Series A	Canada	Utilities	4,428	59	56
TransCanada Corp. Pfd. Series 15	Canada	Energy	3,044	76	78
Total equities				349	324
OPTIONS					
Options purchased (see schedule of options purchased)				1	1
Total options				1	1
Transaction costs				(5)	–
Total investments				54,617	54,769
Derivative instruments (see schedule of derivative instruments)					(82)
Cash and cash equivalents					1,577
Other assets less liabilities					245
Total net assets					56,509



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SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2019	
Portfolio Allocation	% of NAV
Bonds	96.3
<i>Bonds</i>	96.3
<i>Purchased options</i>	0.0
Cash and short-term investments	2.8
Equities	0.6
Other assets (liabilities)	0.3

Regional Allocation	
	% of NAV
Canada	76.0
United States	18.8
Cash and short-term investments	2.8
United Kingdom	2.1
Other assets (liabilities)	0.3

Sector Allocation	
	% of NAV
Corporate bonds	65.6
Federal bonds	27.1
Term loans	3.6
Cash and short-term investments	2.8
Other assets (liabilities)	0.3
Utilities	0.3
Energy	0.2
Financials	0.1

March 31, 2018	
Portfolio Allocation	% of NAV
Bonds	98.9
<i>Bonds</i>	99.0
<i>Purchased options</i>	0.0
<i>Short futures</i>	(0.1)
Cash and short-term investments	1.5
Equities	0.8
Other assets (liabilities)	(1.2)

Regional Allocation	
	% of NAV
Canada	78.7
United States	11.2
Germany	5.6
Japan	3.5
Cash and short-term investments	1.5
United Kingdom	0.3
Colombia	0.2
Netherlands	0.2
Other assets (liabilities)	(1.2)

Sector Allocation	
	% of NAV
Corporate bonds	82.3
Term loans	8.4
Federal bonds	8.3
Cash and short-term investments	1.5
Energy	0.3
Utilities	0.3
Financials	0.2
Other	(0.1)
Other assets (liabilities)	(1.2)



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SCHEDULE OF OPTIONS PURCHASED

As at March 31, 2019

Underlying Interest	Number of Contracts	Option Type	Expiration Date	Strike Price \$	Premium Paid (\$ 000s)	Fair Value (\$ 000s)
iShares iBoxx \$ High Yield Corporate Bond ETF	2	Put	May 17, 2019	USD 84.00	–	–
iShares iBoxx \$ High Yield Corporate Bond ETF	5	Put	Jun. 21, 2019	USD 84.00	–	–
iShares iBoxx \$ High Yield Corporate Bond ETF	2	Put	Jul. 19, 2019	USD 82.00	–	–
iShares iBoxx \$ High Yield Corporate Bond ETF	3	Put	Sep. 20, 2019	USD 84.00	1	1
Total options					1	1



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SCHEDULE OF DERIVATIVE INSTRUMENTS

As at March 31, 2019

Schedule of Forward Currency Contracts

Counterparty Credit Rating	Bought (\$ 000s)	Sold (\$ 000s)	Settlement Date	Contract Cost (\$ 000s)	Current Fair Value (\$ 000s)	Unrealized Gains (Losses) (\$ 000s)
AA	88 Canadian dollar	(66) U.S. dollar	Apr. 5, 2019	(88)	(88)	–
AA	185 U.S. dollar	(244) Canadian dollar	Apr. 5, 2019	244	247	3
AA	1,015 Canadian dollar	(757) U.S. dollar	Jun. 7, 2019	(1,015)	(1,010)	5
AA	747 Canadian dollar	(557) U.S. dollar	Jun. 7, 2019	(747)	(743)	4
A	655 Canadian dollar	(490) U.S. dollar	Jun. 14, 2019	(655)	(653)	2
Unrealized Gains						14
AA	3,219 Canadian dollar	(2,427) U.S. dollar	Apr. 12, 2019	(3,219)	(3,242)	(23)
AA	2,523 Canadian dollar	(1,925) U.S. dollar	May. 17, 2019	(2,523)	(2,569)	(46)
AA	380 Canadian dollar	(290) U.S. dollar	May. 17, 2019	(380)	(387)	(7)
AA	262 Canadian dollar	(200) U.S. dollar	May. 17, 2019	(262)	(267)	(5)
AA	717 Canadian dollar	(545) U.S. dollar	Jun. 14, 2019	(717)	(727)	(10)
AA	1,596 Canadian dollar	(1,200) U.S. dollar	Jun. 14, 2019	(1,596)	(1,601)	(5)
Unrealized (Losses)						(96)
Total forward currency contracts						(82)
Total derivative instruments at fair value						(82)



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NOTES TO FINANCIAL STATEMENTS

1. Fiscal Periods and General Information

The information provided in these financial statements and notes thereto is for the periods ended or as at March 31, 2019 and 2018, as applicable. In the year a Fund or series is established or reinstated, 'period' represents the period from inception or reinstatement. Refer to Note 9 for the formation date of the Fund and the inception date of each series.

The Fund is organized as an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust as amended and restated from time to time. The address of the Fund's registered office is 180 Queen Street West, Toronto, Ontario, Canada. The Fund is authorized to issue an unlimited number of units (referred to as "security" or "securities") of multiple series. Series of the Fund are available for sale under Simplified Prospectus or exempt distribution options.

Mackenzie Financial Corporation ("Mackenzie") is the manager of the Fund and is wholly owned by IGM Financial Inc., a subsidiary of Power Financial Corporation, which itself is a subsidiary of Power Corporation of Canada. The Great-West Life Assurance Company, London Life Insurance Company and The Canada Life Assurance Company (collectively, the "Related Insurance Companies") are wholly owned by Great-West Lifeco Inc., which is also a subsidiary of Power Financial Corporation. Investments in companies within the Power Group of companies held by the Fund are identified in the Schedule of Investments.

2. Basis of Preparation and Presentation

These audited annual financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). A summary of the Fund's significant accounting policies under IFRS is presented in Note 3.

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

These financial statements were authorized for issue by the Board of Directors of Mackenzie Financial Corporation on June 3, 2019.

3. Significant Accounting Policies

(a) Financial instruments

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives. The Fund classifies and measures financial instruments in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). Upon initial recognition, financial instruments are classified as fair value through profit or loss ("FVTPL"). All financial instruments are recognized in the Statement of Financial Position when the Fund becomes a party to the contractual requirements of the instrument. Financial assets are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled and 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 Fund's redeemable securities contain multiple dissimilar contractual obligations and therefore meet the criteria for classification as financial liabilities under IAS 32, *Financial Instruments: Presentation*. The Fund's obligation for net assets attributable to securityholders is presented at the redemption amount.

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

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.

MACKENZIE INVESTMENT GRADE FLOATING RATE FUND

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NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(a) Financial instruments (cont'd)

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

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

(b) Fair value measurement

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

Investments listed on a public securities exchange or traded on an over-the-counter market are valued on the basis of the last traded market price or close price recorded by the security exchange on which the security is principally traded, where this price falls within the quoted bid-ask spread for the investment. In circumstances where this price is not within the bid-ask spread, Mackenzie determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Mutual fund securities of an underlying fund are valued on a business day at the price calculated by the manager of such underlying fund in accordance with the constating documents of such underlying fund. Unlisted or non-exchange traded investments, or investments where a last sale or close price is unavailable or investments for which market quotations are, in Mackenzie's opinion, inaccurate, unreliable, or not reflective of all available material information, are valued at their fair value as determined by Mackenzie using appropriate and accepted industry valuation techniques including valuation models. The fair value determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the fair value may be determined using valuation techniques that are not supported by observable market data.

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

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

The Fund may use derivatives (such as written options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest rates or exchange rates. The Fund may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets, to gain exposure to other currencies, to seek to generate additional income, and/or for any other purpose considered appropriate by the Fund's portfolio manager(s), provided that the use of the derivative is consistent with the Fund's investment objectives. Any use of derivatives will comply with Canadian mutual fund laws, subject to the regulatory exemptions granted to the Fund, as applicable. Refer to "Exemptions from National Instrument 81-102" in the Annual Information Form of the Fund for further details, including the complete conditions of these exemptions, as applicable.

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

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

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

Premiums 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 March 31, 2019.

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(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. Realized gains or losses on the sale of investments, including foreign exchange gains or losses on such investments, are calculated on an average cost basis. Distributions received from an underlying fund are included in interest income, dividend income, realized gains (losses) on sale of investments or fee rebate income, as appropriate.

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

(d) Commissions and other portfolio transaction costs

Commissions and other portfolio transaction costs are costs incurred to acquire, issue or dispose of financial assets or liabilities. They include fees and commissions paid to agents, advisers, brokers and dealers. 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 9. The value of certain proprietary services provided by brokers cannot be reasonably estimated.

(e) Securities lending, repurchase and reverse repurchase transactions

The Fund is permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in the Fund's Simplified Prospectus. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities on a future date.

Securities lending transactions are administered by Canadian Imperial Bank of Commerce (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. 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 is included in the Statement of Comprehensive Income – Securities lending income and recognized when earned.

Note 9 summarizes the details of securities loaned and collateral received, as well as a reconciliation of securities lending income, if applicable.

(f) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. Note 9 summarizes the details of such offsetting, if applicable.

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

(g) Foreign currency

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

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

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

(h) Net assets attributable to securityholders per security

Net assets attributable to securityholders per security is computed by dividing the net assets attributable to securityholders of a series of securities on a business day by the total number of securities of the series outstanding on that day.

(i) Net asset value per security

The daily Net Asset Value ("NAV") of an investment fund may be calculated without reference to IFRS as per the Canadian Securities Administrators' ("CSA") regulations. The difference between NAV and Net assets attributable to securityholders (as reported in the financial statements), if any, is mainly due to differences in fair value of investments and other financial assets and liabilities. Refer to Note 9 for the Fund's NAV per security.

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(j) Increase (decrease) in net assets attributable to securityholders from operations per security

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

(k) Mergers

The Fund applies the acquisition method of accounting for Fund mergers. Under this method, one of the Funds in each merger is identified as the acquiring Fund, and is referred to as the Continuing Fund, and the other Fund involved in the merger is referred to as the Terminated Fund. This identification is based on the comparison of the relative net asset values of the Funds as well as consideration of the continuation of such aspects of the Continuing Fund as: investment advisors; investment objectives and practices; type of portfolio securities; and management fees and expenses.

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.

Use of Estimates

Fair value of securities not quoted in an active market

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

Use of Judgments

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

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

Functional currency

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

Structured entities and associates

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

5. Income Taxes

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its income including net realized capital gains in the taxation year, which is not paid or payable to its securityholders as at the end of the taxation year. It is the intention of the Fund to distribute all of its net income and sufficient net realized capital gains so that the Fund will not be subject to income taxes other than foreign withholding taxes, if applicable.

Losses of the Fund cannot be allocated to investors and are retained in the Fund for use in future years. Non-capital losses may be carried forward up to 20 years to reduce taxable income and realized capital gains of future years. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Refer to Note 9 for the Fund's loss carryforwards.

NOTES TO FINANCIAL STATEMENTS

6. Management Fees and Operating Expenses

Mackenzie is paid a management fee for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements relating to the purchase and sale of the investment portfolio and making arrangements with registered dealers for the purchase and sale of securities of the Fund by investors. The management fee is calculated on each series of securities of the Fund as a fixed annual percentage of the daily net asset value of the series.

Each series of the Fund, except B-Series, is charged a fixed rate annual administration fee ("Administration Fee") and in return, Mackenzie bears all of the operating expenses of the Fund, other than certain specified fund costs. The Administration Fee is calculated on each series of securities of the Fund as a fixed annual percentage of the daily net asset value of the series.

Other fund costs include taxes (including, but not limited to GST/HST and income tax), interest and borrowing costs, all fees and expenses of the Mackenzie Funds' Independent Review Committee (IRC), costs of complying with the regulatory requirement to produce Fund Facts, fees paid to external service providers associated with tax reclaims, refunds or the preparation of foreign tax reports on behalf of the Funds, new fees related to external services that were not commonly charged in the Canadian mutual fund industry and introduced after the date of the most recently filed simplified prospectus, and the costs of complying with any new regulatory requirements, including, without limitation, any new fees introduced after the date of the most recently filed simplified prospectus.

All expenses relating to the operation of the Fund attributable to B-Series securities will be charged to that particular series. Operating expenses include legal, audit, transfer agent, custodian, administration and trustee services, cost of financial reporting and Simplified Prospectus printing, regulatory filing fees and other miscellaneous expenses specifically attributable to the B-Series securities and any applicable taxes.

Mackenzie may waive or absorb management fees and/or Administration Fees at its discretion and stop waiving or absorbing such fees at any time without notice. Refer to Note 9 for the management fee and Administration Fee rates charged to each series of securities.

7. Fund's Capital

The capital of the Fund, which is comprised of the net assets attributable to securityholders, is divided into different series with each series having an unlimited number of securities. The securities outstanding for the Fund as at March 31, 2019 and 2018 and securities issued, reinvested and redeemed for the periods are presented in the Statement of Changes in Financial Position. Mackenzie manages the capital of the Fund in accordance with the investment objectives as discussed in Note 9.

8. Financial Instruments Risk

i. Risk exposure and management

The Fund's investment activities expose it to a variety of financial risks, as defined in IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7"). The Fund's exposure to financial risks is concentrated in its investments, which are presented in the Schedule of Investments, as at March 31, 2019, grouped by asset type, with geographic and sector information.

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

ii. Liquidity risk

Liquidity risk arises when the Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable securities. In accordance with securities regulations, the Fund must maintain at least 90% of its assets in liquid investments (i.e., investments that can be readily sold). In addition, the Fund retains sufficient cash and short-term investment positions to maintain adequate liquidity. The Fund also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions.

iii. Currency risk

Currency risk arises when the fair value of financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's reporting currency, fluctuates due to changes in exchange rates. Note 9 summarizes the Fund's exposure, if applicable and significant, to currency risk.

NOTES TO FINANCIAL STATEMENTS

8. Financial Instruments Risk (cont'd)

iv. Interest rate risk

Interest rate risk arises when the fair value of interest-bearing financial instruments fluctuates due to changes in the prevailing levels of market interest rates. Cash and cash equivalents do not expose the Fund to significant amounts of interest rate risk. Note 9 summarizes the Fund's exposure, if applicable and significant, to interest rate risk.

v. Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategies. Except for certain derivative contracts, the maximum risk resulting from financial instruments is equivalent to their fair value. The maximum risk of loss on certain derivative contracts such as forwards, swaps, and futures contracts is equal to their notional values. In the case of written call (put) options and short futures contracts, the loss to the Fund continues to increase, without limit, as the fair value of the underlying interest increases (decreases). However, these instruments are generally used within the overall investment management process to manage the risk from the underlying investments and do not typically increase the overall risk of loss to the Fund. This risk is mitigated by ensuring that the Fund holds a combination of the underlying interest, cash cover and/or margin that is equal to or greater than the value of the derivative contract. Note 9 summarizes the Fund's exposure, if applicable and significant, to other price risk.

vi. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Note 9 summarizes the Fund's exposure, if applicable and significant, to credit risk.

All transactions in listed securities are executed with approved brokers. To minimize the possibility of settlement default, securities are exchanged for payment simultaneously, where market practices permit, through the facilities of a central depository and/or clearing agency where customary.

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

The Fund may enter into securities lending transactions with counterparties and it may also be exposed to credit risk from the counterparties to the derivative instruments it may use. Credit risk associated with these transactions is considered minimal as all counterparties have a rating equivalent to a designated rating organization's credit rating of not less than A-1 (low) on their short-term debt and of A on their long-term debt, as applicable.

vii. Underlying funds

The Fund may invest in underlying funds and may be indirectly exposed to currency risk, interest rate risk, other price risk and credit risk from fluctuations in the value of financial instruments held by the underlying funds. Note 9 summarizes the Fund's exposure, if applicable and significant, to these risks from underlying funds.

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9. Fund Specific Information *(in '000s except for (a))*

(a) Fund Formation and Series Information

Date of Formation April 8, 2014

The Fund may issue an unlimited number of securities of each series. The number of issued and outstanding securities of each series is disclosed in the Statements of Changes in Financial Position.

Series Offered by Mackenzie Financial Corporation *(180 Queen Street West, Toronto, Ontario, M5V 3K1; 1-800-387-0614; www.mackenzieinvestments.com)*

Series A securities are offered to retail investors investing a minimum of \$500 under the redemption charge and low-load purchase options.

Series AR securities are offered to retail investors in a Registered Disability Savings Plan offered by Mackenzie.

Series D securities are offered to retail investors investing a minimum of \$500 through a discount brokerage or other account approved by Mackenzie.

Series F securities are offered to investors who are enrolled in a dealer-sponsored fee-for-service or wrap program, who are subject to an asset-based fee rather than commissions on each transaction and who invest at least \$500; they are also available to employees of Mackenzie and its subsidiaries, and directors of Mackenzie.

Series FB securities are offered to retail investors investing a minimum of \$500. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor.

Series O securities are offered only to investors investing a minimum of \$500,000 who are enrolled in Mackenzie Portfolio Architecture Service or Open Architecture Service; certain institutional investors; and certain qualifying employees of Mackenzie and its subsidiaries.

Series PW securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000.

Series PWFB securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor.

Series PWR securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000 in a Registered Disability Savings Plan offered by Mackenzie.

Series PWX securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor.

Series SC securities are offered to retail investors investing a minimum of \$500 under the sales charge purchase option.

Series F5, Series FB5, Series PWFB5, Series PWT5, Series S5 and Series T5 securities are no longer available for sale. Before January 1, 2019, Series F5, Series PWT5, Series S5 and Series T5 securities were known as Series F6, Series PWT6, Series S6 and Series T6, respectively.

Series PWF and Series PWF6 securities are no longer available for sale. Effective June 1, 2018, Series PWF and Series PWF6 securities were consolidated into Series F and Series F6 securities (now Series F5), respectively.

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



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

(a) Fund Formation and Series Information (cont'd)

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees	Net Asset Value per Security (\$)	
				Mar. 31, 2019	Mar. 31, 2018
Series A	April 23, 2014	1.40%	0.17%	9.93	9.95
Series AR	November 13, 2014	1.40%	0.20%	10.03	10.05
Series D	April 23, 2014	0.85%	0.15%	10.01	10.02
Series F	April 23, 2014	0.50% ⁽⁴⁾	0.15%	10.01	10.02
Series F5 ⁽⁹⁾	May 22, 2014	0.50% ⁽⁴⁾	0.15%	11.87	12.37
Series FB	October 26, 2015	0.60%	0.17%	10.01	10.02
Series FB5	October 26, 2015	0.60%	0.17%	13.45	13.90
Series O	April 28, 2014	— ⁽¹⁾	— *	9.61	9.62
Series PW	April 25, 2014	1.00% ⁽⁷⁾	0.15%	9.93	9.95
Series PWF	None issued ⁽⁵⁾	0.55%	0.15%	—	10.01
Series PWF6	None issued ⁽⁶⁾	0.55%	0.15%	—	14.30
Series PWF6	April 3, 2017	0.50% ⁽⁸⁾	0.15%	10.00	10.01
Series PWF6	April 3, 2017	0.50% ⁽⁸⁾	0.15%	13.99	14.45
Series PWR	None issued	1.05%	0.15%	—	—
Series PWT5 ⁽⁹⁾	April 3, 2017	1.00% ⁽⁷⁾	0.15%	13.58	14.23
Series PWX	June 4, 2014	— ⁽²⁾	— ⁽²⁾	9.62	9.63
Series SC	April 23, 2014	1.10% ⁽³⁾	0.17%	9.97	9.98
Series S5 ⁽⁹⁾	May 13, 2014	1.10% ⁽³⁾	0.17%	11.55	12.12
Series T5 ⁽⁹⁾	April 25, 2014	1.40%	0.17%	11.36	11.97

* Not applicable.

(1) This fee is negotiable and payable directly to Mackenzie by investors in this series.

(2) This fee is payable directly to Mackenzie by investors in this series through redemptions of their securities.

(3) Prior to April 3, 2017, the management fee for this series was charged to the Fund at a rate of 1.15%.

(4) Prior to June 1, 2018, the management fee for this series was charged to the Fund at a rate of 0.60%. From June 1 through September 27, 2018, the management fee for this series was charged to the Fund at a rate of 0.55%.

(5) The series' original start date was April 23, 2014. All securities in the series were consolidated into Series F on June 1, 2018.

(6) The series' original start date was April 3, 2017. All securities in the series were consolidated into Series F6 (now Series F5) on June 1, 2018.

(7) Prior to September 28, 2018, the management fee for this series was charged to the Fund at a rate of 1.05%.

(8) Prior to September 28, 2018, the management fee for this series was charged to the Fund at a rate of 0.55%.

(9) Before January 1, 2019, Series F5, Series PWT5, Series S5 and Series T5 securities were known as Series F6, Series PWT6, Series S6 and Series T6, respectively.

(b) Investments by Mackenzie and Affiliates

As at March 31, 2019, Mackenzie had an investment of \$13 (2018 – \$13) in the Fund.

(c) Loss Carryforwards

As at the last taxation year-end, the Fund has capital losses of \$1,486 which may be carried forward indefinitely to reduce future realized capital gains. There were no non-capital losses available to carry forward for tax purposes.

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

(d) Securities Lending

The value of securities loaned and collateral received from securities lending at March 31, 2019 and 2018, were as follows:

	March 31, 2019	March 31, 2018
	(\$)	(\$)
Value of securities loaned	9,319	–
Value of collateral received	9,787	–

Collateral received is comprised of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments and financial institutions.

(e) Unfunded Credit Agreements

The Fund has entered into credit agreements whereby the Fund commits to fund a participation in a senior unsecured credit facility (“Commitment Amount”) during an agreed upon period of time (“Commitment Period”). In exchange for providing this potential funding the Fund is entitled to receive a commitment fee (“Commitment Fee”) from the issuer equal to a certain percentage of the Commitment Amount at the end of the Commitment Period. The funding requirement and the Commitment Fee are both contingent on whether or not the issuer of the credit agreement completes a contemplated transaction by the end of the Commitment Period. As at March 31, 2019, none of the Commitment Amounts were funded (2018 – \$Nil). The unfunded Commitment Amounts, the Commitment Fee rates and Commitment Period end date are listed below.

	Total Unfunded Commitment Amount (US\$)	Total Number of Commitments	Range of Unfunded Commitment Amounts (US\$)	Range of Commitment Fee Rates (%)	Range of Commitment Period End Date
March 31, 2019	–	–	–	–	–
March 31, 2018	300	3	73 - 127	0.750	June 18, 2018 - August 21, 2018

(f) Offsetting of Financial Assets and Liabilities

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

	March 31, 2019			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	5	–	–	5
Unrealized losses on derivative contracts	(28)	–	–	(28)
Liability for options written	–	–	–	–
Total	(23)	–	–	(23)

	March 31, 2018			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	4	(4)	–	–
Unrealized losses on derivative contracts	(173)	4	154	(15)
Liability for options written	–	–	–	–
Total	(169)	–	154	(15)



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

(g) Risks Associated with Financial Instruments

i. Risk exposure and management

The Fund seeks current income by investing primarily in investment grade floating-rate debt obligations of issuers anywhere in the world, as well as investment grade debt obligations and other debt instruments. The Fund may hold up to 30% of its assets in foreign investments.

ii. Currency risk

The table below indicates currencies to which the Fund had significant exposure as at period end in Canadian dollar terms, including the underlying principal amount of any derivative instruments. Other financial assets and liabilities (including accrued interest and dividends receivable, and receivables/payables for investments sold/purchased) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

Currency	March 31, 2019			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	10,061	1,122	(11,039)	144
Total	10,061	1,122	(11,039)	144
% of Net Assets	17.8	2.0	(19.5)	0.3

Currency	March 31, 2018			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
Euro	47	–	–	47
Mexican peso	–	–	1	1
U.S. dollar	7,652	345	(16,274)	(8,277)
Total	7,699	345	(16,273)	(8,229)
% of Net Assets	14.3	0.6	(30.2)	(15.3)

* Includes both monetary and non-monetary financial instruments

As at March 31, 2019, had the Canadian dollar increased or decreased by 5% relative to all foreign currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$7 or 0.0% of total net assets (2018 – increased or decreased by \$411 or 0.8%). In practice, the actual trading results may differ and the difference could be material.

iii. Interest rate risk

The table below summarizes the Fund's exposure to interest rate risks from its investments in bonds by term to maturity.

Term to Maturity	March 31, 2019 (\$)		March 31, 2018 (\$)	
	Bonds	Derivative Instruments	Bonds	Derivative Instruments
Less than 1 year	20,650	–	12,128	(8,995)
1-5 years	30,920	–	37,321	–
5-10 years	2,864	–	3,898	–
Greater than 10 years	10	–	–	–
Total	54,444	–	53,347	(8,995)

As at March 31, 2019, had prevailing interest rates increased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets would have decreased by approximately \$242 or 0.4% (2018 – \$13 or 0.0%) of total net assets. Similarly, had prevailing interest rates decreased by 1%, with all other variables held constant, net assets would have increased by approximately \$245 or 0.4% (2018 – \$13 or 0.0%) of total net assets. In practice, the actual trading results may differ and the difference could be material.

iv. Other price risk

As at March 31, 2019 and 2018, the Fund did not have a significant exposure to price risk.

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

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

v. Credit risk

The Fund'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 March 31, 2019, was 27.1% of the net assets of the Fund (2018 – 8.3%).

As at March 31, 2019 and 2018, debt securities by credit rating are as follows:

Bond Rating*	March 31, 2019	March 31, 2018
	% of Net Assets	% of Net Assets
AAA	29.0	15.7
AA	13.1	21.4
A	25.0	35.2
BBB	22.6	17.6
Less than BBB	3.3	8.4
Unrated	3.3	0.7
Total	96.3	99.0

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

(h) Fair Value Classification

The table below summarizes the fair value of the Fund's financial instruments using the following fair value hierarchy:

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; 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.

	March 31, 2019				March 31, 2018			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Bonds	–	54,444	–	54,444	–	53,347	–	53,347
Equities	324	–	–	324	440	–	–	440
Options	1	–	–	1	–	2	–	2
Derivative assets	–	14	–	14	–	51	–	51
Derivative liabilities	–	(96)	–	(96)	(53)	(188)	–	(241)
Short-term investments	–	1,563	–	1,563	–	639	–	639
Total	325	55,925	–	56,250	387	53,851	–	54,238

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

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

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.

(i) Comparative Amounts

Certain prior period comparative amounts have been reclassified to conform to the current period's presentation.



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