

## ***Interim Management Report of Fund Performance***

*For the Six-Month Period Ended September 30, 2018*

*This Interim Management Report of Fund Performance contains financial highlights but does not contain either the interim financial report or annual financial statements of the exchange-traded fund ("ETF"). You may obtain a copy of the interim financial report or annual financial statements, at no cost, by calling the toll-free number 1-800-387-0614, by writing to us at Mackenzie Financial Corporation, 180 Queen Street West, Toronto, Ontario M5V 3K1, by visiting our website at [www.mackenzieinvestments.com](http://www.mackenzieinvestments.com) or by visiting the SEDAR website at [www.sedar.com](http://www.sedar.com).*

*Unitholders may also contact us using one of these methods to request a copy of the ETF's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure. Every effort has been made to ensure that the information contained in this report is accurate as of the dates indicated in the report; however, the ETF cannot guarantee the accuracy or the completeness of this material. For more information, please refer to the ETF's Prospectus and ETF Facts, which may also be obtained, at no cost, using any of the methods outlined above.*

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

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

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

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



# MACKENZIE UNCONSTRAINED BOND ETF

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended September 30, 2018

ACTIVE FIXED INCOME ETF

## Management Discussion of Fund Performance

November 13, 2018

This Management Discussion of Fund Performance presents the portfolio management team's view on the significant factors and developments during the period ended September 30, 2018, that have affected the ETF's performance and outlook. If the ETF was established during the period, "period" represents the period from inception to the end of the fiscal period. For information on the ETF's longer-term performance, as applicable, please refer to the *Past Performance* section of the report. In this report, "Mackenzie" refers to Mackenzie Financial Corporation, the manager of the ETF. In addition, net asset value ("NAV") refers to the value of the ETF as calculated for subscription and redemption purposes, on which the discussion of ETF performance is based.

### Risk

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

The ETF is suitable for medium-term investors seeking to diversify a traditional portfolio of fixed income and equity investments, who can handle the volatility of bond markets and who have a low tolerance for risk. Before October 4, 2018, the ETF was deemed suitable for investors who had a low to medium tolerance for risk.

### Results of Operations

#### Investment Performance

During the period, the ETF returned 1.0% (after deducting fees and expenses). This compares with the FTSE TMX Canada 91-Day T-Bill Index return of 0.6%. All index returns are calculated on a total return basis in Canadian dollar terms. Investors cannot invest in the index without incurring fees, expenses and commissions, which are not reflected in the index returns.

Performance varied across global government bond markets over the period, but in general yields rose across the curve. Shorter-term yields increased significantly, causing yield curves to flatten, particularly in Canada and the United States. As economic data improved, central banks in Canada, the United States, the United Kingdom and Norway raised their policy rates. Emerging market bonds underperformed as a result of the strong U.S. dollar. The Canadian dollar was volatile as the benefit of a robust economy was offset by trade concerns. A generally strong global economy, low default rates and low issuance late in the period led to positive returns from high-yield bonds.

A generally strong global economy and low default rates also contributed to positive total returns for term loans. The three-month London interbank offered rate ("LIBOR") ended the period at 2.39%. The amount of refinancing during the period generally allowed borrowers to reduce their interest costs. Term loans rated "CCC" continued to outperform higher-rated issues, while second-lien loans also performed well. The strong U.S. economy and rising energy prices benefited the retail industry and the oil and gas industry.

The ETF outperformed the index primarily as a result of its exposure to high-yield bonds and term loans, which are not included in the index.

The ETF hedged most of its foreign currency exposure, which had no significant impact on absolute performance as the U.S. dollar appreciated only slightly relative to the Canadian dollar.

The ETF held put options to mitigate credit risk, which detracted from performance. The ETF's short futures positions, used to manage portfolio duration, contributed to performance. Currency options, held tactically during the period, had no significant impact on performance.

Over the period, portfolio activity and market effect resulted in increased exposure to the United States and decreased exposure to Canada. The ETF remains primarily invested in North America. At the sector level, exposure to corporate bonds and term loans increased, while exposure to federal bonds and foreign government bonds decreased.

### Net Assets

The ETF's NAV increased by 26.8% to \$301.0 million at September 30, 2018, from \$237.4 million at March 31, 2018. This change was composed primarily of \$2.8 million in net income (including dividend and interest income) from investment performance, after deducting fees and expenses, \$66.3 million in net sales, and \$5.4 million in cash distributions.

### Recent Developments

The portfolio management team believes company profitability remains strong and cash flow is adequately covering interest payments. Debt levels across the corporate sector have started to rise, but have not reached unmanageable levels, in the team's view. The team remains selective in choosing securities, continuing to increase the diversity of the ETF's holdings and protecting against potential market downturns as needed.

The team believes that unless U.S. domestic market volatility and economic risks rise notably, U.S. policy is likely to continue to focus almost exclusively on the domestic agenda. This would involve another increase to the federal funds rate by December, pushing the rate toward the neutral level for this cycle, which has yet to be determined. Such an increase is likely to flatten the yield curve further. Now that a North American trade deal has been negotiated, the team believes the Bank of Canada will also raise its policy rate, although more slowly than the U.S. Federal Reserve due to its concerns about high levels of household debt.

### Related Party Transactions

The following arrangements result in fees paid by the ETF to Mackenzie or to companies affiliated with the ETF.

### Management Fees

The annualized management expense ratio ("MER") for the ETF of 0.61% during the period ended September 30, 2018, was unchanged from the MER for the year ended March 31, 2018. The ETF paid management fees to Mackenzie at the annual rate of 0.55% in the period. On October 10, 2018, the management fee paid by the ETF to Mackenzie decreased to an annual rate of 0.50%.



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# MACKENZIE UNCONSTRAINED BOND ETF

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended September 30, 2018

ACTIVE FIXED INCOME ETF

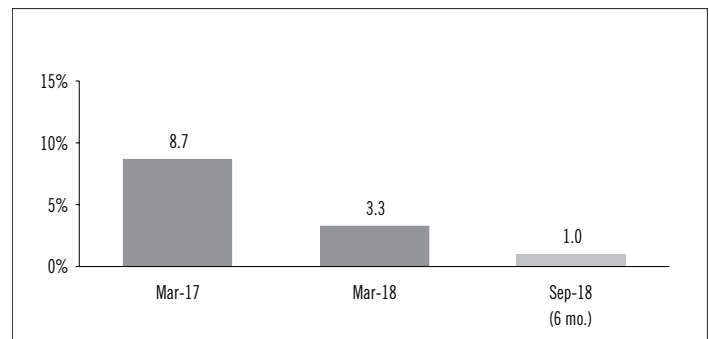
The management fee for the ETF is calculated and accrued daily as a percentage of its NAV. The ETF's management fees were used by Mackenzie to pay for the costs of managing the investment portfolio of the ETF, including providing investment analysis and recommendations, making investment decisions, making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

## Other Related Party Transactions

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

## Past Performance

The following bar chart presents the performance of the ETF for each of the fiscal periods shown. The chart shows, in percentage terms, how much an investment made on the first day of each fiscal period, or on the ETF's inception date (April 19, 2016), as applicable, would have increased or decreased by the last day of the fiscal period presented.



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# MACKENZIE UNCONSTRAINED BOND ETF

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended September 30, 2018

ACTIVE FIXED INCOME ETF

## Summary of Investment Portfolio at September 30, 2018

<b>Portfolio Allocation</b>	<b>% of NAV</b>
Bonds	80.7
<i>Bonds</i>	80.6
<i>Purchased options*</i>	0.1
<i>Short futures**</i>	0.0
Cash and short-term investments	18.1
Equities	1.5
Exchange-traded funds/notes	1.2
Purchased currency options <sup>†</sup>	0.0
Written currency options <sup>†</sup>	(0.0)
Other assets (liabilities)	(1.5)
<b>Regional Allocation</b>	<b>% of NAV</b>
United States	46.2
Canada	28.3
Cash and short-term investments	18.1
United Kingdom	1.8
Netherlands	1.3
Other	1.1
Australia	1.0
Bahamas	0.6
Luxembourg	0.5
Ireland	0.5
Colombia	0.4
Russia	0.4
France	0.4
Japan	0.4
Brazil	0.3
Israel	0.2
Other assets (liabilities)	(1.5)
<b>Sector Allocation</b>	<b>% of NAV</b>
Corporate bonds	38.0
Term loans	27.2
Cash and short-term investments	18.1
Federal bonds	8.0
Foreign government bonds	6.6
Exchange-traded funds/notes	1.2
Provincial bonds	0.8
Energy	0.6
Utilities	0.5
Real estate	0.3
Consumer discretionary	0.1
Other	0.1
Other assets (liabilities)	(1.5)
<b>Net Currency Exposure</b>	<b>% of NAV</b>
Canadian dollar	97.0
U.S. dollar	2.7
Russian ruble	0.4
Euro	(0.1)
<b>Bonds by Credit Rating<sup>††</sup></b>	<b>% of NAV</b>
AAA	13.1
AA	2.3
A	3.1
BBB	5.7
BB	16.6
B	31.4
Less than B	4.8
Unrated	3.6

## Top 25 Long Holdings

<b>Issuer/Underlying Fund</b>	<b>% of NAV</b>
Cash and short-term investments	18.1
Government of Canada 2.00% 06-01-2028	3.8
Canada Housing Trust No 1 F/R 09-15-2023	3.7
United States Treasury 2.25% 11-15-2027	2.2
Storm King Funding F/R 03-18-2019	2.0
United States Treasury 3.00% 02-15-2048	1.5
Mackenzie US Investment Grade Corporate Bond Index ETF (CAD-Hedged)	1.2
Arch Merger Sub Inc. 8.50% 09-15-2025 Callable 2020	1.0
Gibson Energy Inc. 5.25% 07-15-2024 Callable 2020	1.0
Fairfax Financial Holdings Ltd. 4.50% 03-22-2023	0.8
Rackspace Hosting Inc. 8.63% 11-15-2024 Callable 2019	0.7
Enbridge Inc. 5.37% 09-27-2077 Callable 2027	0.7
Queensland Treasury Corp. 2.75% 08-20-2027	0.7
Financial & Risk US Holdings Inc. Term Loan B 1st Lien F/R 10-01-2025	0.6
Valeant Pharmaceuticals International Inc. 5.63% 12-01-2021 Callable	0.6
California Resources Corp. 8.00% 12-15-2022 Callable 2018	0.6
Matterhorn Merger Sub LLC 8.50% 06-01-2026 Callable 2021	0.6
Enterprise Merger Sub Inc. Term Loan 1st Lien F/R 09-28-2025	0.6
Videotron Ltee 5.75% 01-15-2026 Callable 2020	0.6
Calpine Corp. 5.25% 06-01-2026 Callable 2021	0.6
CCO Holdings LLC 5.13% 05-01-2027 Callable 2022	0.6
HCA Inc. 6.50% 02-15-2020 Callable	0.6
United Kingdom Treasury 4.25% 12-07-2027	0.6
TerraForm Power Operating LLC 5.00% 01-31-2028 Callable 2027	0.6
SRS Distribution Inc. 8.25% 07-01-2026 Callable 2021	0.6

**Top long positions as a percentage of total net asset value**

**44.6**

## Top 25 Short Holdings

<b>Issuer</b>	<b>% of NAV</b>
U.S. Treasury Note 10-Year Futures**	0.0
Japan 10-Year Government Bond Futures**	0.0
Currency Written Call Option EUR/NOK 12-14-2018 Strike \$8.90 <sup>†</sup>	(0.0)

**Top short positions as a percentage of total net asset value**

**0.0**

\* Notional principal values represent 24.7% of NAV for purchased options.

\*\* Notional principal values represent -3.7% of NAV for U.S. Treasury Note 10-Year Futures and -3.4% of NAV for Japan 10-Year Government Bond Futures.

† Notional principal values represent 10.5% of NAV for purchased currency options and -1.2% of NAV for written currency options.

†† Credit ratings and rating categories are based on ratings issued by a designated rating organization. This table includes only bonds held directly by the ETF.

For the prospectus and other information about the underlying fund(s) held in the portfolio, visit [www.mackenzieinvestments.com](http://www.mackenzieinvestments.com) or [www.sedar.com](http://www.sedar.com).

The investments and percentages may have changed since September 30, 2018, due to the ongoing portfolio transactions of the ETF. Quarterly updates of holdings are available within 60 days of the end of each quarter except for March 31, the ETF's fiscal year-end, when they are available within 90 days.



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# MACKENZIE UNCONSTRAINED BOND ETF

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended September 30, 2018

ACTIVE FIXED INCOME ETF

## Financial Highlights

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

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

Series E (Ticker: MUB)	Sep. 30 2018	Mar. 31 2018	Mar. 31 2017
<b>Net assets, beginning of period</b>	<b>20.82</b>	<b>21.07</b>	<b>20.00</b>
<b>Increase (decrease) from operations:</b>			
Total revenue	0.50	0.97	0.88
Total expenses	(0.07)	(0.14)	(0.16)
Realized gains (losses) for the period	(0.43)	0.01	0.58
Unrealized gains (losses) for the period	0.21	(0.14)	0.66
<b>Total increase (decrease) from operations²</b>	<b>0.21</b>	<b>0.70</b>	<b>1.96</b>
<b>Distributions:</b>			
From net investment income (excluding dividends)	(0.34)	(0.76)	(1.05)
From dividends	(0.01)	(0.02)	–
From capital gains	(0.04)	(0.09)	(0.04)
Return of capital	(0.02)	(0.05)	–
<b>Total annual distributions³</b>	<b>(0.41)</b>	<b>(0.92)</b>	<b>(1.09)</b>
<b>Net assets, end of period</b>	<b>20.62</b>	<b>20.82</b>	<b>21.07</b>

(1) These calculations are prescribed by securities regulations and are not intended to be a reconciliation between opening and closing net assets per unit. This information is derived from the ETF's unaudited interim financial statements and audited annual financial statements. The net assets per unit presented in the financial statements may differ from the net asset value per unit calculated for ETF pricing purposes. An explanation of these differences can be found in the *Notes to Financial Statements*.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the fiscal period.

(3) Distributions were paid in cash/reinvested in additional units of the ETF, or both.

## RATIOS AND SUPPLEMENTAL DATA

Series E (Ticker: MUB)	Sep. 30 2018	Mar. 31 2018	Mar. 31 2017
Total net asset value (\$000)¹	<b>301,005</b>	237,363	29,494
Units outstanding (000)¹	<b>14,600</b>	11,400	1,400
Management expense ratio (%)²	<b>0.61</b>	0.61	0.62
Management expense ratio before waivers or absorptions (%)²	<b>0.61</b>	0.61	0.62
Trading expense ratio (%)³	<b>0.00</b>	0.00	0.00
Trading expense ratio before reimbursements (%)³	<b>0.00</b>	0.00	0.00
Portfolio turnover rate (%)⁴	<b>44.69</b>	119.05	n/a
Net asset value per unit (\$)	<b>20.61</b>	20.82	21.07
Closing market price (\$)⁵	<b>20.66</b>	20.96	21.15

(1) This information is provided as at the end of the fiscal period shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. If the ETF was established in the period, the management expense ratio is annualized from the date of inception. Mackenzie may waive or absorb operating expenses at its discretion and stop waiving or absorbing such expenses at any time without notice.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. Mackenzie may reimburse the ETF for certain brokerage commissions and other transaction costs (including those payable to the custodian or its agents). Mackenzie may make these reimbursements at its discretion and stop these reimbursements at any time without notice.

(4) The ETF's portfolio turnover rate indicates how actively the ETF's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of the period. The higher an ETF's portfolio turnover rate in a period, the greater the trading costs payable by the ETF in the period, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of an ETF. The portfolio turnover rate is not provided when the ETF is less than one year old.

(5) Closing market price, or the midpoint of the bid and ask prices in the absence of a closing market price, on the last trading day of the period as reported on the Toronto Stock Exchange.



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