

# MACKENZIE DIVERSIFIED ALTERNATIVES FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2019

ALTERNATIVE FUND

## MANAGEMENT REPORT

### Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by Mackenzie Financial Corporation, as Manager of Mackenzie Diversified Alternatives 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 McInerney  
President and Chief Executive Officer



Terry Rountes  
Chief Financial Officer, Funds

June 3, 2019

## INDEPENDENT AUDITOR'S REPORT

To the Securityholders of Mackenzie Diversified Alternatives 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
	\$	\$		\$	\$
<b>ASSETS</b>			<b>Net assets attributable to securityholders</b>		
<b>Current assets</b>			<b>per security (note 3)</b>		
Investments at fair value	575,645	477,059	Series A	10.70	10.71
Cash and cash equivalents	27,966	79,341	Series AR	10.86	10.87
Accrued interest receivable	1,070	714	Series D	10.71	10.72
Dividends receivable	848	1,060	Series F	10.77	10.77
Accounts receivable for investments sold	712	2,535	Series F5	14.66	15.01
Accounts receivable for securities issued	1,601	5,585	Series F8	15.37	–
Due from manager	25	16	Series FB	10.54	10.55
Margin on derivatives	23,315	–	Series FB5	14.53	14.91
Unrealized gains on derivative contracts	162	656	Series O	10.66	10.67
<b>Total assets</b>	<b>631,344</b>	<b>566,966</b>	Series PW	10.85	10.86
			Series PWF	–	10.77
			Series PWF5	–	15.03
			Series PWFB	9.97	9.98
			Series PWFB5	14.26	14.55
			Series PWT5	14.32	14.81
			Series PWT8	15.32	–
			Series PWX	10.72	10.72
			Series PWX5	15.05	15.27
			Series PWX8	15.41	–
			Series S	9.99	9.99
			Series T5	14.21	14.72
			Series T8	15.30	–
			Series UM	9.94	9.94
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable for investments purchased	854	14,285			
Accounts payable for securities redeemed	1,286	863			
Due to manager	–	42			
Liability for options written	73	–			
Unrealized losses on derivative contracts	1,561	1,195			
<b>Total liabilities</b>	<b>3,774</b>	<b>16,385</b>			
<b>Net assets attributable to securityholders</b>	<b>627,570</b>	<b>550,581</b>			
<b>Net assets attributable to securityholders</b>					
<b>per series (note 3)</b>					
Series A	111,254	124,737			
Series AR	926	555			
Series D	409	452			
Series F	363,365	211,516			
Series F5	11,947	4,002			
Series F8	1	–			
Series FB	128	130			
Series FB5	1	1			
Series O	33,132	9,459			
Series PW	65,343	26,909			
Series PWF	–	139,361			
Series PWF5	–	4,506			
Series PWFB	443	258			
Series PWFB5	1	1			
Series PWT5	761	509			
Series PWT8	45	–			
Series PWX	1,193	847			
Series PWX5	85	50			
Series PWX8	118	–			
Series S	2,543	95			
Series T5	2,828	4,128			
Series T8	104	–			
Series UM	32,943	23,065			

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



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# MACKENZIE DIVERSIFIED ALTERNATIVES FUND

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## STATEMENTS OF COMPREHENSIVE INCOME

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

	2019	2018
	\$	\$
<b>Income (note 9(f))</b>		
Dividends	18,754	12,941
Interest income	7,001	3,782
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	2,783	7,979
Net unrealized gain (loss)	(3,698)	(2,000)
Fee rebate income	481	236
<b>Total income (loss)</b>	<b>25,321</b>	<b>22,938</b>
<b>Expenses (note 6)</b>		
Management fees	6,764	5,081
Management fee rebates	(36)	(54)
Administration fees	1,050	747
Interest charges	22	2
Commissions and other portfolio transaction costs	574	468
Independent Review Committee fees	2	2
Other	4	4
<b>Expenses before amounts absorbed by Manager</b>	<b>8,380</b>	<b>6,250</b>
Expenses absorbed by Manager	—	—
<b>Net expenses</b>	<b>8,380</b>	<b>6,250</b>
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	<b>16,941</b>	<b>16,688</b>
Foreign withholding taxes	1,701	1,148
Foreign income taxes paid (recovered)	—	—
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	<b>15,240</b>	<b>15,540</b>
<b>Increase (decrease) in net assets attributable to securityholders from operations per series</b>		
Series A	1,766	3,080
Series AR	17	12
Series D	8	11
Series F	9,024	6,434
Series F5	335	70
Series F8	—	—
Series FB	5	2
Series FB5	—	—
Series O	909	464
Series PW	1,014	650
Series PWF	909	4,274
Series PWF5	26	39
Series PWFB	13	8
Series PWFB5	—	—
Series PWT5	13	1
Series PWT8	—	—
Series PWX	46	38
Series PWX5	2	4

	2019	2018
	\$	\$
Series PWX8	7	—
Series S	117	3
Series T5	24	84
Series T8	1	—
Series UM	1,004	366
<b>Increase (decrease) in net assets attributable to securityholders from operations per security</b>		
Series A	0.17	0.33
Series AR	0.26	0.32
Series D	0.24	0.33
Series F	0.28	0.44
Series F5	0.50	0.37
Series F8	0.89	—
Series FB	0.55	0.50
Series FB5	0.38	0.62
Series O	0.47	0.57
Series PW	0.21	0.32
Series PWF	0.07	0.47
Series PWF5	0.09	0.17
Series PWFB	0.34	0.59
Series PWFB5	0.45	(0.72)
Series PWT5	0.21	0.13
Series PWT8	0.77	—
Series PWX	0.45	0.45
Series PWX5	0.60	0.78
Series PWX8	1.51	—
Series S	1.21	0.31
Series T5	0.11	0.38
Series T8	0.51	—
Series UM	0.35	0.24

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



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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
	Series T5		Series T8		Series UM		Total	
	\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>								
<b>Beginning of period</b>	4,128	1,861	–	–	23,065	–	550,581	250,836
Increase (decrease) in net assets from operations	24	84	1	–	1,004	366	15,240	15,540
Distributions paid to securityholders:								
Investment income	(56)	(58)	–	–	(905)	(235)	(15,434)	(10,134)
Capital gains	–	(63)	–	–	–	(312)	–	(8,258)
Return of capital	(123)	(123)	(1)	–	–	–	(400)	(288)
Management fee rebates	–	–	–	–	–	–	(36)	(54)
Total distributions paid to securityholders	(179)	(244)	(1)	–	(905)	(547)	(15,870)	(18,734)
Security transactions:								
Proceeds from securities issued	1,293	3,776	132	–	19,029	24,204	445,387	444,288
Reinvested distributions	47	121	1	–	20	6	11,146	13,896
Payments on redemption of securities	(2,485)	(1,470)	(29)	–	(9,270)	(964)	(378,914)	(155,245)
Total security transactions	(1,145)	2,427	104	–	9,779	23,246	77,619	302,939
<b>Total increase (decrease) in net assets</b>	<b>(1,300)</b>	<b>2,267</b>	<b>104</b>	<b>–</b>	<b>9,878</b>	<b>23,065</b>	<b>76,989</b>	<b>299,745</b>
<b>End of period</b>	<b>2,828</b>	<b>4,128</b>	<b>104</b>	<b>–</b>	<b>32,943</b>	<b>23,065</b>	<b>627,570</b>	<b>550,581</b>
<b>Increase (decrease) in fund securities (note 7):</b>								
<b>Securities outstanding – beginning of period</b>	<b>280</b>	<b>122</b>	<b>–</b>	<b>–</b>	<b>2,319</b>	<b>–</b>		
Issued	92	248	9	–	1,946	2,415		
Reinvested distributions	3	8	–	–	2	1		
Redeemed	(176)	(98)	(2)	–	(952)	(97)		
<b>Securities outstanding – end of period</b>	<b>199</b>	<b>280</b>	<b>7</b>	<b>–</b>	<b>3,315</b>	<b>2,319</b>		

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

# MACKENZIE DIVERSIFIED ALTERNATIVES FUND

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## STATEMENTS OF CASH FLOWS

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

	2019	2018
	\$	\$
<b>Cash flows from operating activities</b>		
Net increase (decrease) in net assets attributable to securityholders from operations	15,240	15,540
Adjustments for:		
Net realized loss (gain) on investments	(7,787)	(3,799)
Change in net unrealized loss (gain) on investments	3,730	1,866
Distributions received in-kind from underlying funds	(64)	(667)
Purchase of investments	(632,931)	(456,562)
Proceeds from sale and maturity of investments	527,620	202,354
Change in accrued interest receivable	(356)	(396)
Change in dividends receivable	212	(692)
Change in due from manager	(9)	(10)
Change in due to manager	(42)	42
Change in margin on derivatives	(23,315)	–
<b>Net cash from operating activities</b>	<b>(117,702)</b>	<b>(242,324)</b>
<b>Cash flows from financing activities</b>		
Proceeds from securities issued	401,651	363,076
Payments on redemption of securities	(330,771)	(75,342)
Distributions paid net of reinvestments	(4,724)	(4,838)
<b>Net cash from financing activities</b>	<b>66,156</b>	<b>282,896</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(51,546)</b>	<b>40,572</b>
Cash and cash equivalents at beginning of period	79,341	38,769
Effect of exchange rate fluctuations on cash and cash equivalents	171	–
<b>Cash and cash equivalents at end of period</b>	<b>27,966</b>	<b>79,341</b>
Cash	11,417	1,210
Cash equivalents	16,549	78,131
<b>Cash and cash equivalents at end of period</b>	<b>27,966</b>	<b>79,341</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	18,966	12,255
Dividends paid	114	6
Foreign taxes paid	1,701	1,148
Interest received	6,645	3,264
Interest paid	22	2

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



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# MACKENZIE DIVERSIFIED ALTERNATIVES FUND

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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)
<b>BONDS</b>					
AAC holdings Inc. Term Loan 1st Lien F/R 06-30-2023	United States	Term Loans	USD 133,742	167	165
Acproducts Inc. Term Loan 1st Lien F/R 02-14-2024	United States	Term Loans	USD 130,000	163	166
Al Ladder Luxembourg Term Loan B 1st Lien F/R 05-04-2025	United States	Term Loans	USD 71,308	89	94
AL Midcoast Holdings LLC Term Loan B 1st Lien F/R 06-28-2025	United States	Term Loans	USD 49,750	65	66
Alchemy US Holdco LLC Term Loan B 1st Lien F/R 10-01-2025	United States	Term Loans	USD 79,500	100	106
Altice SA 7.75% 05-15-2022 Callable 144A	Luxembourg	Corporate - Non Convertible	USD 450,000	582	602
AMC Entertainment Holdings Inc. 5.88% 11-15-2026 Callable	United States	Corporate - Non Convertible	USD 470,000	576	568
American Teleconferencing Services Ltd. Term Loan 1st Lien F/R 12-08-2021	United States	Term Loans	USD 89,446	119	78
Ardonagh Midco 3 PLC 8.63% 07-15-2023 Callable 2020	United Kingdom	Corporate - Non Convertible	USD 210,000	248	241
Asian Development Bank 5.90% 12-20-2022	Supra - National	n/a	INR 3,520,000	68	66
Atlantic Power Corp. 6.00% 12-31-2019 Conv.	United States	Corporate - Convertible	125,000	121	125
Ball Metalpack Finco LLC Term Loan B 1st Lien F/R 07-26-2025	United States	Term Loans	USD 69,475	90	93
Bausch Health Cos Inc. 9.00% 12-15-2025 Callable 2021	United States	Corporate - Non Convertible	USD 440,000	556	640
Bausch Health Cos Inc. 8.50% 01-31-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 150,000	204	213
Bausch Health Cos Inc. 5.75% 08-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 150,000	197	206
Baytex Energy Corp. 5.63% 06-01-2024 Callable 2019 144A	Canada	Corporate - Non Convertible	USD 1,250,000	1,478	1,552
Beacon Escrow Corp. 4.88% 11-01-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 280,000	331	355
BMC Acquisition Inc. Term Loan 1st Lien F/R 12-15-2024	United States	Term Loans	USD 49,375	63	64
Boardriders Inc. Term Loan B 1st Lien F/R 03-21-2024	United States	Term Loans	USD 118,033	149	157
Bright Bidco BV Term Loan B 1st Lien F/R 06-30-2024	Netherlands	Term Loans	USD 498,733	511	520
Burger King Worldwide Inc. Term Loan B 1st Lien F/R 02-16-2024	Canada	Term Loans	USD 39,898	53	53
BWAY Holding Co. 7.25% 04-15-2025 144A	United States	Corporate - Non Convertible	USD 150,000	200	194
C&D Technologies Inc. Term Loan B 1st Lien F/R 12-13-2025	United States	Term Loans	USD 79,800	94	99
Calceus Acquisition Inc. Term Loan B1 1st Lien F/R 02-08-2025	United States	Term Loans	USD 110,000	144	146
Calfrac Holdings LP 8.50% 06-15-2026 Callable 2021 144A	Canada	Corporate - Non Convertible	USD 750,000	941	778
California Resources Corp. 8.00% 12-15-2022 Callable 2018 144A	United States	Corporate - Non Convertible	USD 1,650,000	1,677	1,737
Calumet Specialty Products Partners LP 6.50% 04-15-2021 Callable 2017	United States	Corporate - Non Convertible	USD 110,000	143	144
Camelot Finance SA 7.88% 10-15-2024 Callable 2019 144A	United States	Corporate - Non Convertible	USD 625,000	830	881
Can Am Construction Inc./Canada Term Loan B 1st Lien F/R 07-01-2024	Canada	Term Loans	USD 355,089	455	466
Canada Goose Inc. Term Loan 1st Lien F/R 12-22-2021	Canada	Term Loans	USD 210,000	263	279
CareCentrix Inc. Term Loan 1st Lien F/R 03-22-2025	United States	Term Loans	USD 155,755	200	206
Careerbuilder LLC Term Loan 1st Lien F/R 07-31-2023	United States	Term Loans	USD 72,556	90	97
CCO Holdings LLC 5.88% 04-01-2024 Callable 2019 144A	United States	Corporate - Non Convertible	USD 200,000	268	280
CCS-CMGC Holdings Inc. Term Loan 1st Lien F/R 09-25-2025	United States	Term Loans	USD 59,850	77	77
Centennial Resource Production LLC 5.38% 01-15-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 500,000	638	641
Centennial Resource Production LLC 6.88% 04-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 500,000	663	677
CEVA Logistics Finance BV Term Loan B 1st Lien F/R 08-03-2025	United States	Term Loans	USD 90,000	115	117
Charter Communications Operating LLC Term Loan B 1st Lien F/R 04-15-2025	United States	Term Loans	USD 49,874	66	66
Chloe Ox Parent LLC Term Loan 1st Lien F/R 12-19-2024	United States	Term Loans	USD 19,800	25	26
CHS/Community Health Systems Inc. 5.13% 08-01-2021	United States	Corporate - Non Convertible	USD 200,000	233	263
Cincinnati Bell Inc. 7.00% 07-15-2024 Callable 2019 144A	United States	Corporate - Non Convertible	USD 1,000,000	1,190	1,233



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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)
<b>BONDS (cont'd)</b>					
Civitas Solutions Inc. Term Loan 1st Lien F/R 02-05-2026	United States	Term Loans	USD 37,661	49	51
Civitas Solutions Inc. Term Loan 1st Lien F/R 02-05-2026	United States	Term Loans	USD 2,339	3	3
Commercial Vehicle Group Inc. Term Loan B 1st Lien F/R 03-30-2023	United States	Term Loans	USD 111,454	146	148
CommScope Technologies Finance LLC 8.25% 03-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 150,000	199	209
CommScope Technologies LLC 5.00% 03-15-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 140,000	161	167
Concrete Pumping Merger Sub Inc. Term Loan 1st Lien F/R 11-14-2025	United States	Term Loans	USD 90,000	116	117
Constellium NV 5.88% 02-15-2026 Callable 2020 144A	Netherlands	Corporate - Non Convertible	USD 20,000	25	26
Cook & Boardman Group LLC Term Loan 1st Lien F/R 10-12-2025	United States	Term Loans	USD 89,775	116	120
Crew Energy Inc. 6.50% 03-14-2024 Callable	Canada	Corporate - Non Convertible	150,000	150	133
Crown Subsea Communications Holing Inc. Term Loan 1st Lien F/R 11-02-2025	United States	Term Loans	USD 128,375	165	170
CSC Holdings LLC 7.50% 04-01-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 700,000	921	1,008
CSM Bakery Solutions LLC Term Loan 2nd Lien F/R 07-05-2021	United States	Term Loans	USD 60,000	71	75
CVR Partners LP 9.25% 06-15-2023 Callable 2019 144A	United States	Corporate - Non Convertible	USD 330,000	433	463
DHX Media Ltd. 5.88% 09-30-2024 Conv.	Canada	Corporate - Convertible	20,000	19	16
Digicert Holdings Inc. Term Loan 2nd Lien F/R 10-31-2025	United States	Term Loans	USD 40,000	49	52
DISH DBS Corp. 5.88% 11-15-2024	United States	Corporate - Non Convertible	USD 460,000	545	518
DMT Solutions Global Corp. Term Loan 1st Lien F/R 06-25-2024	United States	Term Loans	USD 481,250	621	624
Drax Group PLC 6.63% 11-01-2025 Callable 2021 144A	United Kingdom	Corporate - Non Convertible	USD 200,000	252	271
EagleTree-Carbide Acquisition Corp. Term Loan 1st Lien F/R 08-28-2024	United States	Term Loans	USD 177,501	221	235
Electrical Components International Inc. Term Loan 2nd Lien F/R 06-22-2026	United States	Term Loans	USD 20,000	25	26
Ensono LP Term Loan 1st Lien F/R 04-30-2025	United States	Term Loans	USD 79,400	101	105
EnTrans International LLC Term Loan 1st Lien F/R 10-29-2025	United States	Term Loans	USD 88,313	115	117
Exela Intermediate LLC Term Loan B 1st Lien F/R 07-12-2023	United States	Term Loans	USD 537,283	716	718
Exela Intermediate LLC 10.00% 07-15-2023 Callable 2020 144A	United States	Corporate - Non Convertible	USD 360,000	466	491
FAGE International SA/FAGE USA Dairy Industry Inc. 5.63% 08-15-2026 Callable 2021 144A	Luxembourg	Corporate - Non Convertible	USD 540,000	640	588
Financial & Risk US Holdings Inc. 8.25% 11-15-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 40,000	52	53
First Quantum Minerals Ltd. 7.25% 04-01-2023 Callable 2019 144A	Zambia	Corporate - Non Convertible	USD 890,000	1,129	1,167
Forming Machining Industries Holdings LLC Term Loan 1st Lien F/R 10-03-2025	United States	Term Loans	USD 79,800	103	103
Fusion Connect Inc. Term Loan B 1st Lien F/R 05-03-2023	United States	Term Loans	USD 38,256	47	47
FXI Holdings Inc. 7.88% 11-01-2024 Callable 2020 144A	United States	Corporate - Non Convertible	USD 375,000	480	468
Gateway Casinos & Entertainment Ltd. Term Loan B 1st Lien F/R 03-13-2025	Canada	Term Loans	USD 80,000	107	107
Gateway Casinos & Entertainment Ltd. 8.25% 03-01-2024 Callable 2020 144A	Canada	Corporate - Non Convertible	USD 240,000	318	337
The GEO Group Inc. 5.88% 01-15-2022 Callable 2020	United States	Corporate - Non Convertible	USD 60,000	79	79
GFL Environmental Inc. 5.38% 03-01-2023 Callable 2020 144A	Canada	Corporate - Non Convertible	USD 100,000	122	127
GFL Environmental Inc. 7.00% 06-01-2026 Callable 2021 144A	Canada	Corporate - Non Convertible	USD 500,000	622	634



**MACKENZIE**  
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<b>BONDS (cont'd)</b>					
Hadrian Merger Sub Inc. 8.50% 05-01-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 571,000	727	706
Horizon Pharma Financing Inc. 6.63% 05-01-2023 Callable 2018 144A	United States	Corporate - Non Convertible	USD 180,000	237	249
IDB Development Corp. 4.95% 12-18-2025 Inflation Indexed	Israel	Corporate - Non Convertible	ILS 2,969	1	1
IEA Energy Services LLC Term Loan 1st Lien F/R 11-02-2024	United States	Term Loans	USD 136,500	173	174
Imagine! Print Solutions Inc. Term Loan 1st Lien F/R 06-21-2022	United States	Term Loans	USD 196,729	239	246
Innovative Water Care Global Corp. Term Loan 1st Lien F/R 02-27-2026	United States	Term Loans	USD 110,000	137	141
Inter Pipeline Ltd. F/R 03-26-2079 Callable 2029	Canada	Corporate - Non Convertible	560,000	560	571
Intermedia Holdings Inc. Term Loan B 1st Lien F/R 07-13-2025	United States	Term Loans	USD 39,900	52	53
Invesque Inc. 5.00% 01-31-2022 Callable 2021	Canada	Corporate - Convertible	USD 1,600,000	1,970	1,923
iQor US Inc. Term Loan 2nd Lien F/R 04-01-2022	United States	Term Loans	USD 250,000	301	270
iQor US Inc. Term Loan B 1st Lien F/R 04-01-2021	United States	Term Loans	USD 47,472	52	60
Isagenix International LLC Term Loan 1st Lien F/R 04-26-2025	United States	Term Loans	USD 134,750	172	162
Itron Inc. 5.00% 01-15-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 110,000	140	145
Janus International Group LLC Term Loan 1st Lien F/R 02-15-2025	United States	Term Loans	USD 60,000	77	80
JP Intermediate B LLC Term Loan 1st Lien F/R 10-19-2025	United States	Term Loans	USD 49,375	64	62
Keystone Peer Review Organization Holdings Inc. Term Loan 1st Lien F/R 05-01-2024	United States	Term Loans	USD 59,100	79	77
Kindred Healthcare Inc. Term Loan B 1st Lien F/R 06-21-2025	United States	Term Loans	USD 69,650	92	91
Lee Enterprises Inc. 9.50% 03-15-2022 Callable 2018 144A	United States	Corporate - Non Convertible	USD 290,000	378	397
LifeMiles Ltd. Term Loan B 1st Lien F/R 08-18-2022	Colombia	Term Loans	USD 160,161	205	216
LifeScan Global Corp. Term Loan 1st Lien F/R 06-19-2024	United States	Term Loans	USD 147,375	187	190
LifeScan Global Corp. Term Loan 2nd Lien F/R 06-19-2025	United States	Term Loans	USD 50,000	62	61
Logibec Groupe Informatique Ltd. Term Loan 1st Lien F/R 12-31-2018	Canada	Term Loans	95,780	91	91
Matterhorn Merger Sub LLC 8.50% 06-01-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 394,000	504	458
McGraw-Hill Global Education Holdings LLC 7.88% 05-15-2024 Callable 144A	United States	Corporate - Non Convertible	USD 760,000	917	814
MEG Energy Corp. 6.38% 01-30-2023 Callable 144A	Canada	Corporate - Non Convertible	USD 390,000	469	483
MEG Energy Corp. 7.00% 03-31-2024 Callable 2018 144A	Canada	Corporate - Non Convertible	USD 511,000	572	637
Mercer International Inc. 7.38% 01-15-2025 Callable 2021 144A	United States	Corporate - Non Convertible	USD 160,000	213	225
Meredith Corp. 6.88% 02-01-2026 Callable 2021	United States	Corporate - Non Convertible	USD 210,000	268	296
Millar Western Forest Products Ltd. 9.50% 06-20-2023 Callable 2020	Canada	Corporate - Non Convertible	500,000	500	507
Minotaur Acquisition Inc. Term Loan 1st Lien F/R 02-27-2026	United States	Term Loans	USD 120,000	155	158
Neenah Foundry Co. Term Loan B 1st Lien F/R 12-08-2022	United States	Term Loans	USD 43,515	55	58
New Red Finance Inc. 5.00% 10-15-2025 Callable 2020 144A	Canada	Corporate - Non Convertible	USD 140,000	172	185
Nine Energy Service Inc. 8.75% 11-01-2023 Callable 2020 144A	United States	Corporate - Non Convertible	USD 750,000	985	1,047
Numericable-SFR 7.38% 05-01-2026 Callable 2021 144A	France	Corporate - Non Convertible	USD 280,000	361	367
Office Depot Inc. Term Loan B 1st Lien F/R 11-08-2022	United States	Term Loans	USD 74,019	92	101
Owens & Minor Inc. Term Loan B 1st Lien F/R 05-01-2025	United States	Term Loans	USD 109,450	138	112
Pacific Gas and Electric Co. 3.30% 12-01-2027 Callable 2027	United States	Corporate - Non Convertible	USD 500,000	534	585
Par Pharmaceutical Inc. 7.50% 04-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 90,000	120	122
The Pasha Group Term Loan B 1st Lien F/R 12-13-2022	United States	Term Loans	USD 65,796	82	89
Petroleos De Venezuela SA 6.00% 05-16-2024	Venezuela	Corporate - Non Convertible	USD 170,000	55	53
Pisces Midco Inc. 8.00% 04-15-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 229,000	291	277



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<b>BONDS (cont'd)</b>					
Premier Dental Services Inc. Term Loan B 1st Lien F/R 06-30-2023	United States	Term Loans	USD 310,669	391	408
Prospect Medical Holdings Inc. Term Loan B 1st Lien F/R 02-15-2024	United States	Term Loans	USD 128,726	158	157
PS HoldCo LLC Term Loan 1st Lien F/R 03-02-2025	United States	Term Loans	USD 49,750	64	66
PSC Industrial Outsourcing LP Term Loan 2nd Lien F/R 10-05-2025	United States	Term Loans	USD 50,000	62	64
Quad/Graphics Inc. 7.00% 05-01-2022	United States	Corporate - Non Convertible	USD 40,000	45	54
R.R. Donnelley & Sons Co. Term Loan B 1st Lien F/R 01-04-2024	United States	Term Loans	USD 38,903	50	52
R1 RCM Inc. Term Loan B 1st Lien F/R 05-02-2025	United States	Term Loans	USD 79,400	99	106
Rackspace Hosting Inc. 8.63% 11-15-2024 Callable 2019 144A	United States	Corporate - Non Convertible	USD 1,090,000	1,421	1,312
Research Now Group Inc. Term Loan 1st Lien F/R 12-20-2024	United States	Term Loans	USD 148,026	181	197
Research Now Group Inc. Term Loan 2nd Lien F/R 12-20-2025	United States	Term Loans	USD 30,000	36	39
Restaurant Technologies Inc. Term Loan 2nd Lien F/R 09-24-2026	United States	Term Loans	USD 750,000	966	1,005
Rite Aid Corp. 6.13% 04-01-2023 Callable 2018 144A	United States	Corporate - Non Convertible	USD 670,000	786	739
Rite Aid Corp. 7.70% 02-15-2027	United States	Corporate - Non Convertible	USD 820,000	993	680
Robertshaw US Holding Corp. Term Loan 2nd Lien F/R 02-15-2026	United States	Term Loans	USD 10,000	12	12
Russel Metals Inc. 6.00% 03-16-2026 Callable 2021	Canada	Corporate - Non Convertible	190,000	190	193
Savage Enterprises LLC Term Loan B 1st Lien F/R 07-02-2025	United States	Term Loans	USD 89,453	115	120
Scientific Games International Inc. 5.50% 02-15-2026 Callable 2021	United States	Corporate - Non Convertible	EUR 375,000	499	529
SIRVA Worldwide Inc. Term Loan 1st Lien F/R 07-31-2025	United States	Term Loans	USD 96,394	123	126
Sorenson Communications LLC Term Loan 1st Lien F/R 03-14-2024	United States	Term Loans	USD 50,000	64	66
Source Energy Services Canada LP 10.50% 12-15-2021 Callable 2018 144A	Canada	Corporate - Non Convertible	1,081,000	1,124	1,072
Springs Window Fashion Holdings Inc. Term Loan 2nd Lien F/R 05-24-2026	United States	Term Loans	USD 500,000	611	613
Sprint Corp. 7.13% 06-15-2024	United States	Corporate - Non Convertible	USD 360,000	477	489
Star West Generation LLC Term Loan B 1st Lien F/R 03-13-2020	United States	Term Loans	USD 168,211	187	218
Starfruit US Holdco LLC 8.00% 10-01-2026 Callable 2021 144A	Netherlands	Corporate - Non Convertible	USD 30,000	38	40
Stars Group Holdings BV Term Loan B 1st Lien F/R 07-10-2025	Canada	Term Loans	USD 70,000	94	94
Stars Group Holdings BV 7.00% 07-15-2026 Callable 2021 144A	Canada	Corporate - Non Convertible	USD 160,000	212	223
Superior Plus LP 7.00% 07-15-2026 Callable 2021 144A	Canada	Corporate - Non Convertible	USD 400,000	530	544
Talen Energy Supply LLC 9.50% 07-15-2022 Callable 2020 144A	United States	Corporate - Non Convertible	USD 490,000	628	709
Tenet Healthcare Corp. 6.75% 06-15-2023	United States	Corporate - Non Convertible	USD 555,000	696	765
Tenet Healthcare Corp. 6.25% 02-01-2027 Callable 2022 144A	United States	Corporate - Non Convertible	USD 190,000	254	264
Teva Pharmaceutical Industries Ltd. 2.20% 07-21-2021	Israel	Corporate - Non Convertible	USD 331,000	411	422
Titan Acquisition Ltd. 7.75% 04-15-2026 Callable 2021 144A	United Kingdom	Corporate - Non Convertible	USD 280,000	367	323
T-Mobile USA Inc. 6.50% 01-15-2026 Callable 2026	United States	Corporate - Non Convertible	USD 170,000	234	243
Travelport Finance Luxembourg Sarl Term Loan 1st Lien F/R 03-18-2026	Luxembourg	Term Loans	USD 190,000	248	247
Trilogy International Partners LLC 8.88% 05-01-2022 Callable 2019 144A	United States	Corporate - Non Convertible	USD 180,000	242	235
Uber Technologies Inc. 8.00% 11-01-2026 Callable 2021 144A	United States	Corporate - Non Convertible	USD 910,000	1,184	1,292
Ultra Clean Holdings Inc. Term Loan B 1st Lien F/R 08-27-2025	United States	Term Loans	USD 158,000	203	204
Ultra Resources Inc. 7.13% 04-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 800,000	470	235



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<b>BONDS (cont'd)</b>					
Unimin Corp. Term Loan 1st Lien F/R 05-21-2025	United States	Term Loans	USD 40,000	46	46
Vesta Energy Corp. 8.13% 07-24-2023 Callable 2020 144A	Canada	Corporate - Non Convertible	530,000	530	501
VRX Escrow Corp. 6.13% 04-15-2025 Callable 2020 144A	United States	Corporate - Non Convertible	USD 870,000	1,077	1,153
VVC Holding Corp. Term Loan B 1st Lien F/R 02-07-2026	United States	Term Loans	USD 170,000	222	225
Vyair Medical Inc. Term Loan B 1st Lien F/R 04-06-2025	United States	Term Loans	USD 49,625	60	59
W/S Packaging Holdings Inc. 9.00% 04-15-2023 Callable 2020 144A	United States	Corporate - Non Convertible	USD 370,000	478	522
WellDyneDx Inc. Term Loan 1st Lien F/R 08-16-2022	United States	Term Loans	USD 104,363	130	139
Werner FinCo LP Term Loan 1st Lien F/R 06-23-2024	United States	Term Loans	USD 98,227	128	127
Williams Scotsman International Inc. 7.88% 12-15-2022 Callable 2019 144A	United States	Corporate - Non Convertible	USD 595,000	776	821
Xplornet Communications Inc. 9.63% 06-01-2022 Callable 2019 144A	Canada	Corporate - Non Convertible	USD 425,247	563	589
Yak Access LLC Term Loan B 1st Lien F/R 06-26-2025	United States	Term Loans	USD 138,250	176	158
Yak Access LLC Term Loan B 2nd Lien F/R 06-29-2026	United States	Term Loans	USD 20,000	24	22
YRC Worldwide Inc. Term Loan 1st Lien F/R 07-21-2022	United States	Term Loans	USD 210,241	261	278
Zotec Partners LLC Term Loan 1st Lien F/R 02-09-2024	United States	Term Loans	USD 87,505	109	116
<b>Total bonds</b>				<b>55,150</b>	<b>55,563</b>
<b>EQUITIES</b>					
A.O. Smith Corp.	United States	Industrials	3,873	291	276
AAON Inc.	United States	Industrials	1,529	75	94
Abertis Infraestructuras SA	Spain	Industrials	2,993	68	82
AECOM	United States	Industrials	3,769	161	149
The AES Corp.	United States	Utilities	14,529	256	351
AGNC Investment Corp.	United States	Financials	94,635	2,507	2,276
Air Transport Services Group Inc.	United States	Industrials	1,906	56	59
AK Steel Holding Corp.	United States	Materials	52,191	220	192
Alcentra Capital Corp.	United States	Financials	61,103	800	612
Allegheny Technologies Inc.	United States	Materials	5,845	196	200
Allegion PLC	United States	Industrials	2,151	232	261
Alliance Data Systems Corp.	United States	Information Technology	17,121	4,794	4,003
Alliant Energy Corp.	United States	Utilities	9,061	493	570
AMERCO	United States	Industrials	8,000	3,654	3,971
American Electric Power Co. Inc.	United States	Utilities	17,042	1,784	1,907
Andritz AG	Austria	Industrials	33,950	2,411	1,946
Anhui Expressway Co. Ltd.	China	Industrials	265,863	276	234
Annaly Capital Management Inc.	United States	Financials	178,308	2,549	2,380
Annaly Capital Management Inc. 7.50% Pfd. Series D	United States	Financials	11,187	370	377
Apogee Enterprises Inc.	United States	Industrials	913	56	46
Apollo Commercial Real Estate Finance Inc.	United States	Financials	61,000	1,449	1,483
Apollo Investment Corp.	United States	Financials	60,219	1,430	1,218
Arbor Realty Trust Inc.	United States	Financials	217,511	2,473	3,769
ArcBest Corp.	United States	Industrials	867	53	36
Ares Capital Corp.	United States	Financials	239,868	5,384	5,493
Ares Commercial Real Estate Corp.	United States	Financials	60,604	1,042	1,230
ARMOUR Residential REIT Inc. Pfd. Series A	United States	Financials	2,475	78	84
Armstrong Flooring Inc.	United States	Industrials	2,578	48	47
Armstrong World Industries Inc.	United States	Industrials	1,310	117	139



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<b>EQUITIES (cont'd)</b>					
Assured Guaranty Ltd.	United States	Financials	16,123	824	957
AT&T Inc.	United States	Communication Services	55,115	2,245	2,309
Atlantia SPA	Italy	Industrials	17,746	614	614
Atlas Air Worldwide Holdings Inc.	United States	Industrials	765	66	52
ATN International Inc.	United States	Communication Services	944	98	71
BBA Aviation PLC	United Kingdom	Industrials	15,971	72	69
BlackRock Kelso Capital Corp.	United States	Financials	129,804	1,209	1,039
Brookfield Business Partners LP	Canada	Industrials	18,576	901	984
Brunswick Corp.	United States	Consumer Discretionary	44,033	3,502	2,961
C.H. Robinson Worldwide Inc.	United States	Industrials	2,987	369	347
Carlisle Companies Inc.	United States	Industrials	16,559	2,444	2,713
CD Projekt SA	Poland	Communication Services	10,000	550	696
China Everbright Greentech Ltd.	China	Utilities	1,518	2	2
China Everbright International Ltd.	China	Industrials	231,061	383	314
CLEARWAY ENERGY INC. Class C	United States	Utilities	2,970	72	60
Clearway Energy Inc.	United States	Utilities	2,960	72	58
Cliffs Natural Resources Inc.	United States	Materials	16,270	195	217
CNH Industrial NV	United Kingdom	Industrials	214,742	3,266	2,927
Comfort Systems USA Inc.	United States	Industrials	1,094	74	77
Companhia de Saneamento Basico do Estado de Sao Paulo ADR (SABESP)	Brazil	Utilities	51,244	536	724
Consolidated Communications Holdings Inc.	United States	Communication Services	3,138	49	46
Consolidated Edison Inc.	United States	Utilities	6,628	674	751
Continental Building Products Inc.	United States	Industrials	1,284	57	43
Covenant Transportation Group Inc. Class A	United States	Industrials	1,752	48	44
CSX Corp.	United States	Industrials	17,264	1,639	1,726
Danaher Corp.	United States	Health Care	10,146	1,255	1,790
DTE Energy Co.	United States	Utilities	3,832	549	639
Duke Energy Corp.	United States	Utilities	14,587	1,535	1,754
Dycom Industries Inc.	United States	Industrials	809	94	50
Dynex Capital Inc.	United States	Financials	76,926	680	626
Eagle Materials Inc.	United States	Materials	40,363	4,542	4,546
Ebara Corp.	Japan	Industrials	35,453	1,635	1,334
Echo Global Logistics Inc.	United States	Industrials	3,556	119	118
Edison International	United States	Utilities	8,581	763	710
Elanco Animal Health Inc.	United States	Health Care	3,068	76	131
Eli Lilly and Co.	United States	Health Care	23,091	2,796	4,003
EMCOR Group Inc.	United States	Industrials	1,399	141	137
Encompass Health Corp.	United States	Health Care	2,232	221	174
Energy Fuels Inc. Warrant 09-20-21	United States	Energy	300	–	1
Equinor ASA	Norway	Energy	30,000	1,013	878
Every Inc.	United States	Utilities	12,023	975	933
Everi Holdings Inc.	United States	Information Technology	180,000	1,598	2,530
Eversource Energy	United States	Utilities	6,742	535	639
Exantas Capital Corp.	United States	Financials	21,101	293	300
Exelon Corp.	United States	Utilities	20,160	1,126	1,350
Expeditors International of Washington Inc.	United States	Industrials	3,707	363	376
FedEx Corp.	United States	Industrials	9,543	2,635	2,313
Ferrovial SA	Spain	Industrials	2,676	71	84



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<b>EQUITIES (cont'd)</b>					
Fidus Investment Corp.	United States	Financials	47,596	991	975
Flughafen Zuerich AG	Switzerland	Industrials	797	194	194
Fortum OYJ	Finland	Utilities	26,067	564	712
Fortune Brands Home & Security Inc.	United States	Industrials	3,383	237	215
Forward Air Corp.	United States	Industrials	875	74	76
Foxconn Technology Co. Ltd.	Taiwan	Information Technology	122,000	452	325
GCI Liberty Inc. Class A	United States	Communication Services	26,149	1,710	1,943
Geberit AG	Switzerland	Industrials	3,043	1,741	1,662
Genesee & Wyoming Inc. Class A	United States	Industrials	1,404	160	163
Gilead Sciences Inc.	United States	Health Care	4,300	453	374
Goldman Sachs BDC Inc.	United States	Financials	49,362	1,500	1,355
Granite Point Mortgage Trust Inc.	United States	Financials	23,633	559	586
Great Lakes Dredge & Dock Corp.	United States	Industrials	5,140	49	61
Green Dot Corp. Class A	United States	Financials	5,000	428	405
Greenhill & Co. Inc.	United States	Financials	15,000	545	431
Griffon Corp.	United States	Industrials	3,406	49	84
Grupa Lotos SA	Poland	Energy	20,000	524	581
Halma PLC	United Kingdom	Information Technology	58,355	1,167	1,697
Hawaiian Electric Industries Inc.	United States	Utilities	2,704	124	147
HCP Inc.	United States	Real Estate	15,002	592	627
Healthscope Ltd.	Australia	Health Care	600,000	1,402	1,383
Heartland Express Inc.	United States	Industrials	2,541	66	65
Herbalife Nutrition Ltd.	United States	Consumer Staples	3,618	254	256
Hospitality Properties Trust	United States	Real Estate	70,000	2,446	2,461
Hub Group Inc. Class A	United States	Industrials	1,055	65	58
Huntsman Corp.	United States	Materials	30,000	1,218	901
Husky Energy Inc. 4.45% 12-31-2049 Pfd. Series 1	Canada	Energy	32,035	550	401
Iberdrola SA	Spain	Utilities	38,000	356	446
Ingersoll-Rand PLC	United States	Industrials	33,119	4,026	4,777
Interface Inc.	United States	Industrials	1,902	59	39
Invesco Mortgage Capital Inc.	United States	Financials	21,840	442	461
Israel Chemicals Ltd.	Israel	Materials	96,412	545	670
J.B. Hunt Transport Services Inc.	United States	Industrials	2,353	370	318
Johnson Controls International PLC	United States	Industrials	78,285	3,628	3,864
Just Energy Group Inc.	Canada	Utilities	85,124	594	386
Kansas City Southern	United States	Industrials	2,346	350	364
KB Home	United States	Consumer Discretionary	2,564	81	83
Klepierre	France	Real Estate	17,864	858	835
Ladder Capital Corp.	United States	Financials	36,196	783	823
Land Securities Group PLC	United Kingdom	Real Estate	4,330	97	69
Landstar System Inc.	United States	Industrials	996	150	146
Lennar Corp. Class A	United States	Consumer Discretionary	7,264	478	476
Lennox International Inc.	United States	Industrials	925	256	327
Malibu Boats Inc. Class A	United States	Consumer Discretionary	20,000	1,072	1,058
Marten Transport Ltd.	United States	Industrials	1,867	54	44
Masco Corp.	United States	Industrials	6,926	340	364
Masonite Worldwide Holdings Inc.	Canada	Industrials	827	72	55
Matrix Service Co.	United States	Energy	4,445	122	116
Matson Inc.	United States	Industrials	1,329	64	64



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# MACKENZIE DIVERSIFIED ALTERNATIVES FUND

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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)
<b>EQUITIES (cont'd)</b>					
Matthews International Corp. Class A	United States	Industrials	17,894	1,177	883
Medley Capital Corp.	United States	Financials	119,018	927	495
Meredith Corp.	United States	Communication Services	35,657	2,466	2,633
Meritage Homes Corp.	United States	Consumer Discretionary	1,957	97	117
Mistras Group Inc.	United States	Industrials	2,375	49	44
Monroe Capital Corp.	United States	Financials	31,879	619	517
National Grid PLC	United Kingdom	Utilities	99,071	1,710	1,466
National HealthCare Corp.	United States	Health Care	542	51	55
New Jersey Resources Corp.	United States	Utilities	2,175	130	145
New York Mortgage Trust Inc.	United States	Financials	11,867	96	97
Nexon Co. Ltd.	Japan	Communication Services	20,000	401	418
Nielsen Holdings PLC	United States	Industrials	44,000	1,467	1,392
Norfolk Southern Corp.	United States	Industrials	8,866	1,904	2,214
NorthWestern Corp.	United States	Utilities	8,084	627	761
Nucor Corp.	United States	Materials	6,773	579	528
Oaktree Capital Group LLC	United States	Financials	19,000	1,082	1,260
OGE Energy Corp.	United States	Utilities	4,541	216	262
Old Dominion Freight Line Inc.	United States	Industrials	1,738	349	335
OneMarket Ltd.	Australia	Information Technology	770	1	–
Orchid Island Capital Inc.	United States	Financials	10,109	126	89
Otter Tail Corp.	United States	Utilities	1,150	73	77
Owens Corning Inc.	United States	Industrials	5,372	339	338
Oxford Square Capital Corp.	United States	Financials	52,076	486	452
Patrick Industries Inc.	United States	Industrials	806	65	49
Patterson Companies Inc.	United States	Health Care	109,912	3,335	3,209
PennantPark Investment Corp.	United States	Financials	182,826	1,884	1,688
PennyMac Mortgage Investment Trust	United States	Financials	20,086	462	556
Pentair PLC	United Kingdom	Industrials	42,704	2,500	2,540
Plains GP Holdings LP	United States	Energy	3,813	119	127
Plus500 Ltd.	Israel	Financials	24,000	318	314
Polymetal International PLC	Russia	Materials	50,000	881	752
Portland General Electric Co.	United States	Utilities	2,184	130	151
PPL Corp.	United States	Utilities	16,092	614	682
PrairieSky Royalty Ltd.	Canada	Energy	36,000	1,071	648
Premier Inc. Class A	United States	Health Care	1,503	79	69
Prospect Capital Corp.	United States	Financials	281,112	2,951	2,449
Public Service Enterprise Group Inc.	United States	Utilities	10,663	724	846
PulteGroup Inc.	United States	Consumer Discretionary	6,671	240	249
Quanex Building Products Corp.	United States	Industrials	3,084	50	65
Reading International Inc.	United States	Communication Services	4,000	83	85
Reliance Steel & Aluminum Co.	United States	Materials	1,678	197	202
Resolute Forest Products Inc.	United States	Materials	50,000	935	528
Rexnord Corp.	United States	Industrials	63,173	2,140	2,122
Ryerson Holding Corp.	United States	Materials	8,890	103	102
Saia Inc.	United States	Industrials	722	74	59
Schnitzer Steel Industries Inc. Class A	United States	Materials	3,556	131	114
Select Medical Holdings Corp.	United States	Health Care	3,371	88	63
Severn Trent PLC	United Kingdom	Utilities	75,422	2,715	2,593
Shaw Communications Inc. Pfd Series A	Canada	Consumer Discretionary	15,000	253	217



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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)
<b>EQUITIES (cont'd)</b>					
Shenandoah Telecommunications Co.	United States	Communication Services	1,533	69	91
Simpson Manufacturing Co. Inc.	United States	Industrials	1,248	108	99
Solar Senior Capital Ltd.	United States	Financials	60,669	1,357	1,391
Source Energy Services Ltd.	Canada	Energy	3,094	29	4
Southern Co.	United States	Utilities	23,600	1,428	1,630
SpartanNash Co.	United States	Consumer Staples	7,095	164	150
Spok Holdings Inc.	United States	Communication Services	661	12	12
Sprint Corp.	United States	Communication Services	85,312	650	644
Standex International Corp.	United States	Industrials	26,246	3,561	2,574
Starwood Property Trust Inc.	United States	Financials	60,000	1,708	1,792
Steel Dynamics Inc.	United States	Materials	5,137	320	242
Stericycle Inc.	United States	Industrials	14,000	1,227	1,018
Stockland Stapled Securities	Australia	Real Estate	35,642	150	130
Sun Hung Kai Properties Ltd.	Hong Kong	Real Estate	50,000	886	1,146
Sysco Corp.	United States	Consumer Staples	10,852	1,027	968
TCP Capital Corp.	United States	Financials	36,564	770	693
Technics Oil & Gas Ltd.	Singapore	Energy	7,762	5	–
Teck Resources Ltd. Class B	Canada	Materials	40,000	1,452	1,237
Telephone and Data Systems Inc.	United States	Communication Services	2,970	104	122
Tenet Healthcare Corp.	United States	Health Care	6,203	195	239
Teva Pharmaceutical Industries Ltd. ADR	Israel	Health Care	20,928	987	438
TFI International Inc.	Canada	Industrials	147,386	5,690	5,817
THL Credit Inc.	United States	Financials	84,844	1,041	744
TiVo Corp.	United States	Information Technology	90,442	1,346	1,126
Tohoku Electric Power Co. Inc.	Japan	Utilities	17,592	305	300
Toll Brothers Inc.	United States	Consumer Discretionary	24,967	1,196	1,208
Toto Ltd.	Japan	Industrials	8,139	511	461
TPG Specialty Lending Inc.	United States	Financials	106,171	2,716	2,837
TransAlta Corp. Pfd. Series A	Canada	Utilities	57,549	773	734
TransCanada Corp.	Canada	Energy	20,000	1,091	1,200
TRI Pointe Group Inc.	United States	Consumer Discretionary	4,203	81	71
Union Pacific Corp.	United States	Industrials	8,388	1,662	1,874
United Parcel Service Inc. (UPS) Class B	United States	Industrials	15,113	2,288	2,256
United States Cellular Corp.	United States	Communication Services	2,262	112	139
United States Lime & Minerals Inc.	United States	Materials	508	49	52
United States Steel Corp.	United States	Materials	4,026	177	105
United Utilities Group PLC	United Kingdom	Utilities	63,429	918	899
Universal Health Services Inc. Class B	United States	Health Care	2,018	320	361
Universal Logistics Holdings Inc.	United States	Industrials	1,752	49	46
Veolia Environnement	France	Utilities	99,733	2,897	2,980
Verizon Communications Inc.	United States	Communication Services	80,124	6,312	6,330
Viad Corp.	United States	Industrials	32,092	2,274	2,414
Vulcan Materials Co.	United States	Materials	2,904	440	459
Warsaw Stock Exchange	Poland	Financials	40,000	575	543
WEC Energy Group Inc.	United States	Utilities	6,748	581	713
Wells Fargo & Co. 7.50% Non-cum. Class A Conv. Pfd. Series L	United States	Financials	1,000	1,660	1,727
Wereldhave NV	Netherlands	Real Estate	12,000	649	438
Werner Enterprises Inc.	United States	Industrials	1,901	92	87
Wesco Aircraft Holdings Inc.	United States	Industrials	10,304	157	121



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# MACKENZIE DIVERSIFIED ALTERNATIVES FUND

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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)
<b>EQUITIES (cont'd)</b>					
Western Asset Mortgage Capital Corp.	United States	Financials	25,000	331	342
Westshore Terminals Investment Corp.	Canada	Industrials	3,956	101	79
Worthington Industries Inc.	United States	Materials	1,557	92	78
XPO Logistics Inc.	United States	Industrials	10,000	733	718
Xylem Inc.	United States	Industrials	20,296	1,743	2,143
YRC Worldwide Inc.	United States	Industrials	7,550	48	67
Yuexiu Transport Infrastructure Ltd.	China	Industrials	218,814	206	238
Zhejiang Expressway Co. Ltd. H	China	Industrials	54,151	80	83
<b>Total equities</b>				<b>201,829</b>	<b>202,092</b>
<b>OPTIONS</b>					
Options purchased (see schedule of options purchased)				66	45
<b>Total options</b>				<b>66</b>	<b>45</b>
<b>EXCHANGE-TRADED FUNDS/NOTES</b>					
BMO Emerging Markets Bond Hedged to CAD Index ETF	Canada	Exchange-Traded Funds/Notes	705,815	11,171	11,053
BMO Junior Gold Index ETF	Canada	Exchange-Traded Funds/Notes	78,333	4,176	3,695
iShares J.P. Morgan USD Emerging Markets Bond ETF	United States	Exchange-Traded Funds/Notes	172,616	24,799	25,383
iShares Micro-Cap ETF	United States	Exchange-Traded Funds/Notes	11,326	1,403	1,404
iShares Silver Trust ETF	United States	Exchange-Traded Funds/Notes	640,000	13,265	12,126
Mackenzie Floating Rate Income ETF	Canada	Exchange-Traded Funds/Notes	1,880,974	40,192	39,293
Mackenzie Maximum Diversification Emerging Markets Index ETF	Canada	Exchange-Traded Funds/Notes	200,000	5,145	4,826
Mackenzie US TIPS Index ETF (CAD-Hedged)	Canada	Exchange-Traded Funds/Notes	93,600	9,217	9,159
SPDR Bloomberg Barclays Convertible Securities ETF	United States	Exchange-Traded Funds/Notes	180,000	12,219	12,566
SPDR Bloomberg Barclays Investment Grade Floating Rate ETF	United States	Exchange-Traded Funds/Notes	350,927	14,252	14,395
SPDR Gold Trust	United States	Exchange-Traded Funds/Notes	105,998	17,623	17,280
SPDR Wells Fargo Preferred Stock ETF	United States	Exchange-Traded Funds/Notes	763,330	42,256	43,529
Vanguard Global ex-U.S. Real Estate ETF	United States	Exchange-Traded Funds/Notes	240,000	17,982	19,103
Vanguard Real Estate ETF	United States	Exchange-Traded Funds/Notes	170,000	18,120	19,741
<b>Total exchange-traded funds/notes</b>				<b>231,820</b>	<b>233,553</b>
<b>MUTUAL FUNDS</b>					
Cortland Credit Institutional LP Unit	Canada	Mutual Funds	3,650,205	36,568	36,567
Mackenzie Gold Bullion Class Series R	Canada	Mutual Funds	781,392	10,502	11,184
Mackenzie Unconstrained Fixed Income Fund Series R	Canada	Mutual Funds	1,447,590	14,599	14,326
Timbercreek Four Quadrant Global Real Estate Partners Class J	Canada	Mutual Funds	1,940,949	22,091	22,315
<b>Total mutual funds</b>				<b>83,760</b>	<b>84,392</b>
Transaction costs				(270)	—
<b>Total investments</b>				<b>572,355</b>	<b>575,645</b>
Derivative instruments (see schedule of derivative instruments)					(1,399)
Liability for options written (see schedule of options written)					(73)
Cash and cash equivalents					27,966
Other assets less liabilities					25,431
<b>Total net assets</b>					<b>627,570</b>



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# MACKENZIE DIVERSIFIED ALTERNATIVES FUND

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## SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2019	
Effective Portfolio Allocation	% of NAV
Equities	50.7
Bonds	32.3
<i>Bonds</i>	<i>32.3</i>
<i>Purchased options</i>	<i>0.0</i>
<i>Written options</i>	<i>(0.0)</i>
Cash and short-term investments	7.1
Commodities	6.5
Other assets (liabilities)	3.3
Exchange-traded funds/notes	0.1

Effective Regional Allocation	% of NAV
United States	54.4
Canada	10.6
Other	9.0
Cash and short-term investments	7.1
Commodities	6.5
Other assets (liabilities)	3.3
United Kingdom	2.6
Japan	1.3
Hong Kong	1.0
Netherlands	0.8
France	0.8
Australia	0.7
Brazil	0.5
Poland	0.5
Russia	0.5
Mexico	0.4

Effective Sector Allocation	% of NAV
Corporate bonds	15.7
Financials	11.5
Industrials	10.5
Real estate	8.6
Other	8.1
Term loans	8.1
Cash and short-term investments	7.1
Commodities	6.5
Federal bonds	6.3
Utilities	4.9
Other assets (liabilities)	3.3
Communication services	3.1
Materials	2.4
Health care	2.1
Information technology	1.7
Foreign government bonds	0.1

March 31, 2018	
Effective Portfolio Allocation	% of NAV
Equities	66.8
Cash and short-term investments	16.5
Bonds	14.2
<i>Bonds</i>	<i>14.2</i>
<i>Purchased options</i>	<i>0.0</i>
Commodities	4.7
Other assets (liabilities)	(2.2)

Effective Regional Allocation	% of NAV
United States	39.4
Cash and short-term investments	16.5
Canada	12.7
Other	10.4
Japan	6.4
United Kingdom	4.2
China	2.6
Australia	1.6
France	1.5
Taiwan	1.2
Vietnam	1.2
Germany	1.0
India	1.0
Sweden	0.9
Netherlands	0.8
Italy	0.8
Other assets (liabilities)	(2.2)

Effective Sector Allocation	% of NAV
Financials	16.8
Cash and short-term investments	16.5
Term loans	12.2
Industrials	9.9
Real estate	7.8
Corporate bonds	7.8
Other	6.9
Commodities	4.7
Information technology	4.3
Consumer discretionary	4.2
Materials	3.6
Health care	2.6
Energy	2.5
Consumer staples	2.4
Other assets (liabilities)	(2.2)

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



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# MACKENZIE DIVERSIFIED ALTERNATIVES FUND

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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	255	Put	Jun. 21, 2019	USD 84.00	25	17
iShares iBoxx \$ High Yield Corporate Bond ETF	148	Put	Sep. 20, 2019	USD 84.00	41	28
<b>Total options</b>					<b>66</b>	<b>45</b>

## SCHEDULE OF OPTIONS WRITTEN

As at March 31, 2019

Underlying Interest	Number of Contracts	Option Type	Expiration Date	Strike Price \$	Premium Received (\$ 000s)	Fair Value (\$ 000s)
SPDR Gold Trust	(1,000)	Written Put	Apr. 5, 2019	USD 121.00	(40)	(34)
SPDR Gold Trust	(300)	Written Put	Apr. 5, 2019	USD 122.50	(8)	(36)
Eagle Materials Inc.	(200)	Written Put	Apr. 18, 2019	USD 67.50	(33)	(3)
<b>Total options</b>					<b>(81)</b>	<b>(73)</b>



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# MACKENZIE DIVERSIFIED ALTERNATIVES FUND

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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)
A	29	Canadian dollar	(19)	Euro	Apr. 5, 2019	(29)	(29)	–
A	32	Canadian dollar	(21)	Euro	Apr. 5, 2019	(32)	(32)	–
AA	56	Canadian dollar	(42)	U.S. dollar	Apr. 5, 2019	(56)	(56)	–
AA	160,194,255	Indonesian rupiah	(14,881)	Canadian dollar	Apr. 12, 2019	14,881	14,989	108
AA	320	Australian dollar	(301)	Canadian dollar	May 8, 2019	301	304	3
AA	2,199	Canadian dollar	(1,640)	U.S. dollar	Jun. 7, 2019	(2,199)	(2,188)	11
AA	3,040	Canadian dollar	(2,267)	U.S. dollar	Jun. 7, 2019	(3,040)	(3,025)	15
A	9,295	Canadian dollar	(6,950)	U.S. dollar	Jun. 14, 2019	(9,295)	(9,270)	25
Unrealized Gains								162
AA	11,157	Canadian dollar	(8,445)	U.S. dollar	Apr. 5, 2019	(11,157)	(11,282)	(125)
AA	14,834	Canadian dollar	(160,194,255)	Indonesian rupiah	Apr. 12, 2019	(14,834)	(14,988)	(154)
AA	2,546	Canadian dollar	(1,920)	U.S. dollar	Apr. 12, 2019	(2,546)	(2,564)	(18)
AA	30,141	Canadian dollar	(22,990)	U.S. dollar	May 3, 2019	(30,141)	(30,693)	(552)
AA	28,059	Canadian dollar	(21,108)	U.S. dollar	May 3, 2019	(28,059)	(28,182)	(123)
AA	400	Canadian dollar	(423)	Australian dollar	May 8, 2019	(400)	(401)	(1)
AA	1,424	Canadian dollar	(1,510)	Australian dollar	May 8, 2019	(1,424)	(1,433)	(9)
A	30,593	Canadian dollar	(22,990)	U.S. dollar	May 10, 2019	(30,593)	(30,689)	(96)
AA	465	Canadian dollar	(310)	Euro	May 10, 2019	(465)	(466)	(1)
A	60	Canadian dollar	(3,300)	Indian rupee	May 17, 2019	(60)	(63)	(3)
AA	7,172	Canadian dollar	(5,472)	U.S. dollar	May 17, 2019	(7,172)	(7,303)	(131)
AA	6,139	Canadian dollar	(4,682)	U.S. dollar	May 17, 2019	(6,139)	(6,249)	(110)
AA	30,547	Canadian dollar	(22,990)	U.S. dollar	Jun. 14, 2019	(30,547)	(30,662)	(115)
AA	8,140	Canadian dollar	(6,190)	U.S. dollar	Jun. 14, 2019	(8,140)	(8,256)	(116)
AA	1,908	Canadian dollar	(1,435)	U.S. dollar	Jun. 14, 2019	(1,908)	(1,914)	(6)
AA	666	Canadian dollar	(500)	U.S. dollar	Jun. 14, 2019	(666)	(667)	(1)
Unrealized (Losses)								(1,561)
<b>Total forward currency contracts</b>								<b>(1,399)</b>
<b>Total derivative instruments at fair value</b>								<b>(1,399)</b>



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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.

## 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.

# MACKENZIE DIVERSIFIED ALTERNATIVES FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2019

ALTERNATIVE FUND

## NOTES TO FINANCIAL STATEMENTS

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

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

Date of Formation      September 29, 2015

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, Series T5 and Series T8 securities are offered to retail investors investing a minimum of \$500 (\$5,000 for Series T5 and Series T8). Investors in Series T5 and Series T8 securities also want to receive a monthly cash flow of 5% or 8% per year, respectively.

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, Series F5 and Series F8 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 (\$5,000 for Series F5 and Series F8); they are also available to employees of Mackenzie and its subsidiaries, and directors of Mackenzie. Investors in Series F5 and Series F8 securities also want to receive a monthly cash flow of 5% or 8% per year, respectively.

Series FB and Series FB5 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. Investors in Series FB5 securities also want to receive a monthly cash flow of 5% per year.

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, Series PWT5 and Series PWT8 securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors in Series PWT5 and Series PWT8 securities also want to receive a monthly cash flow of 5% or 8% per year, respectively.

Series PWFB and Series PWFB5 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. Investors in Series PWFB5 securities also want to receive a monthly cash flow of 5% per year.

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, Series PWX5 and Series PWX8 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. Investors in Series PWX5 and Series PWX8 securities also want to receive a monthly cash flow of 5% or 8% per year, respectively.

Series S securities are offered to the Related Insurance Companies and certain other mutual funds, but may be sold to other investors as determined by Mackenzie.

Series UM securities are offered exclusively to National Bank Financial Inc.

Series PWF and Series PWF5 securities are no longer available for sale. Effective June 1, 2018, Series PWF and Series PWF5 securities were consolidated into Series F and Series F5 securities, 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.

# MACKENZIE DIVERSIFIED ALTERNATIVES FUND

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ALTERNATIVE FUND

## NOTES TO FINANCIAL STATEMENTS

### 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	October 26, 2015	1.85%	0.21%	10.70	10.71
Series AR	October 26, 2015	1.85%	0.24%	10.86	10.87
Series D	October 26, 2015	1.10%	0.16%	10.71	10.71
Series F	October 26, 2015	0.70% <sup>(3)</sup>	0.15% <sup>(6)</sup>	10.76	10.76
Series F5	October 26, 2015	0.70% <sup>(3)</sup>	0.15% <sup>(6)</sup>	14.66	15.00
Series F8	October 24, 2018	0.70%	0.15%	15.36	—
Series FB	October 26, 2015	0.85%	0.21%	10.54	10.55
Series FB5	October 26, 2015	0.85%	0.21%	14.53	14.91
Series O	October 26, 2015	— <sup>(1)</sup>	— *	10.66	10.66
Series PW	October 26, 2015	1.70% <sup>(4)</sup>	0.15%	10.85	10.85
Series PWF	None issued <sup>(7)</sup>	0.80%	0.15%	—	10.76
Series PWF5	None issued <sup>(8)</sup>	0.80%	0.15%	—	15.02
Series PWFB	April 3, 2017	0.70% <sup>(5)</sup>	0.15%	9.97	9.97
Series PWFB5	April 3, 2017	0.70% <sup>(5)</sup>	0.15%	14.25	14.55
Series PWR	None issued	1.70%	0.15%	—	—
Series PWT5	October 26, 2015	1.70% <sup>(4)</sup>	0.15%	14.31	14.81
Series PWT8	October 24, 2018	1.70%	0.15%	15.31	—
Series PWX	October 26, 2015	— <sup>(2)</sup>	— <sup>(2)</sup>	10.71	10.72
Series PWX5	October 26, 2015	— <sup>(2)</sup>	— <sup>(2)</sup>	15.05	15.26
Series PWX8	October 24, 2018	— <sup>(2)</sup>	— <sup>(2)</sup>	15.40	—
Series S	October 2, 2017	— <sup>(1)</sup>	0.025%	9.98	9.99
Series T5	October 26, 2015	1.85%	0.21%	14.20	14.72
Series T8	October 24, 2018	1.85%	0.21%	15.29	—
Series UM	October 16, 2017	0.50%	0.15%	9.93	9.94

\* 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 June 1, 2018, the management fee for this series was charged to the Fund at a rate of 0.85%.

(4) Prior to June 1, 2018, the management fee for this series was charged to the Fund at a rate of 1.80%.

(5) Prior to June 1, 2018, the management fee for this series was charged to the Fund at a rate of 0.80%.

(6) Prior to June 1, 2018, the administration fee for this series was charged to the Fund at a rate of 0.16%.

(7) The series' original start date was October 26, 2015. All securities in the series were consolidated into Series F on June 1, 2018.

(8) The series' original start date was October 26, 2015. All securities in the series were consolidated into Series F5 on June 1, 2018.

# MACKENZIE DIVERSIFIED ALTERNATIVES FUND

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ALTERNATIVE FUND

## NOTES TO FINANCIAL STATEMENTS

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

#### (b) Investments by Mackenzie and Affiliates

As at March 31, 2019, Mackenzie and Related Insurance Companies had an investment of \$16 and \$2,543 (2018 – \$11 and \$95), respectively, in the Fund.

#### (c) Loss Carryforwards

As at the last taxation year-end, the Fund has capital losses of \$53,164 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.

#### (d) Securities Lending

As at March 31, 2019 and 2018, the Fund did not have any open securities lending, repurchase or reverse repurchase transactions.

#### (e) Commissions

The value of third-party services paid for by brokers during the period, is disclosed in the table below:

	(\$)
March 31, 2019	159
March 31, 2018	58

#### (f) Dividend income

Included in dividend income for the period ended March 31, 2019 are dividends on securities sold short of \$114 (2018 – \$6).

#### (g) 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 was 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	1,600	3	392 - 678	0.750	June 18, 2018 - August 21, 2018

#### (h) Investments Pledged and Received as Collateral

At March 31, 2019, \$23,367 of cash (2018 - \$Nil) have been pledged as collateral against written options. There were no investments received as collateral at the end of the period.

#### (i) 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	14	(14)	–	–
Unrealized losses on derivative contracts	(157)	14	–	(143)
Liability for options written	(73)	–	–	(73)
Total	(216)	–	–	(216)



**MACKENZIE**  
Investments

# MACKENZIE DIVERSIFIED ALTERNATIVES FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2019

ALTERNATIVE FUND

## NOTES TO FINANCIAL STATEMENTS

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

#### (i) Offsetting of Financial Assets and Liabilities (cont'd)

	March 31, 2018			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	506	(494)	–	12
Unrealized losses on derivative contracts	(624)	494	–	(130)
Liability for options written	–	–	–	–
<b>Total</b>	<b>(118)</b>	<b>–</b>	<b>–</b>	<b>(118)</b>

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

##### i. Risk exposure and management

The Fund seeks long-term capital appreciation and the potential for income by investing directly or indirectly, including through the use of derivatives, in a diversified portfolio of alternative asset classes, including real estate, infrastructure, currencies, non-traditional equities and fixed income, and/or other asset classes of issuers located anywhere in the world.

##### 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.

	March 31, 2019			
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	380,126	50,200	(173,073)	257,253
Euro	8,666	–	(527)	8,139
British pound	7,859	130	–	7,989
Japanese yen	2,513	78	–	2,591
Hong Kong dollar	2,017	–	–	2,017
Swiss franc	1,856	–	–	1,856
Polish zloty	1,820	–	–	1,820
Norwegian krone	878	–	–	878
Israeli shekel	671	–	–	671
Taiwanese dollar	325	–	–	325
Indian rupee	66	–	(63)	3
Indonesian rupiah	–	–	1	1
Australian dollar	1,513	(19)	(1,530)	(36)
<b>Total</b>	<b>408,310</b>	<b>50,389</b>	<b>(175,192)</b>	<b>283,507</b>
<b>% of Net Assets</b>	<b>65.1</b>	<b>8.0</b>	<b>(27.9)</b>	<b>45.2</b>



**MACKENZIE**  
Investments

# MACKENZIE DIVERSIFIED ALTERNATIVES FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2019

ALTERNATIVE FUND

## NOTES TO FINANCIAL STATEMENTS

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

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

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

Currency	March 31, 2018			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	259,779	56,404	(115,233)	200,950
Swiss franc	1,216	–	29,807	31,023
Japanese yen	19,957	3	–	19,960
Euro	15,330	5	(163)	15,172
Indonesian rupiah	–	–	14,994	14,994
British pound	11,848	13	–	11,861
Indian rupee	195	–	5,304	5,499
Swedish krona	2,691	–	–	2,691
New Zealand dollar	1,823	4	–	1,827
Hong Kong dollar	1,694	–	–	1,694
Philippine peso	1,415	–	–	1,415
Israeli shekel	1,104	4	–	1,108
Polish zloty	914	–	–	914
Taiwanese dollar	422	–	–	422
Mexican peso	365	–	–	365
Turkish lira	264	–	–	264
Malaysian ringgit	127	–	–	127
Australian dollar	4,865	1	(4,787)	79
Singapore dollar	300	–	(296)	4
Norwegian krone	543	–	(541)	2
South African rand	171	3	(172)	2
Total	325,023	56,437	(71,087)	310,373
% of Net Assets	59.0	10.3	(12.9)	56.4

\* 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 \$15,716 or 2.5% of total net assets (2018 – \$17,227 or 3.1%). In practice, the actual trading results may differ and the difference could be material.



**MACKENZIE**  
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# MACKENZIE DIVERSIFIED ALTERNATIVES FUND

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ALTERNATIVE FUND

## NOTES TO FINANCIAL STATEMENTS

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

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

##### 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.

Bonds	March 31, 2019	March 31, 2018
	(\$)	(\$)
Less than 1 year	343	94
1-5 years	21,215	18,570
5-10 years	33,434	24,889
Greater than 10 years	571	1,423
Total	55,563	44,976

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 \$5,861 or 0.9% (2018 – \$2,160 or 0.4%) 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 \$5,909 or 0.9% (2018 – \$2,148 or 0.4%) of total net assets. In practice, the actual trading results may differ and the difference could be material.

##### iv. Other price risk

The Fund's most significant exposure to price risk arises from its investment in equity securities, options on equities, exchange-traded funds/notes and mutual funds. As at March 31, 2019, had the prices on the respective stock exchanges for these securities increased by 10%, with all other variables held constant, net assets would have increased by approximately \$34,287 or 5.5% of total net assets (2018 – \$36,385 or 6.6%). Similarly, had the prices on the respective stock exchanges for these securities decreased by 10%, with all other variables held constant, net assets would have decreased by approximately \$36,168 or 5.8% of total net assets (2018 – \$36,685 or 6.6%). In practice, the actual trading results may differ and the difference could be material.

##### 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 0.3% of the net assets of the Fund (2018 – 0.4%).

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	–	–
AA	–	–
A	0.3	–
BBB	0.1	–
Less than BBB	8.2	7.5
Unrated	0.3	0.7
Total	8.9	8.2

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

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## NOTES TO FINANCIAL STATEMENTS

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

#### (k) 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	2,049	53,514	–	55,563	2,124	42,852	–	44,976
Equities	202,092	–	–	202,092	125,610	43,939	–	169,549
Options	45	–	–	45	–	91	–	91
Exchange-traded funds/notes	233,553	–	–	233,553	209,179	–	–	209,179
Mutual funds	25,510	58,882	–	84,392	25,528	27,736	–	53,264
Derivative assets	–	162	–	162	–	656	–	656
Derivative liabilities	–	(1,634)	–	(1,634)	–	(1,195)	–	(1,195)
Short-term investments	–	16,549	–	16,549	–	78,131	–	78,131
<b>Total</b>	<b>463,249</b>	<b>127,473</b>	<b>–</b>	<b>590,722</b>	<b>362,441</b>	<b>192,210</b>	<b>–</b>	<b>554,651</b>

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.

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for non-North American equities when North American intraday stock market movements exceed pre-determined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, during the period ended March 31, 2019, non-North American equities frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices).

As at March 31, 2019, these securities were classified as Level 1. As at March 31, 2018, fair value adjustments were applied to the majority of securities in non-North American markets (Level 2) that were closed on the last business day. The remaining non-North American securities were classified as Level 1. Other than as described above, there were no significant transfers between Level 1 and Level 2. Equities classified as Level 2 investments are valued based on the prices provided by a third party administrator who prices the securities by incorporating observable market data and using standard market convention practices.

Other 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.

#### (l) Comparative Amounts

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