

Interim Unaudited Financial Statements

For the Six-Month Period Ended September 30, 2018

These Interim Unaudited Financial Statements do not contain the Interim Management Report of Fund Performance ("MRFP") of the ETF. You may obtain a copy of the Interim MRFP, 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 or by visiting the SEDAR website at www.sedar.com. Copies of the Annual Financial Statements or Annual MRFP may also be obtained, at no cost, using any of the methods outlined above.

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.

NOTICE OF NO AUDITOR REVIEW OF THE INTERIM FINANCIAL STATEMENTS

Mackenzie Financial Corporation, the Manager of the ETF, appoints independent auditors to audit the ETF's Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Interim Financial Statements, this must be disclosed in an accompanying notice.

The ETF's independent auditors have not performed a review of these Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada.



MACKENZIE US INVESTMENT GRADE CORPORATE BOND INDEX ETF (CAD-HEDGED)

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2018

TRADITIONAL FIXED INCOME INDEX ETF

STATEMENTS OF FINANCIAL POSITION

*In thousands (except per unit figures)
As at*

	Sep. 30 2018	Mar. 31 2018 (Audited)
	\$	\$
ASSETS		
Current assets		
Investments at fair value	157,759	145,074
Cash and cash equivalents	547	1,192
Accrued interest receivable	1,411	1,272
Accounts receivable for investments sold	–	3,297
Accounts receivable for units issued	–	–
Unrealized gains on derivative contracts	1,282	26
Total assets	160,999	150,861
LIABILITIES		
Current liabilities		
Accounts payable for investments purchased	–	3,316
Accounts payable for units redeemed	–	–
Distribution payable	65	–
Due to manager	37	37
Unrealized losses on derivative contracts	595	–
Total liabilities	697	3,353
Net assets attributable to unitholders	160,302	147,508
Net assets attributable to unitholders per series (note 3)		
Series E	160,302	147,508
Net assets attributable to unitholders per unit (note 3)		
Series E	97.75	98.34

STATEMENT OF COMPREHENSIVE INCOME

*For the period ended September 30 (note 1)
In thousands (except per unit figures)*

	2018 \$
Income	
Interest income	2,984
Other changes in fair value of investments and other net assets	
Net realized gain (loss)	(1,283)
Net unrealized gain (loss)	(1,991)
Other	12
Total income (loss)	(278)
Expenses (note 6)	
Management fees	210
Management fee rebates	(210)
Interest charges	1
Commissions and other portfolio transaction costs	4
Independent Review Committee fees	–
Expenses before amounts absorbed by Manager	5
Expenses absorbed by Manager	2
Net expenses	3
Increase (decrease) in net assets attributable to unitholders from operations before tax	(281)
Foreign withholding taxes	–
Foreign income taxes paid (recovered)	–
Increase (decrease) in net assets attributable to unitholders from operations	(281)
Increase (decrease) in net assets attributable to unitholders from operations per series	
Series E	(281)
Increase (decrease) in net assets attributable to unitholders from operations per unit	
Series E	(0.18)

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

MACKENZIE US INVESTMENT GRADE CORPORATE BOND INDEX ETF (CAD-HEDGED)

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TRADITIONAL FIXED INCOME INDEX ETF

STATEMENT OF CHANGES IN FINANCIAL POSITION

*For the period ended September 30 (note 1)
In thousands*

	2018
	Series E
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	\$
Beginning of period	147,508
Increase (decrease) in net assets from operations	(281)
Distributions paid to unitholders:	
Investment income	(370)
Capital gains	-
Management fee rebates	(210)
Total distributions paid to unitholders	(580)
Unit transactions:	
Proceeds from units issued	13,655
Reinvested distributions	-
Payments on redemption of units	-
Total unit transactions	13,655
Total increase (decrease) in net assets	12,794
End of period	160,302
Increase (decrease) in units (note 7):	Units
Units outstanding – beginning of period	1,500
Issued	140
Reinvested distributions	-
Redeemed	-
Units outstanding – end of period	1,640

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MACKENZIE US INVESTMENT GRADE CORPORATE BOND INDEX ETF (CAD-HEDGED)

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TRADITIONAL FIXED INCOME INDEX ETF

STATEMENT OF CASH FLOWS

For the period ended September 30 (note 1)
In thousands

	2018
	\$
Cash flows from operating activities	
Net increase (decrease) in net assets attributable to unitholders from operations	(281)
Adjustments for:	
Net realized loss (gain) on investments	(188)
Change in net unrealized loss (gain) on investments	1,991
Purchase of investments	(46,146)
Proceeds from sale and maturity of investments	34,503
Change in accrued interest receivable	(139)
Net cash from operating activities	(10,260)
Cash flows from financing activities	
Proceeds from units issued	10,122
Payments on redemption of units	–
Distributions paid net of reinvestments	(515)
Net cash from financing activities	9,607
Net increase (decrease) in cash and cash equivalents	(653)
Cash and cash equivalents at beginning of period	1,192
Effect of exchange rate fluctuations on cash and cash equivalents	8
Cash and cash equivalents at end of period	547
Cash	547
Cash equivalents	–
Cash and cash equivalents at end of period	547
Supplementary disclosures on cash flow from operating activities:	
Dividends received	–
Foreign taxes paid	–
Interest received	2,845
Interest paid	1

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TRADITIONAL FIXED INCOME INDEX ETF

SCHEDULE OF INVESTMENTS

As at September 30, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS					
Abbott Laboratories 2.35% 11-22-2019	United States	Corporate - Non Convertible	USD 182,000	227	235
Abbott Laboratories 2.90% 11-30-2021	United States	Corporate - Non Convertible	USD 12,000	16	15
Abbott Laboratories 3.75% 11-30-2026	United States	Corporate - Non Convertible	USD 157,000	196	203
Abbott Laboratories 4.90% 11-30-2046	United States	Corporate - Non Convertible	USD 496,000	697	699
AbbVie Inc. 2.50% 05-14-2020	United States	Corporate - Non Convertible	USD 110,000	138	141
AbbVie Inc. 2.30% 05-14-2021	United States	Corporate - Non Convertible	USD 122,000	149	153
AbbVie Inc. 3.60% 05-14-2025 Callable 2025	United States	Corporate - Non Convertible	USD 1,550,000	1,950	1,941
AbbVie Inc. 4.50% 05-14-2035	United States	Corporate - Non Convertible	USD 41,000	53	51
AbbVie Inc. 4.40% 11-06-2042	United States	Corporate - Non Convertible	USD 91,000	118	109
Alibaba Group Holding Ltd. 3.40% 12-06-2027 Callable 2027	China	Corporate - Non Convertible	USD 431,000	520	520
Allergan Funding SCS 3.00% 03-12-2020	United States	Corporate - Non Convertible	USD 255,000	322	329
Allergan Funding SCS 3.80% 03-15-2025	United States	Corporate - Non Convertible	USD 1,204,000	1,512	1,525
Allergan Funding SCS 4.55% 03-15-2035	United States	Corporate - Non Convertible	USD 96,000	122	121
Allergan PLC 3.25% 10-01-2022	United States	Corporate - Non Convertible	USD 40,000	49	51
Altria Group Inc. 5.38% 01-31-2044	United States	Corporate - Non Convertible	USD 39,000	58	54
Amazon.com Inc. 4.05% 08-22-2047 Callable 144A	United States	Corporate - Non Convertible	USD 1,280,000	1,658	1,636
Amazon.com Inc. 3.15% 08-22-2027 Callable 2017	United States	Corporate - Non Convertible	USD 25,000	32	31
America Movil SAB de CV 5.00% 03-30-2020	Mexico	Corporate - Non Convertible	USD 400,000	520	530
America Movil SAB de CV 6.13% 03-30-2040	Mexico	Corporate - Non Convertible	USD 126,000	191	193
American Express Co. 2.50% 08-01-2022 Callable 2022	United States	Corporate - Non Convertible	USD 17,000	22	21
American International Group Inc. 4.50% 07-16-2044	United States	Corporate - Non Convertible	USD 339,000	430	415
Amgen Inc. 4.40% 05-01-2045 Callable 2044	United States	Corporate - Non Convertible	USD 250,000	324	314
Amgen Inc. 4.66% 06-15-2051 Callable	United States	Corporate - Non Convertible	USD 39,000	52	50
Anheuser-Busch InBev Finance Inc. 2.65% 02-01-2021 Callable 2021	Belgium	Corporate - Non Convertible	USD 2,356,000	2,941	3,001
Anheuser-Busch InBev Finance Inc. 3.65% 02-01-2026 Callable 2025	Belgium	Corporate - Non Convertible	USD 48,000	60	60
Anheuser-Busch InBev Finance Inc. 4.90% 02-01-2046 Callable	Belgium	Corporate - Non Convertible	USD 838,000	1,164	1,099
Anheuser-Busch InBev SA/NV 4.70% 02-01-2036	Belgium	Corporate - Non Convertible	USD 330,000	444	428
Anheuser-Busch InBev Worldwide Inc. 2.50% 07-15-2022	United States	Corporate - Non Convertible	USD 467,000	573	583
Anthem Inc. 3.65% 12-01-2027	United States	Corporate - Non Convertible	USD 393,000	486	483
Apple Inc. 1.55% 02-07-2020	United States	Corporate - Non Convertible	USD 140,000	174	178
Apple Inc. 2.85% 05-06-2021	United States	Corporate - Non Convertible	USD 294,000	371	378
Apple Inc. 2.40% 05-03-2023	United States	Corporate - Non Convertible	USD 105,000	132	130
Apple Inc. 3.25% 02-23-2026	United States	Corporate - Non Convertible	USD 152,000	188	192
Apple Inc. 4.65% 02-23-2046	United States	Corporate - Non Convertible	USD 140,000	194	196
AstraZeneca PLC 6.45% 09-15-2037	United Kingdom	Corporate - Non Convertible	USD 319,000	526	519
AT&T Inc. 3.00% 02-15-2022	United States	Corporate - Non Convertible	USD 290,000	375	367
AT&T Inc. 3.60% 02-17-2023 Callable 2022	United States	Corporate - Non Convertible	USD 540,000	698	694
AT&T Inc. 3.40% 05-15-2025 Callable 2025	United States	Corporate - Non Convertible	USD 128,000	154	158
AT&T Inc. 4.30% 02-15-2030 Callable 2029 144A	United States	Corporate - Non Convertible	USD 1,070,000	1,341	1,332
AT&T Inc. 4.50% 05-15-2035	United States	Corporate - Non Convertible	USD 618,000	755	748
AT&T Inc. 4.90% 08-14-2037	United States	Corporate - Non Convertible	USD 66,000	82	82
AT&T Inc. 4.75% 05-15-2046	United States	Corporate - Non Convertible	USD 135,000	160	160
AT&T Inc. 5.45% 03-01-2047	United States	Corporate - Non Convertible	USD 372,000	493	482
AT&T Inc. 4.50% 03-09-2048	United States	Corporate - Non Convertible	USD 547,000	638	619
AT&T Inc. 4.55% 03-09-2049	United States	Corporate - Non Convertible	USD 372,000	433	423
AT&T Inc. 5.15% 02-14-2050 Callable 2049	United States	Corporate - Non Convertible	USD 491,000	617	604



MACKENZIE
Investments

MACKENZIE US INVESTMENT GRADE CORPORATE BOND INDEX ETF (CAD-HEDGED)

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TRADITIONAL FIXED INCOME INDEX ETF

SCHEDULE OF INVESTMENTS (cont'd)

As at September 30, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS (cont'd)					
Bank of America Corp. 2.37% 07-21-2021	United States	Corporate - Non Convertible	USD 79,000	103	100
Bank of America Corp. F/R 03-05-2024 Callable 2023	United States	Corporate - Non Convertible	USD 71,000	89	91
Bank of America Corp. 4.00% 04-01-2024	United States	Corporate - Non Convertible	USD 2,170,000	2,822	2,833
Bank of America Corp. 4.20% 08-26-2024	United States	Corporate - Non Convertible	USD 338,000	435	439
Bank of America Corp. 4.18% 11-25-2027	United States	Corporate - Non Convertible	USD 1,734,000	2,206	2,190
Bank of America Corp. 7.75% 05-14-2038	United States	Corporate - Non Convertible	USD 682,000	1,240	1,192
The Bank of New York Mellon Corp. 2.20% 08-16-2023 Callable 2023	United States	Corporate - Non Convertible	USD 17,000	21	21
Barclays Bank PLC 2.65% 01-11-2021 Callable 2020	United Kingdom	Corporate - Non Convertible	USD 310,000	387	393
Barclays PLC 4.38% 01-12-2026	United Kingdom	Corporate - Non Convertible	USD 868,000	1,113	1,090
Barclays PLC 4.95% 01-10-2047	United Kingdom	Corporate - Non Convertible	USD 234,000	309	282
Berkshire Hathaway Energy Co. 6.13% 04-01-2036	United States	Corporate - Non Convertible	USD 248,000	405	389
Berkshire Hathaway Inc. 3.13% 03-15-2026	United States	Corporate - Non Convertible	USD 55,000	67	69
Berkshire Hathaway Inc. 4.50% 02-11-2043	United States	Corporate - Non Convertible	USD 250,000	344	337
BHP Billiton Ltd. 5.00% 09-30-2043	Australia	Corporate - Non Convertible	USD 248,000	365	356
BNP Paribas SA 5.00% 01-15-2021	France	Corporate - Non Convertible	USD 43,000	57	57
BP Capital Markets PLC 2.32% 02-13-2020	United Kingdom	Corporate - Non Convertible	USD 248,000	310	318
British American Tobacco PLC 4.45% 06-12-2025	United Kingdom	Corporate - Non Convertible	USD 140,000	182	182
British American Tobacco PLC 5.85% 08-15-2045	United Kingdom	Corporate - Non Convertible	USD 434,000	653	612
Broadcom Corp. 2.38% 01-15-2020	United States	Corporate - Non Convertible	USD 29,000	38	37
Broadcom Corp. 3.63% 01-15-2024 Callable 2023	United States	Corporate - Non Convertible	USD 1,500,000	1,876	1,885
Broadcom Corp. 3.88% 01-15-2027 Callable 2027	United States	Corporate - Non Convertible	USD 28,000	34	34
Broadcom Inc. 3.00% 01-15-2022 Callable 2021	United States	Corporate - Non Convertible	USD 26,000	32	33
BT Group PLC 9.13% 12-15-2030	United Kingdom	Corporate - Non Convertible	USD 31,000	57	57
Capital One Financial Corp. 2.50% 05-12-2020	United States	Corporate - Non Convertible	USD 39,000	48	50
Capital One Financial Corp. 3.30% 10-30-2024 Callable 2024	United States	Corporate - Non Convertible	USD 434,000	536	534
Celgene Corp. 2.88% 08-15-2020	United States	Corporate - Non Convertible	USD 18,000	23	23
Celgene Corp. 3.88% 08-15-2025	United States	Corporate - Non Convertible	USD 127,000	160	162
Celgene Corp. 3.90% 02-20-2028 Callable 2027	United States	Corporate - Non Convertible	USD 19,000	24	24
Celgene Corp. 5.00% 08-15-2045	United States	Corporate - Non Convertible	USD 434,000	593	559
Chevron Corp. 1.96% 03-03-2020 Callable	United States	Corporate - Non Convertible	USD 917,000	1,163	1,169
Chevron Corp. 2.10% 05-16-2021 Callable 2021	United States	Corporate - Non Convertible	USD 30,000	37	38
Chevron Corp. 3.19% 06-24-2023	United States	Corporate - Non Convertible	USD 18,000	24	23
Chevron Corp. 2.95% 05-16-2026	United States	Corporate - Non Convertible	USD 21,000	26	26
Cisco Systems Inc. 4.45% 01-15-2020	United States	Corporate - Non Convertible	USD 378,000	495	498
Cisco Systems Inc. 2.45% 06-15-2020	United States	Corporate - Non Convertible	USD 28,000	36	36
Cisco Systems Inc. 1.85% 09-20-2021	United States	Corporate - Non Convertible	USD 186,000	227	232
Cisco Systems Inc. 5.50% 01-15-2040	United States	Corporate - Non Convertible	USD 8,000	13	12
Citigroup Inc. 2.13% 10-20-2020	United States	Corporate - Non Convertible	USD 350,000	432	442
Citigroup Inc. 2.70% 03-30-2021	United States	Corporate - Non Convertible	USD 2,278,000	2,841	2,894
Citigroup Inc. 4.40% 06-10-2025	United States	Corporate - Non Convertible	USD 294,000	378	380
Citigroup Inc. 3.20% 10-21-2026	United States	Corporate - Non Convertible	USD 588,000	726	710
Citigroup Inc. 4.45% 09-29-2027	United States	Corporate - Non Convertible	USD 180,000	232	230
Citigroup Inc. 3.67% 07-24-2028 Callable 2027	United States	Corporate - Non Convertible	USD 248,000	307	305
Citigroup Inc. 4.13% 07-25-2028	United States	Corporate - Non Convertible	USD 411,000	514	514
Comcast Corp. 4.00% 11-01-2049	United States	Corporate - Non Convertible	USD 536,000	654	618
Comcast Corp. 4.05% 11-01-2052	United States	Corporate - Non Convertible	USD 53,000	65	61
ConocoPhillips 6.50% 02-01-2039	United States	Corporate - Non Convertible	USD 322,000	545	541



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TRADITIONAL FIXED INCOME INDEX ETF

SCHEDULE OF INVESTMENTS (cont'd)

As at September 30, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS (cont'd)					
Cooperatieve Rabobank UA 3.88% 02-08-2022	Netherlands	Corporate - Non Convertible	USD 66,000	85	86
Cooperatieve Rabobank UA 5.25% 05-24-2041	Netherlands	Corporate - Non Convertible	USD 108,000	161	157
Credit Suisse Group AG 3.80% 06-09-2023	Switzerland	Corporate - Non Convertible	USD 1,530,000	1,972	1,954
Credit Suisse Group AG 3.63% 09-09-2024	Switzerland	Corporate - Non Convertible	USD 868,000	1,103	1,106
CVS Health Corp. 3.13% 03-09-2020 Callable 2019	United States	Corporate - Non Convertible	USD 17,000	21	22
CVS Health Corp. 2.80% 07-20-2020	United States	Corporate - Non Convertible	USD 744,000	932	952
CVS Health Corp. 3.35% 03-09-2021 Callable 2019	United States	Corporate - Non Convertible	USD 990,000	1,301	1,277
CVS Health Corp. 2.13% 06-01-2021 Callable 2021	United States	Corporate - Non Convertible	USD 47,000	60	59
CVS Health Corp. 4.10% 03-25-2025 Callable 2023	United States	Corporate - Non Convertible	USD 70,000	89	90
CVS Health Corp. 2.88% 06-01-2026 Callable 2026	United States	Corporate - Non Convertible	USD 3,000,000	3,527	3,560
CVS Health Corp. 4.30% 03-25-2028 Callable 2027	United States	Corporate - Non Convertible	USD 50,000	63	64
CVS Health Corp. 4.78% 03-25-2038 Callable 2037	United States	Corporate - Non Convertible	USD 260,000	341	335
CVS Health Corp. 5.13% 07-20-2045	United States	Corporate - Non Convertible	USD 72,000	98	96
CVS Health Corp. 5.05% 03-25-2048 Callable 2047	United States	Corporate - Non Convertible	USD 470,000	631	623
Deutsche Bank AG of New York 3.15% 01-22-2021	Germany	Corporate - Non Convertible	USD 434,000	543	548
Deutsche Bank AG 2.70% 07-13-2020	Germany	Corporate - Non Convertible	USD 116,000	144	147
Deutsche Bank AG 3.70% 05-30-2024	Germany	Corporate - Non Convertible	USD 350,000	435	426
Deutsche Bank AG 3.70% 05-30-2024	Germany	Corporate - Non Convertible	USD 18,000	22	22
Deutsche Telekom AG 8.75% 06-15-2030	Germany	Corporate - Non Convertible	USD 345,000	629	600
Diamond 1 Finance Corp. 6.02% 06-15-2026 Callable 2026 144A	United States	Corporate - Non Convertible	USD 29,000	41	40
Discovery Communications Inc. 3.95% 03-20-2028	United States	Corporate - Non Convertible	USD 416,000	504	511
DowDuPont Inc. 4.25% 11-15-2020	United States	Corporate - Non Convertible	USD 434,000	565	571
Ecopetrol SA 5.88% 05-28-2045	Colombia	Corporate - Non Convertible	USD 161,000	200	206
Exxon Mobil Corp. 3.04% 03-01-2026	United States	Corporate - Non Convertible	USD 347,000	429	435
Exxon Mobil Corp. 4.11% 03-01-2046 Callable 2045	United States	Corporate - Non Convertible	USD 20,000	27	26
Ford Motor Co. 7.45% 07-16-2031	United States	Corporate - Non Convertible	USD 364,000	574	523
Ford Motor Co. 4.75% 01-15-2043	United States	Corporate - Non Convertible	USD 266,000	317	287
Ford Motor Credit Co. LLC 5.875% 08-02-2021	United States	Corporate - Non Convertible	USD 263,000	357	356
General Electric Capital Corp. 6.75% 03-15-2032	United States	Corporate - Non Convertible	USD 91,000	146	142
General Electric Capital International Funding Co. 2.34% 11-15-2020	United States	Corporate - Non Convertible	USD 434,000	537	548
General Electric Capital International Funding Co. 4.42% 11-15-2035	United States	Corporate - Non Convertible	USD 744,000	936	906
General Electric Co. 3.10% 01-09-2023	United States	Corporate - Non Convertible	USD 1,200,000	1,511	1,519
General Electric Co. 5.88% 01-14-2038	United States	Corporate - Non Convertible	USD 30,000	44	43
General Electric Co. 6.88% 01-10-2039	United States	Corporate - Non Convertible	USD 394,000	656	637
General Electric Co. 4.50% 03-11-2044	United States	Corporate - Non Convertible	USD 350,000	446	427
General Motors Financial Co. Inc. 3.20% 07-13-2020 Callable 2020	United States	Corporate - Non Convertible	USD 656,000	828	845
General Motors Financial Co. Inc. 4.20% 03-01-2021	United States	Corporate - Non Convertible	USD 50,000	64	65
Gilead Sciences Inc. 3.65% 03-01-2026	United States	Corporate - Non Convertible	USD 434,000	555	551
Gilead Sciences Inc. 4.75% 03-01-2046	United States	Corporate - Non Convertible	USD 45,000	62	60
GlaxoSmithKline Capital Inc. 3.88% 05-15-2028	United Kingdom	Corporate - Non Convertible	USD 710,000	937	928
GlaxoSmithKline PLC 2.85% 05-08-2022	United Kingdom	Corporate - Non Convertible	USD 17,000	22	22
GlaxoSmithKline PLC 6.38% 05-15-2038	United Kingdom	Corporate - Non Convertible	USD 248,000	423	412
The Goldman Sachs Group Inc. 5.75% 01-24-2022	United States	Corporate - Non Convertible	USD 3,472,000	4,776	4,772
The Goldman Sachs Group Inc. 3.00% 04-26-2022 Callable 2021	United States	Corporate - Non Convertible	USD 345,000	424	437
The Goldman Sachs Group Inc. 2.88% 10-31-2022	United States	Corporate - Non Convertible	USD 96,000	119	121



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SCHEDULE OF INVESTMENTS (cont'd)

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BONDS (cont'd)					
The Goldman Sachs Group Inc. 3.75% 05-22-2025 Callable 2025	United States	Corporate - Non Convertible	USD 1,020,000	1,302	1,292
The Goldman Sachs Group Inc. 4.25% 10-21-2025	United States	Corporate - Non Convertible	USD 276,000	350	354
The Goldman Sachs Group Inc. 6.75% 10-01-2037	United States	Corporate - Non Convertible	USD 560,000	908	872
The Goldman Sachs Group Inc. 4.02% 10-31-2038	United States	Corporate - Non Convertible	USD 66,000	80	79
The Goldman Sachs Group Inc. 5.15% 05-22-2045	United States	Corporate - Non Convertible	USD 558,000	778	737
Hewlett Packard Enterprise Co. 4.40% 10-15-2022	United States	Corporate - Non Convertible	USD 682,000	885	906
Hewlett Packard Enterprise Co. 4.90% 10-15-2025	United States	Corporate - Non Convertible	USD 116,000	150	154
Hewlett Packard Enterprise Co. 6.35% 10-15-2045	United States	Corporate - Non Convertible	USD 310,000	408	413
HJ Heinz Co. 3.95% 07-15-2025	United States	Corporate - Non Convertible	USD 243,000	305	310
The Home Depot Inc. 5.88% 12-16-2036	United States	Corporate - Non Convertible	USD 250,000	408	394
The Home Depot Inc. 4.25% 04-01-2046	United States	Corporate - Non Convertible	USD 86,000	115	114
HP Inc. 6.00% 09-15-2041	United States	Corporate - Non Convertible	USD 310,000	412	408
HSBC Holdings PLC 3.40% 03-08-2021	United Kingdom	Corporate - Non Convertible	USD 2,356,000	2,995	3,038
HSBC Holdings PLC 5.10% 04-05-2021	United Kingdom	Corporate - Non Convertible	USD 51,000	71	68
HSBC Holdings PLC 2.95% 05-25-2021	United Kingdom	Corporate - Non Convertible	USD 600,000	764	765
HSBC Holdings PLC 3.60% 05-25-2023	United Kingdom	Corporate - Non Convertible	USD 830,000	1,082	1,062
HSBC Holdings PLC F/R 06-19-2029 Callable 2028	United Kingdom	Corporate - Non Convertible	USD 200,000	267	259
HSBC Holdings PLC 6.50% 09-15-37	United Kingdom	Corporate - Non Convertible	USD 336,000	524	516
HSBC Holdings PLC 4% 03-30-22	United Kingdom	Corporate - Non Convertible	USD 450,000	578	589
Intel Corp. 2.45% 07-29-2020	United States	Corporate - Non Convertible	USD 55,000	69	71
JPMorgan Chase & Co. 2.75% 06-23-2020 Callable 2020	United States	Corporate - Non Convertible	USD 47,000	62	60
JPMorgan Chase & Co. 2.55% 03-01-2021 Callable 2021	United States	Corporate - Non Convertible	USD 96,000	119	122
JPMorgan Chase & Co. 4.50% 01-24-2022	United States	Corporate - Non Convertible	USD 548,000	719	730
JPMorgan Chase & Co. 3.25% 09-23-2022	United States	Corporate - Non Convertible	USD 825,000	1,076	1,057
JPMorgan Chase & Co. 3.88% 09-10-2024	United States	Corporate - Non Convertible	USD 76,000	96	97
JPMorgan Chase & Co. 3.90% 07-15-2025	United States	Corporate - Non Convertible	USD 1,053,000	1,358	1,361
JPMorgan Chase & Co. 2.95% 10-01-2026	United States	Corporate - Non Convertible	USD 2,604,000	3,118	3,130
JPMorgan Chase & Co. 3.88% 07-24-2038	United States	Corporate - Non Convertible	USD 78,000	95	94
JPMorgan Chase & Co. 4.26% 02-22-2048	United States	Corporate - Non Convertible	USD 109,000	141	136
JPMorgan Chase & Co. 3.96% 11-15-2048	United States	Corporate - Non Convertible	USD 460,000	553	544
Kinder Morgan Inc./DE 4.30% 06-01-2025	United States	Corporate - Non Convertible	USD 272,000	351	355
Kinder Morgan Inc./DE 5.55% 06-01-2045	United States	Corporate - Non Convertible	USD 281,000	380	385
KLA-Tencor Corp. 4.65% 11-01-2024 Callable 2024	United States	Corporate - Non Convertible	USD 36,000	48	48
The Kraft Heinz Co. 3.50% 06-06-2022	United States	Corporate - Non Convertible	USD 586,000	742	753
The Kraft Heinz Co. 5.20% 07-15-2045	United States	Corporate - Non Convertible	USD 372,000	498	471
The Kraft Heinz Co. 4.38% 06-01-2046	United States	Corporate - Non Convertible	USD 461,000	552	528
Lloyds Banking Group PLC 2.91% 11-07-2023	United Kingdom	Corporate - Non Convertible	USD 496,000	608	612
Lockheed Martin Corp. 4.09% 09-15-2052	United States	Corporate - Non Convertible	USD 292,000	366	361
Maple Escrow Subsidiary Inc. 4.06% 05-25-2023 Callable 2023 144A	United States	Corporate - Non Convertible	USD 22,000	29	28
Marathon Petroleum Corp. 6.50% 03-01-2041	United States	Corporate - Non Convertible	USD 281,000	445	426
Medtronic Inc. 2.50% 03-15-2020	United States	Corporate - Non Convertible	USD 100,000	126	128
Medtronic Inc. 3.15% 03-15-2022	United States	Corporate - Non Convertible	USD 24,000	31	31
Medtronic Inc. 4.38% 03-15-2035	United States	Corporate - Non Convertible	USD 903,000	1,226	1,208
Medtronic Inc. 4.63% 03-15-2045	United States	Corporate - Non Convertible	USD 16,000	22	22
Merck & Co. Inc. 4.15% 05-18-2043	United States	Corporate - Non Convertible	USD 200,000	262	265
MetLife Inc. 6.40% 12-15-2036 Callable 2031	United States	Corporate - Non Convertible	USD 310,000	446	425
Microsoft Corp. 2.88% 02-06-2024	United States	Corporate - Non Convertible	USD 201,000	248	254



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SCHEDULE OF INVESTMENTS (cont'd)

As at September 30, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS (cont'd)					
Microsoft Corp. 3.30% 02-06-2027 Callable 2026	United States	Corporate - Non Convertible	USD 37,000	46	47
Microsoft Corp. 3.45% 08-08-2036	United States	Corporate - Non Convertible	USD 88,000	108	109
Microsoft Corp. 4.10% 02-06-2037	United States	Corporate - Non Convertible	USD 1,166,000	1,573	1,559
Microsoft Corp. 3.70% 08-08-2046	United States	Corporate - Non Convertible	USD 1,030,000	1,320	1,276
Microsoft Corp. 3.95% 08-08-2056 Callable 2056	United States	Corporate - Non Convertible	USD 100,000	124	127
Mitsubishi UFJ Financial Group Inc. 2.95% 03-01-2021	Japan	Corporate - Non Convertible	USD 393,000	493	501
Molson Coors Brewing Co. 3.00% 07-15-2026	United States	Corporate - Non Convertible	USD 62,000	74	73
Molson Coors Brewing Co. 4.20% 07-15-2046 Callable 2046	United States	Corporate - Non Convertible	USD 372,000	456	427
Morgan Stanley 5.63% 09-23-2019	United States	Corporate - Non Convertible	USD 1,984,000	2,608	2,627
Morgan Stanley 5.75% 01-25-2021	United States	Corporate - Non Convertible	USD 599,000	802	814
Morgan Stanley 2.75% 05-19-2022	United States	Corporate - Non Convertible	USD 94,000	121	118
Morgan Stanley 4.88% 11-01-2022	United States	Corporate - Non Convertible	USD 84,000	112	113
Morgan Stanley 3.13% 01-23-2023	United States	Corporate - Non Convertible	USD 1,508,000	1,882	1,901
Morgan Stanley F/R 04-24-2024 Callable 2023	United States	Corporate - Non Convertible	USD 1,260,000	1,632	1,615
Morgan Stanley F/R 01-24-2029 Callable 2028	United States	Corporate - Non Convertible	USD 450,000	556	559
Morgan Stanley 3.97% 07-22-2038	United States	Corporate - Non Convertible	USD 151,000	186	183
Morgan Stanley 4.30% 01-27-2045	United States	Corporate - Non Convertible	USD 654,000	835	816
Morgan Stanley 4.38% 01-22-2047	United States	Corporate - Non Convertible	USD 71,000	91	89
Mylan NV 3.95% 06-15-2026	United States	Corporate - Non Convertible	USD 79,000	98	97
Newell Brands Inc. 3.85% 04-01-2023	United States	Corporate - Non Convertible	USD 496,000	634	628
Newell Brands Inc. 4.20% 04-01-2026 Callable 2026	United States	Corporate - Non Convertible	USD 85,000	108	105
Newell Brands Inc. 5.50% 04-01-2046 Callable 2045	United States	Corporate - Non Convertible	USD 90,000	113	111
Northrop Grumman Corp. 2.55% 10-15-2022	United States	Corporate - Non Convertible	USD 74,000	90	92
Northrop Grumman Corp. 3.25% 01-15-2028	United States	Corporate - Non Convertible	USD 682,000	835	830
Northrop Grumman Corp. 4.03% 10-15-2047	United States	Corporate - Non Convertible	USD 92,000	113	112
Novartis AG 3.40% 05-06-2024	Switzerland	Corporate - Non Convertible	USD 37,000	48	48
Novartis AG 4.40% 05-06-2044	Switzerland	Corporate - Non Convertible	USD 496,000	685	685
Oracle Corp. 1.90% 09-15-2021	United States	Corporate - Non Convertible	USD 1,708,000	2,081	2,131
Oracle Corp. 2.50% 05-15-2022 Callable	United States	Corporate - Non Convertible	USD 260,000	334	327
Oracle Corp. 3.25% 11-15-2027	United States	Corporate - Non Convertible	USD 54,000	69	67
Oracle Corp. 5.38% 07-15-2040	United States	Corporate - Non Convertible	USD 726,000	1,111	1,070
Orange SA 9.00% 03-01-2031	France	Corporate - Non Convertible	USD 29,000	54	53
Pacific Gas & Electric Co. 6.05% 03-01-2034	United States	Corporate - Non Convertible	USD 364,000	554	536
Petroleos Mexicanos 5.50% 01-21-2021	Mexico	Corporate - Non Convertible	USD 40,000	53	53
Petroleos Mexicanos 4.88% 01-24-2022	Mexico	Corporate - Non Convertible	USD 1,260,000	1,669	1,650
Petroleos Mexicanos 3.50% 01-30-2023	Mexico	Corporate - Non Convertible	USD 32,000	40	39
Petroleos Mexicanos 6.88% 08-04-2026	Mexico	Corporate - Non Convertible	USD 280,000	378	382
Petroleos Mexicanos 6.50% 03-13-2027	Mexico	Corporate - Non Convertible	USD 440,000	581	582
Petroleos Mexicanos 5.50% 06-27-2044	Mexico	Corporate - Non Convertible	USD 199,000	222	218
Petroleos Mexicanos 6.38% 01-23-2045	Mexico	Corporate - Non Convertible	USD 413,000	501	495
Petroleos Mexicanos 5.63% 01-23-2046	Mexico	Corporate - Non Convertible	USD 820,000	900	902
Petroleos Mexicanos 6.75% 09-21-2047	Mexico	Corporate - Non Convertible	USD 219,000	278	271
Petroleos Mexicanos 6.35% 02-12-2048 144A	Mexico	Corporate - Non Convertible	USD 30,000	36	36
Pfizer Inc. 7.20% 03-15-2039	United States	Corporate - Non Convertible	USD 248,000	463	442
Phillips 66 4.30% 04-01-2022	United States	Corporate - Non Convertible	USD 88,000	114	117
Qualcomm Inc. 4.65% 05-20-2035	United States	Corporate - Non Convertible	USD 332,000	435	436
Qualcomm Inc. 4.80% 05-20-2045	United States	Corporate - Non Convertible	USD 329,000	426	431
Rabobank Nederland of NY 2.50% 01-19-2021	Netherlands	Corporate - Non Convertible	USD 372,000	464	471



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SCHEDULE OF INVESTMENTS (cont'd)

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	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS (cont'd)					
Royal Bank of Canada 1.88% 02-05-2020	Canada	Corporate - Non Convertible	USD 736,000	912	936
Royal Bank of Scotland Group PLC 3.88% 09-12-2023	United Kingdom	Corporate - Non Convertible	USD 300,000	379	377
Royal Dutch Shell PLC 2.13% 05-11-2020	Netherlands	Corporate - Non Convertible	USD 233,000	296	297
Royal Dutch Shell PLC 3.25% 05-11-2025	Netherlands	Corporate - Non Convertible	USD 1,185,000	1,484	1,499
Royal Dutch Shell PLC 6.38% 12-15-2038	Netherlands	Corporate - Non Convertible	USD 81,000	136	135
Royal Dutch Shell PLC 4.38% 05-11-2045	Netherlands	Corporate - Non Convertible	USD 555,000	750	746
Sabine Pass Liquefaction LLC 5.75% 05-15-2024	United States	Corporate - Non Convertible	USD 100,000	136	139
Sabine Pass Liquefaction LLC 5.625% 03-01-2025 Callable	United States	Corporate - Non Convertible	USD 730,000	1,028	1,007
Sabine Pass Liquefaction LLC 5.88% 06-30-2026	United States	Corporate - Non Convertible	USD 126,000	173	176
Sanofi 4.00% 03-29-2021	France	Corporate - Non Convertible	USD 372,000	485	490
Santander UK Group Holdings PLC 2.88% 08-05-2021	United Kingdom	Corporate - Non Convertible	USD 310,000	385	390
Shire Acquisitions Investments Ireland Designated Activity Co. 3.20% 09-23-2026 Callable 2026	United States	Corporate - Non Convertible	USD 890,000	1,066	1,061
Shire PLC 1.90% 09-23-2019	United States	Corporate - Non Convertible	USD 113,000	138	144
Shire PLC 2.40% 09-23-2021	United States	Corporate - Non Convertible	USD 102,000	123	127
Shire PLC 2.88% 09-23-2023	United States	Corporate - Non Convertible	USD 26,000	33	32
Shire PLC 4.00% 06-23-2025	United States	Corporate - Non Convertible	USD 322,000	409	412
The Southern Co. 2.35% 07-01-2021	United States	Corporate - Non Convertible	USD 18,000	22	23
Southern Co. 4.40% 07-01-2046 Callable	United States	Corporate - Non Convertible	USD 461,000	593	569
Southern Copper Corp. 6.75% 04-16-2040 Callable	United States	Corporate - Non Convertible	USD 248,000	403	380
Sumitomo Mitsui Banking Corp. 2.45% 01-16-2020	Japan	Corporate - Non Convertible	USD 8,000	10	10
Sumitomo Mitsui Banking Corp. 2.51% 01-17-2020	Japan	Corporate - Non Convertible	USD 547,000	689	701
Sumitomo Mitsui Financial Group Inc. 2.78% 07-12-2022	Japan	Corporate - Non Convertible	USD 269,000	341	337
Telefonica SA 7.05% 06-20-2036	Spain	Corporate - Non Convertible	USD 18,000	29	28
Telefonica SA 5.21% 03-08-2047	Spain	Corporate - Non Convertible	USD 434,000	604	550
The Toronto-Dominion Bank 1.90% 10-24-2019	Canada	Corporate - Non Convertible	USD 21,000	26	27
The Toronto-Dominion Bank 2.50% 12-14-2020	Canada	Corporate - Non Convertible	USD 30,000	38	38
The Toronto-Dominion Bank 2.13% 04-07-2021	Canada	Corporate - Non Convertible	USD 555,000	682	697
The Toronto-Dominion Bank 3.50% 07-19-2023	Canada	Corporate - Non Convertible	USD 240,000	317	310
Tyson Foods Inc. 3.95% 08-15-2024 Callable 2024	United States	Corporate - Non Convertible	USD 28,000	36	36
United Technologies Corp. 3.10% 06-01-2022	United States	Corporate - Non Convertible	USD 330,000	418	420
United Technologies Corp. 3.65% 08-16-2023 Callable 2023	United States	Corporate - Non Convertible	USD 320,000	417	412
United Technologies Corp. 4.50% 06-01-2042	United States	Corporate - Non Convertible	USD 53,000	71	68
UnitedHealth Group Inc. 4.75% 07-15-2045	United States	Corporate - Non Convertible	USD 280,000	400	388
Vale Overseas Ltd. 6.25% 08-10-2026	Brazil	Corporate - Non Convertible	USD 220,000	314	312
Verizon Communications Inc. 3.50% 11-01-2024	United States	Corporate - Non Convertible	USD 362,000	458	462
Verizon Communications Inc. 3.38% 02-15-2025	United States	Corporate - Non Convertible	USD 1,205,000	1,513	1,513
Verizon Communications Inc. 4.13% 03-16-2027	United States	Corporate - Non Convertible	USD 656,000	848	853
Verizon Communications Inc. 4.33% 09-21-2028	United States	Corporate - Non Convertible	USD 301,000	384	392
Verizon Communications Inc. 4.50% 08-10-2033	United States	Corporate - Non Convertible	USD 144,000	183	185
Verizon Communications Inc. 4.272% 01-15-2036	United States	Corporate - Non Convertible	USD 133,000	161	164
Verizon Communications Inc. 4.86% 08-21-2046	United States	Corporate - Non Convertible	USD 581,000	740	751
Verizon Communications Inc. 4.52% 09-15-2048	United States	Corporate - Non Convertible	USD 202,000	244	249
Verizon Communications Inc. 5.01% 08-21-2054	United States	Corporate - Non Convertible	USD 520,000	673	678
Verizon Communications Inc. 4.67% 03-15-2055	United States	Corporate - Non Convertible	USD 470,000	554	573
Visa Inc. 2.20% 12-14-2020	United States	Corporate - Non Convertible	USD 103,000	128	131
Visa Inc. 2.80% 12-14-2022 Callable 2022	United States	Corporate - Non Convertible	USD 1,274,000	1,591	1,614
Visa Inc. 3.15% 12-14-2025 Callable 2025	United States	Corporate - Non Convertible	USD 260,000	334	326



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SCHEDULE OF INVESTMENTS (cont'd)

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	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS (cont'd)					
Visa Inc. 4.30% 12-14-2045	United States	Corporate - Non Convertible	USD 224,000	299	300
Vodafone Group PLC 4.38% 05-30-2028	United Kingdom	Corporate - Non Convertible	USD 20,000	26	26
Vodafone Group PLC 5.25% 05-30-2048	United Kingdom	Corporate - Non Convertible	USD 110,000	147	143
Walgreens Boots Alliance Inc. 3.80% 11-18-2024 Callable 2024	United States	Corporate - Non Convertible	USD 54,000	68	69
Walgreens Boots Alliance Inc. 3.45% 06-01-2026 Callable 2026	United States	Corporate - Non Convertible	USD 682,000	826	837
Walmart Inc. 6.50% 08-15-2037	United States	Corporate - Non Convertible	USD 15,000	25	25
Walmart Inc. 3.95% 06-28-2038 Callable 2037	United States	Corporate - Non Convertible	USD 530,000	702	685
Wal-Mart Stores Inc. 1.90% 12-15-2020	United States	Corporate - Non Convertible	USD 682,000	845	862
Wells Fargo & Co. 2.15% 01-30-2020	United States	Corporate - Non Convertible	USD 425,000	531	543
Wells Fargo & Co. 2.63% 07-22-2022	United States	Corporate - Non Convertible	USD 81,000	100	101
Wells Fargo & Co. 3.07% 01-24-2023	United States	Corporate - Non Convertible	USD 315,000	390	397
Wells Fargo & Co. 4.10% 06-03-2026	United States	Corporate - Non Convertible	USD 319,000	407	408
Wells Fargo & Co. 4.30% 07-22-2027 GMTN	United States	Corporate - Non Convertible	USD 2,100,000	2,727	2,707
Wells Fargo & Co. 5.38% 11-02-2043	United States	Corporate - Non Convertible	USD 558,000	810	776
Wells Fargo & Co. 5.61% 01-15-2044	United States	Corporate - Non Convertible	USD 45,000	67	64
Wells Fargo & Co. 4.65% 11-04-2044	United States	Corporate - Non Convertible	USD 44,000	58	55
Wells Fargo & Co. 3.90% 05-01-2045	United States	Corporate - Non Convertible	USD 341,000	422	411
Wells Fargo & Co. 4.75% 12-07-2046	United States	Corporate - Non Convertible	USD 176,000	237	227
Wells Fargo Bank National Association 2.60% 01-15-2021	United States	Corporate - Non Convertible	USD 744,000	930	945
Westpac Banking Corp. 2.85% 05-13-2026	Australia	Corporate - Non Convertible	USD 764,000	938	914
Wyeth LLC 5.95% 04-01-2037	United States	Corporate - Non Convertible	USD 248,000	405	389
Zimmer Biomet Holdings Inc. 3.55% 04-01-2025	United States	Corporate - Non Convertible	USD 372,000	460	462
Total bonds				158,504	157,759
Transaction costs				—	—
Total investments				158,504	157,759
Derivative instruments (see schedule of derivative instruments)					687
Cash and cash equivalents					547
Other assets less liabilities					1,309
Total net assets					160,302



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SUMMARY OF INVESTMENT PORTFOLIO

September 30, 2018	
Portfolio Allocation	% of NAV
Bonds	98.4
Other assets (liabilities)	1.3
Cash and short-term investments	0.3

Regional Allocation	
	% of NAV
United States	74.2
United Kingdom	7.9
Mexico	3.3
Belgium	2.9
Switzerland	2.4
Netherlands	2.1
Canada	1.3
Other assets (liabilities)	1.3
Germany	1.1
Japan	1.0
Australia	0.8
France	0.4
Spain	0.4
China	0.3
Cash and short-term investments	0.3
Brazil	0.2
Colombia	0.1

Sector Allocation	
	% of NAV
Corporate bonds	98.4
Other assets (liabilities)	1.3
Cash and short-term investments	0.3

March 31, 2018	
Portfolio Allocation	% of NAV
Bonds	98.3
Other assets (liabilities)	0.9
Cash and short-term investments	0.8

Regional Allocation	
	% of NAV
United States	74.8
United Kingdom	6.0
Mexico	3.3
Belgium	3.0
Switzerland	2.8
Netherlands	1.8
Germany	1.7
Japan	1.3
Canada	1.0
Australia	0.9
Other assets (liabilities)	0.9
Cash and short-term investments	0.8
China	0.8
France	0.4
Spain	0.4
Colombia	0.1

Sector Allocation	
	% of NAV
Corporate bonds	98.3
Other assets (liabilities)	0.9
Cash and short-term investments	0.8



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SCHEDULE OF DERIVATIVE INSTRUMENTS

As at September 30, 2018

Schedule of Forward Currency Contracts

Counterparty Credit Rating	Bought (\$ 000s)		Sold (\$ 000s)		Settlement Date	Contract Cost (\$ 000s)	Current Fair Value (\$ 000s)	Unrealized Gains (Losses) (\$ 000s)
AA	31,335	Canadian dollar	(24,167)	U.S. dollar	Oct. 01, 2018	(31,335)	(31,215)	120
AA	35,861	Canadian dollar	(27,645)	U.S. dollar	Oct. 01, 2018	(35,861)	(35,708)	153
AA	44,892	Canadian dollar	(34,600)	U.S. dollar	Oct. 01, 2018	(44,892)	(44,692)	200
AA	44,451	Canadian dollar	(34,254)	U.S. dollar	Oct. 01, 2018	(44,451)	(44,245)	206
AA	1,975	Canadian dollar	(1,523)	U.S. dollar	Oct. 01, 2018	(1,975)	(1,967)	8
AA	31,314	Canadian dollar	(24,167)	U.S. dollar	Nov. 01, 2018	(31,314)	(31,194)	120
AA	37,796	Canadian dollar	(29,168)	U.S. dollar	Nov. 01, 2018	(37,796)	(37,649)	147
AA	44,387	Canadian dollar	(34,254)	U.S. dollar	Nov. 01, 2018	(44,387)	(44,214)	173
AA	44,816	Canadian dollar	(34,600)	U.S. dollar	Nov. 01, 2018	(44,816)	(44,661)	155
Unrealized Gains								1,282
AA	24,167	U.S. dollar	(31,335)	Canadian dollar	Oct. 01, 2018	31,335	31,215	(120)
AA	29,168	U.S. dollar	(37,822)	Canadian dollar	Oct. 01, 2018	37,822	37,675	(147)
AA	34,254	U.S. dollar	(44,417)	Canadian dollar	Oct. 01, 2018	44,417	44,244	(173)
AA	34,600	U.S. dollar	(44,846)	Canadian dollar	Oct. 01, 2018	44,846	44,691	(155)
Unrealized (Losses)								(595)
Total forward currency contracts								687
Total derivative instruments at fair value								687



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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 six-month periods ended or as at September 30, 2018 and 2017, except for the comparative information presented in the Statements of Financial Position and notes thereto, which is as at March 31, 2018, as applicable. In the year an exchange-traded fund (“the ETF”) is established, ‘period’ represents the period from inception to the period end of that fiscal year. Refer to Note 10 for the formation date of the ETF.

The ETF 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 ETF’s registered office is 180 Queen Street West, Toronto, Ontario, Canada. The ETF is authorized to issue an unlimited number of units for sale under a Prospectus. The units of the ETF are listed on the Toronto Stock Exchange/Aequitas NEO Exchange (“the Exchange”).

Mackenzie Financial Corporation (“Mackenzie”) is the manager of the ETF and is wholly owned by IGM Financial Inc., a subsidiary of Power Financial Corporation, which itself is a subsidiary of Power Corporation of Canada. Investments in companies within the Power Group of companies held by the ETF are identified in the Schedule of Investments.

2. Basis of Preparation and Presentation

These unaudited interim financial statements (“financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”), including international Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). These financial statements were prepared using the same accounting policies, critical accounting judgements and estimates as applied in the ETF’s most recent audited annual financial statements for the year ended March 31, 2018. A summary of the ETF’s significant accounting policies under IFRS is presented in Note 3.

These financial statements are presented in Canadian dollars, which is the ETF’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 November 13, 2018.

Standards issued but not yet effective for the current accounting year, as applicable, are described in Note 3.

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 ETF 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 ETF 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 ETF has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled or 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 ETF’s redeemable units are held by different types of unitholders that are entitled to different redemption rights. Unitholders may redeem units of the ETF at a redemption price per unit equal to 95% of the closing price of the units on the Exchange on the effective day of the redemption, subject to a maximum redemption price of the applicable NAV per unit. These different redemption features create equally subordinate but not identical units of the ETF which therefore meet the criteria for classification as financial liabilities under IAS 32, *Financial Instruments: Presentation*. The ETF’s obligation for net assets attributable to unitholders is presented at the redemption amount. Refer to Note 7 for details of subscriptions and redemptions of the ETF’s units.

IAS 7, *Statement of Cash Flows*, requires disclosures related to changes in liabilities and assets, such as the units of the ETF, arising from financing activities. Changes in units of the ETF, including both changes from cash flows and non-cash changes, are included in the Statement of Changes in Financial Position. Any changes in the units not settled in cash as at the end of the period are presented as either Accounts receivable for units issued or Accounts payable for units 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 ETF 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 ETF invests, does 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 ETF 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 ETF 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 ETF 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 ETF's portfolio manager(s), provided that the use of the derivative is consistent with the ETF's investment objectives. Any use of derivatives will comply with Canadian mutual fund laws, subject to the regulatory exemptions granted to the ETF, 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 ETF 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 ETF 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 futures contracts or swaps. 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 September 30, 2018.



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 or realized gains (losses) on sale of investments, as appropriate.

(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 10. The value of certain proprietary services provided by brokers cannot be reasonably estimated. Mackenzie may reimburse the ETF for certain commissions and other portfolio transaction costs. Mackenzie may make these reimbursements at its discretion and stop these reimbursements at any time without notice. Any such reimbursements are included in expenses absorbed by Manager in the Statement of Comprehensive Income.

(e) Securities lending, repurchase and reverse repurchase transactions

The ETF is permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in the ETF's 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 10 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 ETF 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 10 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 ETF.

(g) Foreign currency

The functional and presentation currency of the ETF 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 unitholders per unit

Net assets attributable to unitholders per unit is computed by dividing the net assets attributable to unitholders on a business day by the total number of units outstanding on that day.

(i) Net asset value per unit

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 unitholders (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 10 for the ETF's NAV per unit.

(j) Increase (decrease) in net assets attributable to unitholders from operations per unit

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

NOTES TO FINANCIAL STATEMENTS

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 ETF 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 ETF.

Use of Judgments

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

In classifying and measuring financial instruments held by the ETF, Mackenzie is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. Mackenzie has assessed the ETF'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 ETF's financial instruments.

Functional currency

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

Structured entities and associates

In determining whether an unlisted open-ended investment fund or an exchange-traded fund in which the ETF 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 ETF does not have contracts or financing arrangements with these underlying funds and the ETF 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 ETF 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 unitholders as at the end of the taxation year. It is the intention of the ETF to distribute all of its net income and sufficient net realized capital gains so that the ETF will not be subject to income taxes other than foreign withholding taxes, if applicable.

Losses of the ETF cannot be allocated to investors and are retained in the ETF 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 10 for the ETF's loss carryforwards.

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 and making brokerage arrangements relating to the purchase and sale of the investment portfolio. The management fee is calculated as a fixed annual percentage of the daily net asset value of the units of the ETF.

In addition to the applicable management fee, the operating expenses payable by the ETF include interest and borrowing costs, brokerage expenses and related transaction fees, fees and expenses relating to the operation of the Mackenzie ETFs' Independent Review Committee (IRC), fees under any derivative instrument used by the ETF, cost of complying with the regulatory requirement to produce summary documents, ETF facts or other similar disclosure documents, the costs of complying with governmental or regulatory requirements introduced after the date of the most recently filed prospectus, including, without limitation, any new fees or increases in fees, the fees related to external services that are not commonly charged in the Canadian exchange-traded fund industry after the date of the most recently filed prospectus, fees paid to external service providers associated with tax reclaims, refunds or the preparation of foreign tax reports on behalf of the ETFs, fees paid to external legal counsel and/or others in connection with corporate or other actions affecting the portfolio holdings of the ETF, and any applicable taxes, including income, withholding or other taxes and also including G.S.T. or H.S.T. on expenses.

NOTES TO FINANCIAL STATEMENTS

6. Management Fees and Operating Expenses (cont'd)

Mackenzie may waive or absorb management fees and operating expenses at its discretion and stop waiving or absorbing such fees at any time without notice. Mackenzie may charge a reduced management fee rate with respect to investments in the ETF by large investors, including other funds managed by Mackenzie or affiliates of Mackenzie. An amount equal to the difference between the fee otherwise chargeable and the reduced fee will be distributed in cash to those unitholders by the ETF as a management fee distribution. Refer to Note 10 for the management fee rates charged to units of the ETF.

7. Units and Unit Transactions

Mackenzie, on behalf of the ETF, has entered into a designated broker agreement with one or more designated brokers pursuant to which the designated broker has agreed to perform certain duties relating to the ETF including, without limitation: (i) to subscribe for a sufficient number of units to satisfy the Exchange's original listing requirements; (ii) to subscribe for units on an ongoing basis in connection with any rebalancing event, as applicable, and when cash redemptions of units occur; and (iii) to post a liquid two-way market for the trading of units on the Exchange. In accordance with the designated broker agreement, Mackenzie may from time to time require the designated broker to subscribe for units of the ETF for cash.

The number of units issued for subscription orders (the "Prescribed Number of Units") is determined by Mackenzie. On any trading day, a designated broker may place a subscription or redemption order for an integral multiple of the Prescribed Number of Units of the ETF based on the NAV per unit determined on the applicable trading day. A trading day is each day on which the Exchange is opened for business.

Generally, all orders to purchase units directly from an ETF must be placed by a designated broker or a dealer. The ETF reserves the absolute right to reject any subscription order placed by a designated broker or a dealer. No fees will be payable by the ETF to a designated broker or a dealer in connection with the issuance of units. On the issuance of units, an amount may be charged to a designated broker or a dealer to offset the expenses incurred in issuing the units.

For each Prescribed Number of Units issued, a dealer must deliver payment consisting of: (i) a basket of securities and cash equal to the aggregate NAV per unit of the Prescribed Number of Units next determined following the receipt of the subscription order; (ii) cash in an amount equal to the aggregate NAV per unit of the Prescribed Number of Units next determined following the receipt of the subscription order; or (iii) a combination of securities and cash, as determined by Mackenzie, in an amount sufficient so that the value of the securities and cash received is equal to the aggregate NAV per unit of the Prescribed Number of Units next determined following the receipt of the subscription order.

8. ETF's Capital

The capital of the ETF is comprised of the net assets attributable to unitholders. The units outstanding for the ETF as at September 30, 2018 and 2017 and units issued, reinvested and redeemed for the periods are presented in the Statement of Changes in Financial Position. Mackenzie manages the capital of the ETF in accordance with the investment objectives as discussed in Note 10.

9. Financial Instruments Risk

i. Risk exposure and management

The ETF's investment activities expose it to a variety of financial risks, as defined in IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7"). The ETF's exposure to financial risks is concentrated in its investments, which are presented in the Schedule of Investments, as at September 30, 2018, grouped by asset type, with geographic and sector information.

Mackenzie seeks to minimize potential adverse effects of financial risks on the ETF's performance by employing professional, experienced portfolio advisors, by monitoring the ETF's positions and market events daily, by diversifying the investment portfolio within the constraints of the ETF'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 ETF's investment activities and monitors compliance with the ETF's stated investment strategy, internal guidelines, and securities regulations.

ii. Liquidity risk

Liquidity risk arises when the ETF encounters difficulty in meeting its financial obligations as they come due. The ETF is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. In accordance with securities regulations, the ETF must maintain at least 90% of its assets in liquid investments (i.e., investments that can be readily sold). The ETF also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions and an additional 5% of its net assets for the purpose of funding distributions paid to its investors.

NOTES TO FINANCIAL STATEMENTS

9. Financial Instruments Risk (cont'd)

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 ETF's reporting currency, fluctuates due to changes in exchange rates. Note 10 summarizes the ETF's exposure, if applicable and significant, to currency risk.

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 ETF to significant amounts of interest rate risk. Note 10 summarizes the ETF'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 ETF 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 ETF. This risk is mitigated by ensuring that the ETF 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 10 summarizes the ETF'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 ETF. Note 10 summarizes the ETF'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 ETF 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 ETFs

The ETF may invest in underlying ETFs 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 ETFs. Note 10 summarizes the ETF's exposure, if applicable and significant, to these risks from underlying ETF.

MACKENZIE US INVESTMENT GRADE CORPORATE BOND INDEX ETF (CAD-HEDGED)

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TRADITIONAL FIXED INCOME INDEX ETF

NOTES TO FINANCIAL STATEMENTS

10. ETF Specific Information *(in '000s, except for (a))*

(a) ETF Formation and Series Information

Date of Formation January 9, 2018

The ETF may issue an unlimited number of units. The number of issued and outstanding units is disclosed in the Statement of Changes in Financial Position.

Series E units were listed on the TSX under the symbol QUIG on January 29, 2018. The closing market price, or the midpoint of the bid and ask prices in the absence of a closing market price, at September 30, 2018 was \$97.68 (March 31, 2018 – \$98.29).

The management fee rate for Series E units is 0.25%.

As at September 30, 2018, the ETF's NAV per unit was \$97.68 (March 31, 2018 – \$98.29) and its Net Assets per unit calculated in accordance with IFRS was \$97.75 (March 31, 2018 – \$98.34).

(b) Investments by Mackenzie and Affiliates

As at September 30, 2018, Mackenzie and other funds managed by Mackenzie had an investment of \$Nil and \$159,376 (March 31, 2018 – \$146,825 and \$Nil), respectively, in the ETF.

(c) Loss Carryforwards

As the ETF was launched January 9, 2018, it has not had a taxation year end and does not have any capital and non-capital losses available to carry forward for tax purposes.

(d) Securities Lending

As at September 30, 2018 and March 31, 2018, the ETF did not have any open securities lending, repurchase or reverse purchase transactions.

(e) 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.

	September 30, 2018			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	239	(120)	–	119
Unrealized losses on derivative contracts	(120)	120	–	–
Liability for options written	–	–	–	–
Total	119	–	–	119

	March 31, 2018			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	7	–	–	7
Unrealized losses on derivative contracts	–	–	–	–
Liability for options written	–	–	–	–
Total	7	–	–	7

(f) Risks Associated with Financial Instruments

i. Risk exposure and management

The ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive Select USD Investment Grade Corporate Hedged to CAD Index, or any successor thereto. It invests primarily in investment grade corporate bonds issued in U.S. dollars, either directly or indirectly, with its foreign currency hedged back to the Canadian dollar.

MACKENZIE US INVESTMENT GRADE CORPORATE BOND INDEX ETF (CAD-HEDGED)

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TRADITIONAL FIXED INCOME INDEX ETF

NOTES TO FINANCIAL STATEMENTS

10. ETF Specific Information *(in '000s, except for (a)) (cont'd)*

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

ii. Currency risk

The table below indicates currencies to which the ETF 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 ETF to significant currency risk.

September 30, 2018				
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	157,759	101	(157,720)	140
Total	157,759	101	(157,720)	140
% of Net Assets	98.4	0.1	(98.4)	0.1

March 31, 2018				
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	145,074	1,177	(150,057)	(3,806)
Total	145,074	1,177	(150,057)	(3,806)
% of Net Assets	98.3	0.8	(101.7)	(2.6)

* Includes both monetary and non-monetary financial instruments

As at September 30, 2018, had the Canadian dollar increased or decreased by 5% relative to all foreign currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$7 or 0.0% (March 31, 2018 – increased or decreased by \$190 or 0.1%) of total net assets. In practice, the actual trading results may differ and the difference could be material.

iii. Interest rate risk

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

	September 30, 2018 (\$)	March 31, 2018 (\$)
Bonds		
Less than 1 year	2,771	–
1-5 years	56,051	54,270
5-10 years	49,968	48,232
Greater than 10 years	48,969	42,572
Total	157,759	145,074

As at September 30, 2018, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets would have decreased or increased by approximately \$11,248 or 7.0% (March 31, 2018 – \$10,483 or 7.1%) of total net assets. In practice, the actual trading results may differ and the difference could be material.

iv. Other price risk

As at September 30, 2018 and March 31, 2018, the ETF did not have a significant exposure to price risk.

MACKENZIE US INVESTMENT GRADE CORPORATE BOND INDEX ETF (CAD-HEDGED)

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2018

TRADITIONAL FIXED INCOME INDEX ETF

NOTES TO FINANCIAL STATEMENTS

10. ETF Specific Information *(in '000s, except for (a)) (cont'd)*

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

v. Credit risk

The ETF'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 September 30, 2018, was 5.5% (March 31, 2018 – 3.3%) of the net assets of the ETF.

As at September 30, 2018 and March 31, 2018, debt securities by credit rating are as follows:

Bond Rating*	September 30, 2018	March 31, 2018
	% of Net Assets	% of Net Assets
AAA	2.7	3.0
AA	11.1	10.6
A	42.9	45.3
BBB	41.7	39.4
Total	98.4	98.3

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

(g) Fair Value Classification

The table below summarizes the fair value of the ETF'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.

	September 30, 2018				March 31, 2018			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Bonds	–	157,759	–	157,759	–	145,074	–	145,074
Derivative assets	–	1,282	–	1,282	–	26	–	26
Derivative liabilities	–	(595)	–	(595)	–	–	–	–
Total	–	158,446	–	158,446	–	145,100	–	145,100

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

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

Financial instruments classified as Level 2 investments are valued based on the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data and using standard market convention practices.



MACKENZIE
Investments