

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2023

## MANAGEMENT REPORT

### Management's Responsibility for Financial Reporting

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

The Board of Directors (the "Board") of Mackenzie Financial Corporation is responsible for reviewing and approving the financial statements and overseeing the Manager's performance of its financial reporting responsibilities. The Board meets regularly with the Manager, internal auditors and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues.

Effective March 31, 2023, KPMG LLP was appointed as the external auditor of the Fund. It is appointed by the Board. The external auditor has audited the financial statements in accordance with Canadian generally accepted auditing standards to enable it to express to the securityholders its opinion on the financial statements. Its report is set out below.

On behalf of Mackenzie Financial Corporation,  
Manager of the Fund



Luke Gould  
President and Chief Executive Officer



Terry Rountes  
Chief Financial Officer, Funds

June 5, 2023

## INDEPENDENT AUDITOR'S REPORT

To the Securityholders of Mackenzie Credit Absolute Return Fund (the "Fund")

### Opinion

We have audited the financial statements of the Fund, which comprise:

- the statement of financial position as at March 31, 2023
- the statement of comprehensive income for the period then ended as indicated in note 1
- the statement of changes in financial position for the period then ended as indicated in note 1
- the statement of cash flows for the period then ended as indicated in note 1 and
- notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2023, and its financial performance and cash flows for the period then ended as indicated in note 1 in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matter – Comparative Information

The financial statements for the period ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 15, 2022.



**MACKENZIE**  
Investments

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

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## INDEPENDENT AUDITOR'S REPORT (cont'd)

### Other Information

Management is responsible for the other information. Other information comprises:

– the information included in the Annual Management Report of Fund Performance of the Fund.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the Annual Management Report of Fund Performance of the Fund filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants, Licensed Public Accountants  
Toronto, Ontario  
June 5, 2023

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2023

## STATEMENTS OF FINANCIAL POSITION

at March 31 (in \$ 000 except per security amounts)

	2023 \$	2022 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Investments at fair value	99,207	98,984
Cash and cash equivalents	21,270	27,420
Accrued interest receivable	1,475	1,555
Accounts receivable for investments sold	76	–
Accounts receivable for securities issued	6	37
Due from manager	–	1
Margin on derivatives	1,049	4,589
Derivative assets	1,519	2,191
<b>Total assets</b>	<b>124,602</b>	<b>134,777</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Investments sold short at fair value	3,558	6,151
Accounts payable for investments purchased	130	–
Accounts payable for securities redeemed	–	1
Interest payable on securities sold short	37	103
Dividends payable on securities sold short	1	1
Due to manager	6	–
Liability for options written	62	245
Derivative liabilities	540	1,022
<b>Total liabilities</b>	<b>4,334</b>	<b>7,523</b>
<b>Net assets attributable to securityholders</b>	<b>120,268</b>	<b>127,254</b>

	Net assets attributable to securityholders (note 3)			
	per security		per series	
	2023	2022	2023	2022
Series A	8.33	8.91	124	310
Series CL	8.50	9.05	16,738	6,518
Series F	8.41	8.98	5,477	6,352
Series FB	8.38	8.95	3	1
Series O	8.56	9.12	1,901	1,026
Series PW	8.35	8.92	32	98
Series PWFB	8.44	9.01	1	1
Series PWX	8.56	9.12	1	1
Series R	8.56	9.12	95,991	112,947
			<b>120,268</b>	<b>127,254</b>

## STATEMENTS OF COMPREHENSIVE INCOME

for the periods ended March 31 (in \$ 000 except per security amounts)

	2023 \$	2022 \$
<b>Income (note 10(j))</b>		
Dividends	69	102
Interest income for distribution purposes	6,316	6,160
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	(10,163)	(5,104)
Net unrealized gain (loss)	143	(7,787)
Fee rebate income	4	11
<b>Total income (loss)</b>	<b>(3,631)</b>	<b>(6,618)</b>
<b>Expenses (note 6)</b>		
Management fees	46	64
Administration fees	9	12
Interest charges	25	53
Borrowing fees	56	34
Commissions and other portfolio transaction costs	142	95
Independent Review Committee fees	–	–
Other	1	–
<b>Expenses before amounts absorbed by Manager</b>	<b>279</b>	<b>258</b>
Expenses absorbed by Manager	–	–
<b>Net expenses</b>	<b>279</b>	<b>258</b>
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	<b>(3,910)</b>	<b>(6,876)</b>
Foreign withholding tax expense (recovery)	1	326
Foreign income tax expense (recovery)	–	–
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	<b>(3,911)</b>	<b>(7,202)</b>

	Increase (decrease) in net assets attributable to securityholders from operations (note 3)			
	per security		per series	
	2023	2022	2023	2022
Series A	(0.44)	(0.41)	(12)	(26)
Series CL	(0.11)	(1.44)	(192)	(420)
Series F	(0.45)	(0.66)	(265)	(451)
Series FB	(0.30)	(0.63)	–	–
Series O	(0.01)	(1.35)	(3)	(59)
Series PW	(0.57)	(0.85)	(4)	(7)
Series PWFB	0.18	(0.58)	–	–
Series PWX	(0.23)	(0.52)	–	–
Series R	(0.29)	(0.49)	(3,435)	(6,239)
			<b>(3,911)</b>	<b>(7,202)</b>

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

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2023

## STATEMENTS OF CHANGES IN FINANCIAL POSITION

for the periods ended March 31 (in \$ 000 except per security amounts)

	Total		Series A		Series CL		Series F		Series FB	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
Beginning of period	127,254	134,727	310	850	6,518	1	6,352	5,805	1	1
Increase (decrease) in net assets from operations	(3,911)	(7,202)	(12)	(26)	(192)	(420)	(265)	(451)	–	–
Distributions paid to securityholders:										
Investment income	(4,704)	(4,004)	(5)	(10)	(631)	(65)	(151)	(152)	–	–
Capital gains	–	–	–	–	–	–	–	–	–	–
Total distributions paid to securityholders	(4,704)	(4,004)	(5)	(10)	(631)	(65)	(151)	(152)	–	–
Security transactions:										
Proceeds from securities issued	14,910	13,748	40	277	11,043	7,002	2,047	4,820	2	–
Reinvested distributions	140	110	4	10	–	–	86	84	–	–
Payments on redemption of securities	(13,421)	(10,125)	(213)	(791)	–	–	(2,592)	(3,754)	–	–
Total security transactions	1,629	3,733	(169)	(504)	11,043	7,002	(459)	1,150	2	–
Increase (decrease) in net assets attributable to securityholders	(6,986)	(7,473)	(186)	(540)	10,220	6,517	(875)	547	2	–
<b>End of period</b>	<b>120,268</b>	<b>127,254</b>	<b>124</b>	<b>310</b>	<b>16,738</b>	<b>6,518</b>	<b>5,477</b>	<b>6,352</b>	<b>3</b>	<b>1</b>
<b>Increase (decrease) in fund securities (in thousands) (note 7):</b>										
Securities outstanding – beginning of period			Securities		Securities		Securities		Securities	
Issued			35	87	720	–	707	592	–	–
Reinvested distributions			4	29	1,250	720	240	494	–	–
Redeemed			1	1	–	–	10	9	–	–
Redeemed			(25)	(82)	–	–	(306)	(388)	–	–
Securities outstanding – end of period			15	35	1,970	720	651	707	–	–

  

	Series O		Series PW		Series PWFB		Series PWX		Series R	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
Beginning of period	1,026	11	98	72	1	1	1	1	112,947	127,985
Increase (decrease) in net assets from operations	(3)	(59)	(4)	(7)	–	–	–	–	(3,435)	(6,239)
Distributions paid to securityholders:										
Investment income	(53)	(15)	(2)	(1)	–	–	–	–	(3,862)	(3,761)
Capital gains	–	–	–	–	–	–	–	–	–	–
Total distributions paid to securityholders	(53)	(15)	(2)	(1)	–	–	–	–	(3,862)	(3,761)
Security transactions:										
Proceeds from securities issued	1,378	1,153	250	68	2	–	–	–	148	428
Reinvested distributions	49	15	1	1	–	–	–	–	–	–
Payments on redemption of securities	(496)	(79)	(311)	(35)	(2)	–	–	–	(9,807)	(5,466)
Total security transactions	931	1,089	(60)	34	–	–	–	–	(9,659)	(5,038)
Increase (decrease) in net assets attributable to securityholders	875	1,015	(66)	26	–	–	–	–	(16,956)	(15,038)
<b>End of period</b>	<b>1,901</b>	<b>1,026</b>	<b>32</b>	<b>98</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>95,991</b>	<b>112,947</b>
<b>Increase (decrease) in fund securities (in thousands) (note 7):</b>										
Securities outstanding – beginning of period			Securities		Securities		Securities		Securities	
Issued			112	1	11	7	–	–	12,385	12,888
Reinvested distributions			161	117	31	8	–	–	18	43
Redeemed			6	2	–	–	–	–	–	–
Redeemed			(57)	(8)	(38)	(4)	–	–	(1,186)	(546)
Securities outstanding – end of period			222	112	4	11	–	–	11,217	12,385

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

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2023

## STATEMENTS OF CASH FLOWS

for the periods ended March 31 (in \$ 000)

	2023	2022
	\$	\$
<b>Cash flows from operating activities</b>		
Net increase (decrease) in net assets attributable to securityholders from operations	(3,911)	(7,202)
Adjustments for:		
Net realized loss (gain) on investments	4,486	8,011
Change in net unrealized loss (gain) on investments	(143)	7,787
Purchase of investments	(84,293)	(118,291)
Proceeds from sale and maturity of investments	76,994	117,024
(Increase) decrease in accounts receivable and other assets	3,621	(3,293)
Increase (decrease) in accounts payable and other liabilities	(60)	19
<b>Net cash provided by (used in) operating activities</b>	<b>(3,306)</b>	<b>4,055</b>
<b>Cash flows from financing activities</b>		
Proceeds from securities issued	14,939	13,653
Payments on redemption of securities	(13,420)	(10,056)
Distributions paid net of reinvestments	(4,564)	(3,894)
<b>Net cash provided by (used in) financing activities</b>	<b>(3,045)</b>	<b>(297)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(6,351)</b>	<b>3,758</b>
Cash and cash equivalents at beginning of period	27,420	23,583
Effect of exchange rate fluctuations on cash and cash equivalents	201	79
<b>Cash and cash equivalents at end of period</b>	<b>21,270</b>	<b>27,420</b>
Cash	12,181	8,150
Cash equivalents	9,089	19,270
<b>Cash and cash equivalents at end of period</b>	<b>21,270</b>	<b>27,420</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	89	121
Dividends paid	20	18
Foreign taxes paid	1	326
Interest received	6,626	6,658
Interest paid	321	378

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

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2023

## SCHEDULE OF INVESTMENTS

as at March 31, 2023

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>LONG POSITIONS</b>					
<b>BONDS</b>					
Acuris Finance US Inc. 5.00% 05-01-2028 144A	United States	Corporate - Non Convertible	USD 200,000	233	215
Albion Financing Ltd. 2 SARL 8.75% 04-15-2027 144A	Luxembourg	Corporate - Non Convertible	USD 200,000	252	235
Algonquin Power & Utilities Corp. F/R 01-18-2082	Canada	Corporate - Non Convertible	1,018,000	999	820
Allied Universal Holdco LLC 3.63% 06-01-2028	United States	Corporate - Non Convertible	EUR 155,000	228	188
Alphabet Inc. 2.25% 08-15-2060	United States	Corporate - Non Convertible	USD 265,000	235	219
AltaGas Ltd. F/R 01-11-2082	Canada	Corporate - Non Convertible	540,000	540	436
AltaGas Ltd. F/R 08-17-2082	Canada	Corporate - Non Convertible	290,000	290	282
Altice France SA 2.13% 02-15-2025	France	Corporate - Non Convertible	EUR 400,000	605	544
Altice France SA 5.13% 07-15-2029	France	Corporate - Non Convertible	USD 400,000	473	408
Altice International SARL 5.00% 01-15-2028 Callable 2023 144A	Luxembourg	Corporate - Non Convertible	USD 400,000	455	440
Apple Inc. 2.40% 08-20-2050	United States	Corporate - Non Convertible	USD 470,000	443	425
Arcos Dorados BV 6.13% 05-27-2029	Brazil	Corporate - Non Convertible	USD 300,000	377	387
Arcos Dorados Holdings Inc. 5.88% 04-04-2027	Uruguay	Corporate - Non Convertible	USD 126,000	170	164
ARD Finance SA 6.50% 06-30-2027 144A	Luxembourg	Corporate - Non Convertible	USD 250,000	339	259
Ardagh Metal Packaging 4.00% 09-01-2029 144A	United States	Corporate - Non Convertible	USD 167,000	212	176
Ardagh Packaging Finance PLC 5.25% 08-15-2027 (2019 Issue) 144A	United States	Corporate - Non Convertible	USD 200,000	274	214
Ardagh Packaging Finance PLC 5.25% 08-15-2027 144A	United States	Corporate - Non Convertible	USD 528,000	578	566
Artis Real Estate Investment Trust 5.60% 04-29-2025	Canada	Corporate - Non Convertible	540,000	540	525
Ashton Woods USA LLC 4.63% 08-01-2029 144A	United States	Corporate - Non Convertible	USD 434,000	548	482
Atlantica Sustainable Infrastructure PLC 4.13% 06-15-2028 144A	Spain	Corporate - Non Convertible	USD 548,000	665	671
AutoCanada Inc. 5.75% 02-07-2029	Canada	Corporate - Non Convertible	500,000	500	429
Bank of Montreal F/R 11-26-2080	Canada	Corporate - Non Convertible	1,025,000	1,025	947
Bank of Montreal F/R 11-26-2082	Canada	Corporate - Non Convertible	200,000	200	199
Black Knight InfoServ LLC 3.63% 09-01-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 209,000	280	257
BlueLinx Holdings Inc. 6.00% 11-15-2029 144A	United States	Corporate - Non Convertible	USD 254,000	310	285
Broadcast Media Partners Holdings Inc. 4.50% 05-01-2029	United States	Corporate - Non Convertible	USD 266,000	323	303
Brookfield Residential Properties Inc. 5.13% 06-15-2029	Canada	Corporate - Non Convertible	441,000	441	357
Cablevision Lightpath LLC 5.63% 09-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 200,000	264	187
California Resources Corp. 7.13% 02-01-2026 144A	United States	Corporate - Non Convertible	USD 330,000	424	452
Canadian Imperial Bank of Commerce 4.38% 10-28-2080	Canada	Corporate - Non Convertible	310,000	310	287
Canadian Imperial Bank of Commerce F/R 07-28-2082	Canada	Corporate - Non Convertible	213,000	213	209
CAP SA 3.90% 04-27-2031	Chile	Corporate - Non Convertible	USD 200,000	250	210
Capital Power Corp. F/R 09-09-2082	Canada	Corporate - Non Convertible	760,000	760	748
Carnival Corp. 9.88% 08-01-2027 144A	United States	Corporate - Non Convertible	USD 180,000	263	250
Carriage Purchaser Inc. 7.88% 10-15-2029 144A	United States	Corporate - Non Convertible	USD 351,000	439	360
Cascades Inc. 5.13% 01-15-2025	Canada	Corporate - Non Convertible	10,000	10	10
Cascades Inc. 5.13% 01-15-2026 Callable 2023 144A	Canada	Corporate - Non Convertible	USD 490,000	654	633
CCO Holdings LLC 4.25% 02-01-2031 Callable 2025 144A	United States	Corporate - Non Convertible	USD 268,000	290	301
CIFI Holdings Group Co. Ltd. 6.00% 07-16-2025	China	Corporate - Non Convertible	USD 303,000	97	87
Clearway Energy Group LLC 3.75% 02-15-2031 144A	United States	Corporate - Non Convertible	USD 110,000	130	128
Clearway Energy LLC 3.75% 01-15-2032 144A	United States	Corporate - Non Convertible	USD 230,000	291	260
Clydesdale Acquisition Holdings Inc. 8.75% 04-15-2030 144A	United States	Corporate - Non Convertible	USD 259,000	304	314
Cogent Communications Group Inc. 7.00% 06-15-2027 144A	United States	Corporate - Non Convertible	USD 203,000	256	273
Coinbase Global Inc. 3.63% 10-01-2031 144A	United States	Corporate - Non Convertible	USD 516,000	391	391
Cologix Data Centers Issuer LLC 4.94% 1-25-2052	Canada	Mortgage Backed	540,000	540	500
Cologix Data Centers Issuer LLC 5.68% 1-25-2052	Canada	Mortgage Backed	430,000	430	396
Columbia Care Inc. 6.00% 06-29-2025 Conv.	Canada	Corporate - Convertible	USD 451,000	555	610
Columbia Care Inc. 9.50% 02-03-2026	Canada	Corporate - Non Convertible	USD 470,000	592	588
CommScope Inc. 4.75% 09-01-2029 144A	United States	Corporate - Non Convertible	USD 209,000	261	236
CommScope Technologies Finance LLC 8.25% 03-01-2027 144A	United States	Corporate - Non Convertible	USD 393,000	526	432
Condor Merger Sub Inc. 7.38% 02-15-2030 144A	United States	Corporate - Non Convertible	USD 308,000	391	349
Connect Finco SARL 6.75% 10-01-2026	United Kingdom	Corporate - Non Convertible	USD 300,000	406	382
Continental Resources Inc. 5.75% 01-15-2031 144A	United States	Corporate - Non Convertible	USD 175,000	229	227
Corus Entertainment Inc. 5.00% 05-11-2028	Canada	Corporate - Non Convertible	710,000	710	532
Country Garden Holdings Co. Ltd. 2.70% 07-12-2026	China	Corporate - Non Convertible	USD 600,000	515	515
Country Garden Holdings Co. Ltd. 5.63% 01-14-2030	China	Corporate - Non Convertible	USD 573,000	398	419
Covert Mergeco Inc. 4.88% 12-01-2029 144A	United States	Corporate - Non Convertible	USD 52,000	61	62
Crocs Inc. 4.13% 08-15-2031 144A	United States	Corporate - Non Convertible	USD 30,000	38	34
Crocs Inc. 4.25% 03-15-2029 144A	United States	Corporate - Non Convertible	USD 160,000	208	190
Crown Americas LLC 5.25% 04-01-2030	United States	Corporate - Non Convertible	USD 410,000	525	536
CSC Holdings LLC 4.63% 12-01-2030 144A	United States	Corporate - Non Convertible	USD 340,000	444	227

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

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## SCHEDULE OF INVESTMENTS (cont'd)

as at March 31, 2023

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>LONG POSITIONS (cont'd)</b>					
<b>BONDS (cont'd)</b>					
CSC Holdings LLC 5.75% 01-15-2030	United States	Corporate - Non Convertible	USD 170,000	215	122
CSC Holdings LLC 6.50% 02-01-2029 Callable 2024 144A	United States	Corporate - Non Convertible	USD 250,000	349	285
Curaleaf Holdings Inc. 8.00% 12-15-2026	United States	Corporate - Non Convertible	USD 310,000	397	345
Dana Inc. 4.50% 02-15-2032	United States	Corporate - Non Convertible	USD 130,000	163	142
DaVita Inc. 3.75% 02-15-2031 Callable 2026 144A	United States	Corporate - Non Convertible	USD 627,000	827	670
Devon Energy Corp. 4.50% 01-15-2030	United States	Corporate - Non Convertible	USD 90,000	113	116
Diamond Sports Group LLC 5.38% 08-15-2026 144A	United States	Corporate - Non Convertible	USD 652,000	668	49
Diamond Sports Group LLC 6.63% 08-15-2027 144A	United States	Corporate - Non Convertible	USD 334,000	242	6
Domtar Corp. 6.75% 10-01-2028 144A	United States	Corporate - Non Convertible	USD 645,000	820	777
Ecopetrol SA 4.63% 11-02-2031	Colombia	Corporate - Non Convertible	USD 273,000	324	286
Eldorado Gold Corp. 6.25% 09-01-2029 144A	Turkey	Corporate - Non Convertible	USD 126,000	157	159
Embecta Corp. 5.00% 02-15-2030 144A	United States	Corporate - Non Convertible	USD 231,000	284	269
Enbridge Inc. 5.37% 09-27-2077 Callable 2027	Canada	Corporate - Non Convertible	2,088,000	2,119	1,937
Enel SpA 2.25% 07-12-2031 144A	Italy	Corporate - Non Convertible	USD 160,000	162	169
Ensign Drilling Inc. 9.25% 04-15-2024 144A	Canada	Corporate - Non Convertible	USD 378,000	460	495
Expedia Group Inc. 2.95% 03-15-2031	United States	Corporate - Non Convertible	USD 177,000	188	200
FAGE International SA 5.63% 08-15-2026 144A	Luxembourg	Corporate - Non Convertible	USD 200,000	262	254
Fairfax India Holdings Corp. 5.00% 02-26-2028 144A	India	Corporate - Non Convertible	USD 290,000	363	345
Ford Credit Canada Co. 2.96% 09-16-2026	United States	Corporate - Non Convertible	990,000	990	881
Ford Motor Co. 3.25% 02-12-2032	United States	Corporate - Non Convertible	USD 203,000	210	215
Ford Motor Credit Co. LLC 2.70% 08-10-2026	United States	Corporate - Non Convertible	USD 289,000	349	348
Frontier Communications Corp. 5.88% 10-15-2027 144A	United States	Corporate - Non Convertible	USD 167,000	222	206
Frontier Communications Corp. 6.75% 05-01-2029 144A	United States	Corporate - Non Convertible	USD 209,000	245	224
FXI Holdings Inc. 7.88% 11-01-2024 144A	United States	Corporate - Non Convertible	USD 36,000	46	45
Gibson Energy Inc. F/R 12-22-2080	Canada	Corporate - Non Convertible	727,000	730	616
Go Daddy Operating Co. LLC 3.50% 03-01-2029 144A	United States	Corporate - Non Convertible	USD 342,000	429	400
Gray Escrow Inc. 7.00% 05-15-2027 144A	United States	Corporate - Non Convertible	USD 242,000	295	274
Gray Television Inc. 5.38% 11-15-2031 144A	United States	Corporate - Non Convertible	USD 1,380,000	1,752	1,228
Gulfport Energy Corp. 8.00% 05-17-2026 144A	United States	Corporate - Non Convertible	USD 142,000	187	191
Hadrian Merger Sub Inc. 8.50% 05-01-2026 144A	United States	Corporate - Non Convertible	USD 425,000	541	473
Hilton Domestic Operating Co. Inc. 4.88% 01-15-2030 Callable 2025	United States	Corporate - Non Convertible	USD 177,000	215	228
Innovative Industrial Properties Inc. 5.50% 05-25-2026	United States	Corporate - Non Convertible	USD 284,000	344	330
Inter Pipeline Ltd. F/R 11-19-2079 Callable 2029	Canada	Corporate - Non Convertible	1,140,000	1,102	1,069
Iris Escrow Issuer Corp. 10.00% 12-15-2028 144A	Canada	Corporate - Non Convertible	USD 376,000	398	376
Iris Merger Sub 2019 Inc. 9.38% 02-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 369,000	517	510
Iron Mountain Inc. 5.00% 07-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 209,000	286	264
Iron Mountain Inc. 5.25% 07-15-2030 Callable 2025 144A	United States	Corporate - Non Convertible	USD 105,000	146	129
Jabil Inc. 3.00% 01-15-2031	United States	Corporate - Non Convertible	USD 366,000	421	418
Jaguar Land Rover Automotive PLC 4.50% 10-01-2027 144A	United Kingdom	Corporate - Non Convertible	USD 200,000	214	224
Jazz Pharmaceuticals PLC 4.38% 01-15-2029	United States	Corporate - Non Convertible	USD 500,000	625	621
Kaisa Group Holdings Ltd. 10.50% 02-24-2023	China	Corporate - Non Convertible	USD 600,000	376	103
Kaisa Group Holdings Ltd. 8.50% 02-24-2023	China	Corporate - Non Convertible	USD 1,500,000	640	260
Kaisa Group Holdings Ltd. 8.65% 02-24-2023	China	Corporate - Non Convertible	USD 400,000	181	69
Kaisa Group Holdings Ltd. 9.38% 06-30-2024	China	Corporate - Non Convertible	USD 200,000	193	34
Keyera Corp. F/R 03-10-2081	Canada	Corporate - Non Convertible	701,000	694	614
Keyera Corp. F/R 06-13-2079 Callable 2029	Canada	Corporate - Non Convertible	895,000	918	859
Kleopatra Finco SARL 4.25% 03-01-2026	Luxembourg	Corporate - Non Convertible	EUR 321,000	388	394
Kleopatra Holdings 2 SCA 6.50% 09-01-2026	Luxembourg	Corporate - Non Convertible	EUR 400,000	517	343
Kronos Acquisition Holdings Inc. 5.00% 12-31-2026 144A	United States	Corporate - Non Convertible	USD 152,000	188	189
Kruger Products LP 5.38% 04-09-2029	Canada	Corporate - Non Convertible	847,000	846	729
Kruger Products LP 6.00% 04-24-2025	Canada	Corporate - Non Convertible	27,000	26	26
L Brands Inc. 6.63% 10-01-2030	United States	Corporate - Non Convertible	USD 182,000	236	240
LABL Escrow Issuer LLC 10.50% 07-15-2027 144A	United States	Corporate - Non Convertible	USD 421,000	608	532
LABL Escrow Issuer LLC 6.75% 07-15-2026 144A	United States	Corporate - Non Convertible	USD 418,000	590	547
LABL Inc. 8.25% 11-01-2029 144A	United States	Corporate - Non Convertible	USD 112,000	134	129
Laurentian Bank of Canada F/R 06-15-2081	Canada	Corporate - Non Convertible	630,000	631	483
Level 3 Financing Inc. 3.75% 07-15-2029 144A	United States	Corporate - Non Convertible	USD 92,000	118	67
Lions Gate Entertainment Inc. 5.50% 04-15-2029 144A	United States	Corporate - Non Convertible	USD 192,000	242	170
Logan Group Co. Ltd. 4.70% 07-06-2026	China	Corporate - Non Convertible	USD 1,304,000	1,062	409
Magallanes Inc. 4.28% 03-15-2032 144A	United States	Corporate - Non Convertible	USD 80,000	91	96
Manulife Financial Corp. F/R 06-19-2082	Canada	Corporate - Non Convertible	213,000	212	209

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## SCHEDULE OF INVESTMENTS (cont'd)

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	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>LONG POSITIONS (cont'd)</b>					
<b>BONDS (cont'd)</b>					
MARB BondCo. PLC 3.95% 01-29-2031	Brazil	Corporate - Non Convertible	USD 200,000	205	207
Marriott International Inc. 4.90% 04-15-2029	United States	Corporate - Non Convertible	USD 99,000	134	133
Mattamy Group Corp. 4.63% 03-01-2030 Callable 2025 144A	Canada	Corporate - Non Convertible	USD 422,000	459	506
Mattel Inc. 3.38% 04-01-2026 144A	United States	Corporate - Non Convertible	USD 294,000	372	375
Mattel Inc. 3.75% 04-01-2029 144A	United States	Corporate - Non Convertible	USD 100,000	120	122
Mauser Packaging Solutions 9.25% 04-15-2027 144A	United States	Corporate - Non Convertible	USD 359,000	486	449
Mauser Packaging Solutions Holding Co. 7.88% 08-15-2026 144A	United States	Corporate - Non Convertible	USD 199,000	266	269
Mav Acquisition Corp. 5.75% 08-01-2028 144A	United States	Corporate - Non Convertible	USD 560,000	704	660
MEDNAX Inc. 5.38% 02-15-2030 144A	United States	Corporate - Non Convertible	USD 101,000	113	124
MEG Energy Corp. 5.88% 02-01-2029 144A	Canada	Corporate - Non Convertible	USD 568,000	724	738
MEG Energy Corp. 7.13% 02-01-2027 Callable 2023 144A	Canada	Corporate - Non Convertible	USD 427,000	539	591
Mercer International Inc. F/R 02-01-2029	Germany	Corporate - Non Convertible	USD 142,000	180	164
Merck & Co. Inc. 5.13% 04-30-2031	United States	Corporate - Non Convertible	USD 200,000	248	240
Mexico Remittances Funding Fiduciary Estate Management SARL 4.88% 01-15-2028	Mexico	Corporate - Non Convertible	USD 250,000	316	303
Microsoft Corp. 2.68% 06-01-2060	United States	Corporate - Non Convertible	USD 135,000	130	126
Minerva Merger Sub Inc. 6.50% 02-15-2030 144A	United States	Corporate - Non Convertible	USD 593,000	755	650
Molina Healthcare Inc. 3.88% 05-15-2032 144A	United States	Corporate - Non Convertible	USD 100,000	124	115
Mozart Debt Merger Sub Inc. 3.88% 04-01-2029 144A	United States	Corporate - Non Convertible	USD 515,000	646	604
Mozart Debt Merger Sub Inc. 5.25% 10-01-2029 144A	United States	Corporate - Non Convertible	USD 658,000	832	773
Murphy Oil USA Inc. 3.75% 02-15-2031 144A	United States	Corporate - Non Convertible	USD 447,000	503	513
Nabors Industries Ltd. 7.25% 01-15-2026 144A	United States	Corporate - Non Convertible	USD 73,000	84	94
National Bank of Canada F/R 08-15-2081	Canada	Corporate - Non Convertible	450,000	451	335
National Bank of Canada F/R 11-16-2082	Canada	Corporate - Non Convertible	160,000	164	158
New Red Finance Inc. 4.00% 10-15-2030	Canada	Corporate - Non Convertible	USD 727,000	957	844
NuVista Energy Ltd. 7.88% 07-23-2026	Canada	Corporate - Non Convertible	393,000	389	401
Open Text Corp. 3.88% 12-01-2029 144A	Canada	Corporate - Non Convertible	USD 262,000	310	301
Open Text Holdings Inc. 4.13% 12-01-2031 144A	Canada	Corporate - Non Convertible	USD 74,000	86	83
Owens & Minor Inc. 6.63% 04-01-2030	United States	Corporate - Non Convertible	USD 250,000	314	291
Parkland Corp. 4.38% 03-26-2029	Canada	Corporate - Non Convertible	601,000	599	523
Parkland Corp. of Canada 4.50% 10-01-2029 144A	Canada	Corporate - Non Convertible	USD 1,388,000	1,748	1,671
Parkland Fuel Corp. 6.00% 06-23-2028 Callable 2023	Canada	Corporate - Non Convertible	121,000	118	118
Pattern Energy Operations LP 4.50% 08-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 209,000	289	264
Pembina Pipeline Corp. F/R 01-25-2081	Canada	Corporate - Non Convertible	1,178,000	1,178	983
Perrigo Co. PLC 3.15% 06-15-2030	United States	Corporate - Non Convertible	USD 101,000	116	123
Petroleos Mexicanos 6.70% 02-16-2032	Mexico	Corporate - Non Convertible	USD 123,000	158	133
PharmaCann LLC 12.00% 06-30-2025	United States	Corporate - Non Convertible	USD 282,000	337	358
Pilgrim's Pride Corp. 3.50% 03-01-2032 144A	United States	Corporate - Non Convertible	USD 184,000	201	200
Rogers Communications Inc. F/R 03-15-2082 144A	Canada	Corporate - Non Convertible	USD 1,000,000	1,269	1,187
Rogers Communications Inc. F/R 12-17-2081	Canada	Corporate - Non Convertible	669,000	669	611
Royal Bank of Canada F/R 11-24-2080 Callable 2025	Canada	Corporate - Non Convertible	1,761,000	1,749	1,642
Sealed Air Corp. 6.13% 02-01-2028 144A	United States	Corporate - Non Convertible	USD 50,000	68	68
Seaspan Corp. 5.50% 08-01-2029 144A	Hong Kong	Corporate - Non Convertible	USD 189,000	235	199
Secure Energy Services Inc. 7.25% 12-30-2026	Canada	Corporate - Non Convertible	1,046,000	1,057	1,030
Sino-Ocean Group Holding Ltd. 4.75% 08-05-2029	China	Corporate - Non Convertible	USD 602,000	343	323
Source energy Services 10.50% 03-15-2025	Canada	Corporate - Non Convertible	444,632	251	346
Southwestern Energy Co. 5.38% 03-15-2030	United States	Corporate - Non Convertible	USD 270,000	340	341
SpA Holdings 3 Oy 4.88% 02-04-2028 144A	Finland	Corporate - Non Convertible	USD 200,000	249	231
Square Inc. 2.75% 06-01-2026 144A	United States	Corporate - Non Convertible	USD 320,000	398	395
Sunac China Holdings Ltd. 5.95% 04-26-2024	China	Corporate - Non Convertible	USD 200,000	73	65
Sunac China Holdings Ltd. 6.50% 01-10-2025	China	Corporate - Non Convertible	USD 200,000	60	65
Superior Plus LP 4.25% 05-18-2028 144A	Canada	Corporate - Non Convertible	1,084,000	1,078	962
Superior Plus LP 4.50% 03-15-2029 144A	Canada	Corporate - Non Convertible	USD 409,000	520	497
Tacora Resources Inc. 8.25% 05-15-2026 144A	Canada	Corporate - Non Convertible	USD 126,000	155	129
Tamarack Valley Energy Ltd. 7.25% 05-10-2027	Canada	Corporate - Non Convertible	776,000	747	735
TEGNA Inc. 4.63% 03-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 209,000	278	249
Tenet Healthcare 4.25% 06-01-2029	United States	Corporate - Non Convertible	USD 343,000	414	420
Tenet Healthcare Corp. 4.38% 01-15-2030	United States	Corporate - Non Convertible	USD 320,000	402	390
TerraForm Power Operating LLC 4.75% 01-15-2030 Callable 2025 144A	United States	Corporate - Non Convertible	USD 209,000	298	262



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	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>LONG POSITIONS (cont'd)</b>					
<b>BONDS (cont'd)</b>					
TerraForm Power Operating LLC 5.00% 01-31-2028 Callable 2027 144A	United States	Corporate - Non Convertible	USD 400,000	538	518
Teva Pharmaceutical Finance Netherlands III BV 8.13% 09-15-2031	Israel	Corporate - Non Convertible	USD 200,000	272	285
The Bank of Nova Scotia 2.38% 05-01-2023	Canada	Corporate - Non Convertible	534,000	529	533
The Bank of Nova Scotia F/R 07-27-2082	Canada	Corporate - Non Convertible	213,000	213	209
The Bank of Nova Scotia F/R 09-15-2023	Canada	Corporate - Non Convertible	USD 2,097,000	2,627	2,831
The Goodyear Tire & Rubber Co. 5.00% 07-15-2029	United States	Corporate - Non Convertible	USD 160,000	190	193
The Toronto-Dominion Bank 1.91% 07-18-2023 DPNT	Canada	Corporate - Non Convertible	275,000	270	273
The Toronto-Dominion Bank F/R 01-31-2025	Canada	Corporate - Non Convertible	1,670,000	1,643	1,660
The Toronto-Dominion Bank F/R 04-22-2030 Callable 2025	Canada	Corporate - Non Convertible	403,000	427	385
The Toronto-Dominion Bank F/R 10-31-2081	Canada	Corporate - Non Convertible	497,000	482	367
The Toronto-Dominion Bank F/R 10-31-2082	Canada	Corporate - Non Convertible	200,000	200	199
TopBuild Corp. 4.13% 02-15-2032 144A	United States	Corporate - Non Convertible	USD 596,000	719	692
TransAlta Corp. 7.75% 11-15-2029	Canada	Corporate - Non Convertible	USD 240,000	319	342
TransCanada PipeLines Ltd. 4.20% 03-04-2081	Canada	Corporate - Non Convertible	5,000	5	4
TransCanada Trust F/R 05-18-2077 Callable 2027	Canada	Corporate - Non Convertible	1,188,000	1,185	1,070
Trulieve Cannabis Corp. 8.00% 10-06-2026	United States	Corporate - Non Convertible	USD 213,000	268	231
Trulieve Cannabis Corp. 9.75% 06-18-2024	United States	Corporate - Non Convertible	USD 116,000	160	149
Uber Technologies Inc. 4.50% 08-15-2029 144A	United States	Corporate - Non Convertible	USD 290,000	357	359
Uber Technologies Inc. 8.00% 11-01-2026 144A	United States	Corporate - Non Convertible	USD 410,000	570	569
United States Treasury 1.88% 02-28-2027	United States	Foreign Governments	USD 4,000,000	4,978	5,047
UPC Broadband Finco BV 4.88% 07-15-2031 144A	Netherlands	Corporate - Non Convertible	USD 320,000	404	374
Vermilion Energy Inc. 6.88% 05-01-2030 144A	Canada	Corporate - Non Convertible	USD 862,000	1,084	1,068
ViaSat Inc. 6.50% 07-15-2028 Callable 2023 144A	United States	Corporate - Non Convertible	USD 218,000	298	217
Vidéotron Ltée 3.13% 01-15-2031	Canada	Corporate - Non Convertible	1,478,000	1,384	1,181
Vidéotron Ltée 3.63% 06-15-2028	Canada	Corporate - Non Convertible	234,000	205	207
Vidéotron Ltée 4.50% 01-15-2030 Callable 2024	Canada	Corporate - Non Convertible	920,000	924	818
Vidéotron Ltée 5.13% 04-15-2027 144A	Canada	Corporate - Non Convertible	USD 627,000	881	819
Virgin Media Secured Finance PLC 4.50% 08-15-2030 Callable 2025 144A	United Kingdom	Corporate - Non Convertible	USD 250,000	347	292
VistaJet Malta Finance PLC 6.38% 02-01-2030 144A	Switzerland	Corporate - Non Convertible	USD 930,000	1,168	1,126
Vmed O2 UK Financing I PLC 4.25% 01-31-2031	United Kingdom	Corporate - Non Convertible	USD 600,000	793	691
VMED O2 UK Financing I PLC 4.75% 07-15-2031 144A	United Kingdom	Corporate - Non Convertible	USD 130,000	160	151
VZ Vendor Financing BV 2.88% 01-15-2029	Netherlands	Corporate - Non Convertible	EUR 200,000	310	235
Weatherford International Ltd. 8.63% 04-30-2030 144A	United States	Corporate - Non Convertible	USD 1,226,000	1,568	1,685
Weatherford International PLC 11.00% 12-01-2024	United States	Corporate - Non Convertible	USD 4,000	5	6
WeWork Inc. 5.00% 07-10-2025 144A	United States	Corporate - Non Convertible	USD 134,000	147	93
Wildbrain Ltd. 5.88% 09-30-2024 Conv.	Canada	Corporate - Convertible	718,000	521	671
Ziggo BV 4.88% 01-15-2030 Callable 2024 144A	Netherlands	Corporate - Non Convertible	USD 450,000	574	516
<b>Total bonds</b>				<b>103,711</b>	<b>94,921</b>
<b>EQUITIES</b>					
BCE Inc. Pfd. Series AA	Canada	Communication Services	1,405	22	25
BCE Inc. Pfd. Series AI	Canada	Communication Services	1,986	37	30
BCE Inc. Pfd. Series AL	Canada	Communication Services	625	11	10
BCE Inc. 4.54% Cum. Red. First Pfd. Series R Callable	Canada	Communication Services	1,829	33	28
Brookfield Asset Management Inc. Pfd. Series 46	Canada	Real Estate	789	20	16
Brookfield Renewable Partners LP Pfd. Series 13	Canada	Utilities	667	16	15
Cenovus Energy Inc. Pfd. Series 3	Canada	Energy	251	5	5
Cenovus Energy Inc. Pfd. Series 7	Canada	Energy	2,088	42	42
Columbia Care Inc. Purchase Warrants Exp. 05-14-2023	Canada	Health Care	28,200	-	-
Emera Inc. Pfd. Series J	Canada	Utilities	63	2	1
Emera Inc. Pfd. Series L	Canada	Utilities	11,670	292	217
Fairfax Financial Holdings Ltd. Pfd. Series E	Canada	Financials	276	5	4
Loblaw Companies Ltd. 5.30% Cum. Red. 2nd Pfd. Series B	Canada	Consumer Staples	3,010	78	69
TransAlta Corp. Pfd. Series A	Canada	Utilities	1,737	24	22
TransAlta Corp. 4.60% Perpetual Pfd. Series C	Canada	Utilities	3,968	74	75
<b>Total equities</b>				<b>661</b>	<b>559</b>

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	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>LONG POSITIONS (cont'd)</b>					
<b>OPTIONS</b>					
Options purchased (see schedule of options purchased)				976	320
<b>Total options</b>				<b>976</b>	<b>320</b>
<b>EXCHANGE-TRADED FUNDS/NOTES</b>					
iShares iBoxx \$ Investment Grade Corporate Bond ETF	United States	Exchange-Traded Funds/Notes	3,270	589	485
<b>Total exchange-traded funds/notes</b>				<b>589</b>	<b>485</b>
<b>PRIVATE FUNDS</b>					
<sup>1</sup> Northleaf Private Credit II LP	Canada	Financials	186	1,957	2,066
<sup>2</sup> Sagard Credit Partners II LP	Canada	Financials	186	856	856
<b>Total private funds</b>				<b>2,813</b>	<b>2,922</b>
<b>Total long positions</b>				<b>108,750</b>	<b>99,207</b>
<b>SHORT POSITIONS</b>					
<b>BONDS</b>					
Avis Budget Car Rental LLC 4.75% 04-01-2028 144A	United States	Corporate - Non Convertible	USD (80,000)	(94)	(99)
Bombardier Inc. 6.00% 02-15-2028 144A	Canada	Corporate - Non Convertible	USD (279,000)	(347)	(368)
Bombardier Inc. 7.50% 03-15-2025 144A	Canada	Corporate - Non Convertible	USD (46,000)	(59)	(62)
Bombardier Inc. 7.88% 04-15-2027 144A	Canada	Corporate - Non Convertible	USD (275,000)	(344)	(378)
Bread Financial Holdings Inc. 7.00% 01-15-2026 144A	United States	Corporate - Non Convertible	USD (160,000)	(198)	(193)
Coty Inc. 4.75% 01-15-2029 144A	United States	Corporate - Non Convertible	USD (160,000)	(207)	(205)
Credit Acceptance Corp. 6.63% 03-15-2026	United States	Corporate - Non Convertible	USD (200,000)	(264)	(253)
Eco Material Technologies Inc. 7.88% 01-31-2027 144A	United States	Corporate - Non Convertible	USD (160,000)	(195)	(206)
Griffon Corp. 5.75% 03-01-2028 Callable 2023	United States	Corporate - Non Convertible	USD (206,000)	(248)	(260)
Murphy Oil Corp. 5.88% 12-01-2027	United States	Corporate - Non Convertible	USD (60,000)	(76)	(80)
Paramount Global 4.20% 05-19-2032	United States	Corporate - Non Convertible	USD (80,000)	(90)	(93)
The Hertz Corp. 5.00% 12-01-2029 144A	United States	Corporate - Non Convertible	USD (80,000)	(87)	(90)
TRI Pointe Group Inc. 5.70% 06-15-2028	United States	Corporate - Non Convertible	USD (200,000)	(274)	(262)
WR Grace Holdings LLC 5.63% 08-15-2029 144A	United States	Corporate - Non Convertible	USD (160,000)	(175)	(184)
<b>Total bonds</b>				<b>(2,658)</b>	<b>(2,733)</b>
<b>EXCHANGE-TRADED FUNDS/NOTES</b>					
iShares iBoxx \$ High Yield Corporate Bond ETF	United States	Exchange-Traded Funds/Notes	(817)	(89)	(83)
SPDR Bloomberg Barclays Convertible Securities ETF	United States	Exchange-Traded Funds/Notes	(8,174)	(697)	(742)
<b>Total exchange-traded funds/notes</b>				<b>(786)</b>	<b>(825)</b>
<b>Total short positions</b>				<b>(3,444)</b>	<b>(3,558)</b>
Transaction costs				(21)	–
<b>Total investments</b>				<b>105,285</b>	<b>95,649</b>
Derivative instruments (see schedule of derivative instruments)					
Liability for options written (see schedule of options written)					979
Cash and cash equivalents					(62)
Other assets less liabilities					21,270
<b>Net assets attributable to securityholders</b>					<b>2,432</b>
					<b>120,268</b>

<sup>1</sup> This fund is managed by Northleaf Capital Partners (Canada) Ltd., an affiliate of Mackenzie.

<sup>2</sup> This fund is managed by Sagard Holdings Inc., an affiliate of Mackenzie.

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2023

## SUMMARY OF INVESTMENT PORTFOLIO

MARCH 31, 2023

PORTFOLIO ALLOCATION	% OF NAV		
	Long	Short	Net
Bonds	87.6	(2.5)	85.1
<i>Bonds</i>	78.9	(2.2)	76.7
<i>Futures</i>	8.4	(0.2)	8.2
<i>Purchased options</i>	0.3	–	0.3
<i>Written options</i>	–	(0.1)	(0.1)
Cash and short-term investments	9.6	–	9.6
Equities	0.5	–	0.5
<i>Equities</i>	0.5	–	0.5
<i>Purchased options</i>	–	–	–
Other assets (liabilities)	2.8	–	2.8
Private funds	2.4	–	2.4
Swaps	(0.1)	–	(0.1)
Exchange-traded funds/notes	0.4	(0.7)	(0.3)

REGIONAL ALLOCATION	% OF NAV		
	Long	Short	Net
United States	39.0	(2.3)	36.7
Canada	36.3	(0.7)	35.6
Cash and short-term investments	9.6	–	9.6
Australia	4.5	–	4.5
Other assets (liabilities)	2.8	–	2.8
China	2.0	–	2.0
Luxembourg	1.6	–	1.6
United Kingdom	1.4	–	1.4
Other	1.4	(0.2)	1.2
Netherlands	0.9	–	0.9
Switzerland	0.9	–	0.9
France	0.8	–	0.8
Spain	0.6	–	0.6
Brazil	0.5	–	0.5
Mexico	0.4	–	0.4
India	0.3	–	0.3
Finland	0.2	–	0.2

SECTOR ALLOCATION	% OF NAV		
	Long	Short	Net
Corporate bonds	74.0	(2.2)	71.8
Cash and short-term investments	9.6	–	9.6
Bond futures	8.4	(0.2)	8.2
Foreign government bonds	4.2	–	4.2
Other assets (liabilities)	2.8	–	2.8
Private funds	2.4	–	2.4
Mortgage backed	0.7	–	0.7
Financials	0.5	–	0.5
Other	0.2	(0.1)	0.1
Exchange-traded funds/notes	0.4	(0.7)	(0.3)

MARCH 31, 2022

PORTFOLIO ALLOCATION	% OF NAV		
	Long	Short	Net
Bonds	126.0	(5.9)	120.1
<i>Bonds</i>	75.2	(4.2)	71.0
<i>Futures</i>	50.2	(1.5)	48.7
<i>Purchased options</i>	0.6	–	0.6
<i>Written options</i>	–	(0.2)	(0.2)
Private funds	1.0	–	1.0
Equities	0.6	–	0.6
Swaps	0.4	–	0.4
Cash and short-term investments	0.0	0.0	0.0
Exchange-traded funds/notes	0.4	(0.7)	(0.3)
Other assets (liabilities)	(23.3)	1.5	(21.8)

REGIONAL ALLOCATION	% OF NAV		
	Long	Short	Net
United States	82.3	(3.9)	78.4
Canada	29.9	(0.6)	29.3
Australia	4.6	–	4.6
Other	2.3	–	2.3
China	2.2	–	2.2
Luxembourg	1.3	–	1.3
Netherlands	1.2	–	1.2
United Kingdom	1.6	(0.6)	1.0
Switzerland	0.9	–	0.9
France	0.8	–	0.8
Israel	0.8	–	0.8
Brazil	0.5	–	0.5
Cash and short-term investments	0.0	0.0	0.0
Germany	–	(0.7)	(0.7)
Japan	–	(0.8)	(0.8)
Other assets (liabilities)	(23.3)	1.5	(21.8)

SECTOR ALLOCATION	% OF NAV		
	Long	Short	Net
Corporate bonds	74.2	(4.2)	70.0
Bond futures	50.2	(1.5)	48.7
Private funds	1.0	–	1.0
Mortgage backed	0.8	–	0.8
Other	1.0	(0.2)	0.8
Financials	0.6	–	0.6
Municipal bonds	0.2	–	0.2
Cash and short-term investments	0.0	0.0	0.0
Exchange-traded funds/notes	0.4	(0.7)	(0.3)
Other assets (liabilities)	(23.3)	1.5	(21.8)

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

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## SCHEDULE OF OPTIONS PURCHASED

as at March 31, 2023

Underlying Interest	Number of Contracts	Option Type	Expiration Date	Strike Price \$	Premium Paid (\$ 000)	Fair Value (\$ 000)
SPDR S&P 500 ETF Trust	250	Put	Apr. 21, 2023	USD 365.00	221	12
iShares iBoxx \$ High Yield Corporate Bond ETF	5,500	Put	Jun. 16, 2023	USD 72.00	755	308
<b>Total options</b>					<b>976</b>	<b>320</b>

## SCHEDULE OF OPTIONS WRITTEN

as at March 31, 2023

Underlying Interest	Number of Contracts	Option Type	Expiration Date	Strike Price \$	Premium Received (\$ 000)	Fair Value (\$ 000)
iShares iBoxx \$ High Yield Corporate Bond ETF	(5,500)	Written Put	Jun. 16, 2023	USD 64.00	(105)	(62)
<b>Total options</b>					<b>(105)</b>	<b>(62)</b>

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2023

## SCHEDULE OF DERIVATIVE INSTRUMENTS

as at March 31, 2023

### Schedule of Swap Contracts

Counterparty Credit Rating	Number of Contracts	Maturity	Fund Pays Return On	Fund Receives Return On	Notional Value (\$ 000)	Unrealized Gains (\$ 000)	Unrealized Losses (\$ 000)
AA	(47,113)	Apr. 10, 2023	USD-Overnight Bank Funding Rate 1 day rate minus 2.75%	iShares iBoxx \$ High Yield Corporate Bond ETF	4,762	–	(46)
AA	7,050	Apr. 13, 2023	USD-Overnight Bank Funding Rate 1 day rate minus 0.85%	iShares iBoxx \$ High Yield Corporate Bond ETF	727	4	–
AA	(122,959)	May 05, 2023	USD-Overnight Bank Funding Rate 1 day rate plus 0.35%	Xtrackers USD High Yield Corporate Bond ETF	5,818	–	(57)
<b>Total swap contracts</b>					<b>11,307</b>	<b>4</b>	<b>(103)</b>

### Schedule of Futures Contracts

Type of Contract	Number of Contracts	Expiration Date	Average Rate of Contracts (\$)	Notional Value* (\$ 000)	Unrealized Gains (\$ 000)	Unrealized Losses (\$ 000)	
Euro-Bund Futures June 2023	(4)	Jun. 8, 2023	135.83 EUR	(797)	–	–	
mini-10 year JGB Future June 2023	(7)	Jun. 12, 2023	145.12 JPY	(1,054)	–	(19)	
10 Year Japanese Government Bond Futures June 2023	(7)	Jun. 13, 2023	145.47 JPY	(10,566)	–	(189)	
10 Year Australian Treasury Note Futures June 2023	49	Jun. 15, 2023	119.63 AUD	5,446	221	–	
Ultra 10 Year United States Treasury Note Futures June 2023	21	Jun. 21, 2023	115.84 USD	3,441	151	–	
5 Year United States Treasury Note Futures June 2023	6	Jun. 30, 2023	106.63 USD	889	23	–	
<b>Total futures contracts</b>					<b>(2,641)</b>	<b>395</b>	<b>(208)</b>

\* Notional value represents the exposure to the underlying instruments as at March 31, 2023

### Schedule of Forward Currency Contracts

Counterparty Credit Rating	Currency to be Received (\$ 000)	Currency to be Delivered (\$ 000)	Settlement Date	Contract Cost (\$ 000)	Current Fair Value (\$ 000)	Unrealized Gains (\$ 000)	Unrealized Losses (\$ 000)
A	574 AUD	(287) USD	Apr. 4, 2023	388	383	–	(5)
A	284 USD	(574) AUD	Apr. 4, 2023	(384)	(383)	1	–
A	439 CAD	(239) USD	Apr. 4, 2023	(325)	(322)	3	–
A	240 USD	(439) CAD	Apr. 4, 2023	325	325	–	–
A	243 USD	(307) CHF	Apr. 4, 2023	(329)	(338)	–	(9)
A	307 CHF	(248) USD	Apr. 4, 2023	336	336	–	–
A	340 EUR	(267) USD	Apr. 4, 2023	361	371	10	–
A	273 USD	(340) EUR	Apr. 4, 2023	(369)	(368)	1	–
A	582 GBP	(521) USD	Apr. 4, 2023	705	723	18	–
A	532 USD	(582) GBP	Apr. 4, 2023	(720)	(718)	2	–
A	7 USD	(1,300) JPY	Apr. 4, 2023	(10)	(10)	–	–
A	1,300 JPY	(7) USD	Apr. 4, 2023	10	10	–	–
A	693 USD	(9,680) NOK	Apr. 4, 2023	(937)	(920)	17	–
A	9,680 NOK	(683) USD	Apr. 4, 2023	924	924	–	–
A	943 NZD	(432) USD	Apr. 4, 2023	584	591	7	–
A	436 USD	(943) NZD	Apr. 4, 2023	(590)	(590)	–	–
A	259 USD	(3,650) SEK	Apr. 4, 2023	(351)	(353)	–	(2)
A	3,650 SEK	(260) USD	Apr. 4, 2023	352	352	–	–
A	1,828 CAD	(1,339) USD	Apr. 6, 2023	(1,828)	(1,810)	18	–
A	1,339 USD	(1,817) CAD	Apr. 6, 2023	1,817	1,810	–	(7)
A	1,362 CAD	(1,019) USD	Apr. 21, 2023	(1,362)	(1,378)	–	(16)
A	1,794 CAD	(1,343) USD	Apr. 21, 2023	(1,794)	(1,815)	–	(21)
AA	77 EUR	(110) CAD	Apr. 24, 2023	110	113	3	–
A	150 CAD	(103) EUR	Apr. 28, 2023	(150)	(151)	–	(1)
A	30 EUR	(43) CAD	Apr. 28, 2023	43	44	1	–
A	58 CAD	(40) EUR	Apr. 28, 2023	(58)	(59)	–	(1)

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2023

## SCHEDULE OF DERIVATIVE INSTRUMENTS (cont'd)

as at March 31, 2023

### Schedule of Forward Currency Contracts (cont'd)

Counterparty Credit Rating	Currency to be Received (\$ 000)	Currency to be Delivered (\$ 000)	Settlement Date	Contract Cost (\$ 000)	Current Fair Value (\$ 000)	Unrealized Gains (\$ 000)	Unrealized Losses (\$ 000)
A	80 CAD	(60) USD	Apr. 28, 2023	(80)	(81)	–	(1)
A	517 AUD	(257) USD	May 2, 2023	347	346	–	(1)
A	977 CAD	(534) USD	May 2, 2023	(723)	(722)	1	–
A	1,126 USD	(1,387) CHF	May 2, 2023	(1,523)	(1,521)	2	–
A	136 USD	(169) EUR	May 2, 2023	(184)	(184)	–	–
A	462 GBP	(423) USD	May 2, 2023	572	570	–	(2)
A	546 USD	(98,000) JPY	May 2, 2023	(739)	(743)	–	(4)
A	1,920 NOK	(136) USD	May 2, 2023	184	184	–	–
A	925 NZD	(428) USD	May 2, 2023	579	579	–	–
A	523 USD	(7,320) SEK	May 2, 2023	(707)	(706)	1	–
A	10 USD	(70) BRL	May 12, 2023	(13)	(14)	–	(1)
A	10 USD	(70,000) COP	May 12, 2023	(14)	(15)	–	(1)
A	10 USD	(5,000) HUF	May 12, 2023	(14)	(15)	–	(1)
A	35 USD	(710,000) IDR	May 12, 2023	(47)	(48)	–	(1)
A	5,400 INR	(48) USD	May 12, 2023	65	66	1	–
A	20 USD	(34,000) KOR	May 12, 2023	(27)	(26)	1	–
A	69 USD	(2,790) NTD	May 12, 2023	(94)	(91)	3	–
A	19 USD	(100) PEN	May 12, 2023	(26)	(27)	–	(1)
A	57 USD	(102) SGD	May 12, 2023	(77)	(76)	1	–
A	410 ZAR	(17) USD	May 12, 2023	23	23	–	–
A	1,048 CAD	(100,517) JPY	May 16, 2023	(1,048)	(1,030)	18	–
A	2,266 CAD	(1,702) USD	May 16, 2023	(2,266)	(2,299)	–	(33)
A	813 USD	(3,786) ILS	May 16, 2023	(1,100)	(1,038)	62	–
AA	2,878 CAD	(2,155) USD	May 19, 2023	(2,878)	(2,910)	–	(32)
AA	1,350 USD	(1,844) CAD	May 19, 2023	1,844	1,823	–	(21)
AA	490 USD	(671) CAD	May 19, 2023	671	662	–	(9)
AA	280 CAD	(210) USD	May 19, 2023	(280)	(283)	–	(3)
AA	150 CAD	(110) USD	May 19, 2023	(150)	(149)	1	–
AA	47,033 CAD	(34,157) USD	May 26, 2023	(47,033)	(46,123)	910	–
AA	263 CAD	(191) USD	May 26, 2023	(263)	(258)	5	–
AA	1,625 CAD	(1,130) EUR	Jun. 2, 2023	(1,625)	(1,658)	–	(33)
A	4,112 CAD	(3,060) USD	Jun. 2, 2023	(4,112)	(4,132)	–	(20)
A	134 CAD	(100) USD	Jun. 2, 2023	(134)	(135)	–	(1)
A	2,602 CAD	(1,915) USD	Jun. 9, 2023	(2,602)	(2,586)	16	–
A	136 CAD	(100) USD	Jun. 9, 2023	(136)	(135)	1	–
A	109 CAD	(80) USD	Jun. 9, 2023	(109)	(108)	1	–
A	80 USD	(110) CAD	Jun. 9, 2023	110	108	–	(2)
AA	192 CAD	(140) USD	Jun. 23, 2023	(192)	(189)	3	–
AA	287 CAD	(210) USD	Jun. 23, 2023	(287)	(283)	4	–
A	1,814 CAD	(1,339) USD	Jul. 18, 2023	(1,814)	(1,806)	8	–
<b>Total forward currency contracts</b>						<b>1,120</b>	<b>(229)</b>
<b>Total Derivative assets</b>							<b>1,519</b>
<b>Total Derivative liabilities</b>							<b>(540)</b>

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2023

## NOTES TO FINANCIAL STATEMENTS

### 1. Fiscal Periods and General Information

The information provided in these financial statements and notes thereto is for the periods ended or as at March 31, 2023 and 2022, as applicable. In the year a Fund or series is established or reinstated, 'period' represents the period from inception or reinstatement. Where a series of a Fund was terminated during either period, the information for the series is provided up to close of business on the termination date. Refer to Note 10 for the formation date of the Fund and the inception date of each series.

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

Mackenzie Financial Corporation ("Mackenzie") is the manager of the Fund and is wholly owned by IGM Financial Inc., a subsidiary of Power Corporation of Canada. Canada Life Investment Management Ltd. ("CLIML") is wholly owned by The Canada Life Assurance Company ("Canada Life"), a subsidiary of Power Corporation of Canada. Investments in companies within the Power Group of companies held by the Fund are identified in the Schedule of Investments.

### 2. Basis of Preparation and Presentation

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

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

These financial statements were authorized for issue by the Board of Directors of Mackenzie Financial Corporation on June 5, 2023.

### 3. Significant Accounting Policies

#### (a) Financial instruments

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives. The Fund classifies and measures financial instruments in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). Upon initial recognition, financial instruments are classified as fair value through profit or loss ("FVTPL"). All financial instruments are recognized in the Statement of Financial Position when the Fund becomes a party to the contractual requirements of the instrument. Financial assets are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled or expires. 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 cost of investments is determined on a weighted average cost basis.

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.

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

The Fund accounts for its holdings in unlisted open-ended investment funds, private funds and exchange-traded funds, if any, at FVTPL. For private funds, Mackenzie will rely on the valuations provided by the managers of the private funds, which represents the Fund's proportionate share of the net assets of these private funds.

The Fund's redeemable securities entitle securityholders the right to redeem their interest in the Fund for cash equal to their proportionate share of the net asset value of the Fund, amongst other contractual rights. The Fund's redeemable securities meet the criteria for classification as financial liabilities under IAS 32, *Financial Instruments: Presentation*. The Fund's obligation for net assets attributable to securityholders is presented at the redemption amount.

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

#### (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.

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2023

## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (cont'd)

#### (b) Fair value measurement (cont'd)

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.

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

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

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

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

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

Premiums paid for purchasing an option are recorded in the Statement of Financial Position – Investments at fair value.

Premiums received from writing options are included in the Statement of Financial Position as a liability and subsequently adjusted daily to fair value. If a written option expires unexercised, the premium received is recognized as a realized gain. If a written call option is exercised, the difference between the proceeds of the sale plus the value of the premium, and the cost of the security is recognized as a realized gain or loss. If a written put option is exercised, the cost of the security acquired is the exercise price of the option less the premium received.

Refer to the Schedule of Derivative Instruments and Schedule of Options Purchased/Written, as applicable, included in the Schedule of Investments for a listing of derivative and options positions as at March 31, 2023.

The Fund categorizes the fair value of its assets and liabilities into three categories, which are differentiated based on the observable nature of the inputs and extent of estimation required.

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. Examples of Level 2 valuations include quoted prices for similar securities, quoted prices on inactive markets and from recognized investment dealers, and the application of factors derived from observable data to non-North American quoted prices in order to estimate the impact of differences in market closing times.

Financial instruments classified as Level 2 investments are valued based on the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data and using standard market convention practices. Short-term investments classified as Level 2 investments are valued based on amortized cost plus accrued interest which closely approximates fair value.

The estimated fair values for these securities may be different from the values that would have been used had a ready market for the investment existed; 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.

See Note 10 for the fair value classifications of the Fund.



# MACKENZIE CREDIT ABSOLUTE RETURN FUND

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## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (cont'd)

#### (c) Income and expense recognition

Interest income and interest expense for distribution purposes represents the coupon interest received or paid by the Fund, which is accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds, which are amortized on a straight-line basis. Dividend income and expense is recognized as of the ex-dividend date. Dividends and interest paid on the short selling of equity and bond securities are included in the Statement of Comprehensive Income – Dividends and Interest Income, respectively. Unrealized gains or losses on investments, 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, expense, realized gains (losses) on sale of investments or fee rebate income, as appropriate, on the ex-dividend or distribution date.

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

#### (d) Commissions and other portfolio transaction costs

Commissions and other portfolio transaction costs are costs incurred to acquire, issue or dispose of financial assets or liabilities. They include fees and commissions paid to agents, exchanges, brokers, dealers and other intermediaries. The total brokerage commissions incurred by the Fund in connection with portfolio transactions for the periods, together with other transaction charges, is disclosed in the Statements of Comprehensive Income. Brokerage business is allocated to brokers based on the best net result for the Fund. Subject to this criteria, 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 these services generated during the periods is disclosed in Note 10. The value of certain proprietary services provided by brokers cannot be reasonably estimated.

#### (e) Securities lending, repurchase and reverse repurchase transactions

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

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 included in the Statement of Comprehensive Income and recognized when earned. Securities lending transactions are administered by The Bank of New York Mellon (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.

Note 10 summarizes the details of securities loaned and collateral received as at the end of period, as well as a reconciliation of securities lending income during the period, if applicable. Collateral received is comprised of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments, and financial institutions.

#### (f) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. Note 10 summarizes the details of such offsetting, if applicable, subject to master netting arrangements or other similar agreements and the net impact to the Statements of Financial Position if all such rights were exercised.

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

#### (g) Currency

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

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

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

#### (h) Net assets attributable to securityholders per security

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

#### (i) Net asset value per security

The daily Net Asset Value ("NAV") of an investment fund may be calculated without reference to IFRS as per the Canadian Securities Administrators' ("CSA") regulations. The difference between NAV and Net assets attributable to securityholders (as reported in the financial statements), if any, is mainly due to differences in fair value of investments and other financial assets and liabilities and is disclosed in Note 10.

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

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

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2023

## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (cont'd)

#### (k) Mergers

In a fund merger, the Fund acquires all of the assets and assumes all of the liabilities of the terminating fund at fair value in exchange for securities of the Fund on the effective date of the merger.

#### (l) Short selling and borrowing fees

The Fund may engage in the short selling of equity and bond securities as a part of its overall investment strategy. When the Fund sells an equity or bond security short, it must borrow the security from a broker, and in exchange pay a borrowing fee to that broker, to complete the sale. The Fund can realize a gain on a short sale, if the price of the security decreases from the date the security was sold short until the date at which the Fund closes out its short position, by buying the security at a lower price and returning it back to the broker. A loss will be incurred if the price of the security increases. Limitations within the Fund's investment strategy on the Fund's ability to engage in short selling and borrowing include: (i) the aggregate market value of all securities sold short by the Fund will not exceed 50% of the total net assets of the Fund; (ii) the aggregate market value of all securities of any particular issuer sold short by the Fund will not exceed 20% of the total net assets of the Fund; (iii) the Fund may borrow cash up to a maximum of 50% of its net asset value; and (iv) the combined use of short-selling and cash borrowing by the Fund is subject to an overall limit of 50% of its net asset value. Gains and losses realized on the short selling of equity and bond securities are included in the Statement of Comprehensive Income – Net realized gain (loss).

#### (m) Future accounting changes

The Fund has determined there are no material implications to the Fund's financial statements arising from IFRS issued but not yet effective.

### 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.

The following discusses the most significant accounting judgments and estimates made in preparing the financial statements:

#### Use of Estimates

##### *Fair value of securities not quoted in an active market*

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

#### Use of Judgments

##### *Classification and measurement of investments*

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

##### *Functional currency*

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

##### *Interest in unconsolidated structured entities*

In determining whether an unlisted open-ended investment fund or an exchange-traded fund in which the Fund invests ("Underlying Funds"), but that it does not consolidate, meets the definition of a structured entity, Mackenzie is required to make significant judgments about whether these underlying funds have the typical characteristics of a structured entity. These Underlying Funds do meet the definition of a structured entity because:

- I. The voting rights in the Underlying Funds are not dominant factors in deciding who controls them;
- II. the activities of the Underlying Funds are restricted by their offering documents; and
- III. the Underlying Funds have narrow and well-defined investment objective to provide investment opportunities for investors while passing on the associated risks and rewards.

As a result, such investments are accounted for at FVTPL. Note 10 summarizes the details of the Funds' interest in these Underlying Funds, if applicable.

### 5. Income Taxes

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its income including net realized capital gains in the taxation year, which is not paid or payable to its securityholders as at the end of the taxation year. The Fund maintains a December year-end for tax purposes. The Fund may be subject to withholding taxes on foreign income. In general, the Fund treats withholding tax as a charge against income for tax purposes. The Fund will distribute sufficient amounts from net income for tax purposes, as required, so that the Fund will not pay income taxes other than refundable tax on capital gains, if applicable.

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2023

## NOTES TO FINANCIAL STATEMENTS

### 5. Income Taxes (cont'd)

Losses of the Fund cannot be allocated to investors and are retained in the Fund for use in future years. Non-capital losses may be carried forward up to 20 years to reduce taxable income and realized capital gains of future years. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Refer to Note 10 for the Fund'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, making brokerage arrangements relating to the purchase and sale of the investment portfolio and making arrangements with registered dealers for the purchase and sale of securities of the Fund by investors. The management fee is calculated on each series of securities of the Fund as a fixed annual percentage of the daily net asset value of the series.

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

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

Mackenzie may waive or absorb management fees and/or Administration Fees at its discretion and stop waiving or absorbing such fees at any time without notice. Refer to Note 10 for the management fee and Administration Fee rates charged to each series of securities.

### 7. Fund's Capital

The capital of the Fund, which is comprised of the net assets attributable to securityholders, is divided into different series with each series having an unlimited number of securities. The securities outstanding for the Fund as at March 31, 2023 and 2022 and securities issued, reinvested and redeemed for the periods are presented in the Statement of Changes in Financial Position. Mackenzie manages the capital of the Fund in accordance with the investment objectives as discussed in Note 10.

### 8. Financial Instruments Risk

#### i. Risk exposure and management

The Fund's investment activities expose it to a variety of financial risks, as defined in IFRS 7, *Financial Instruments: Disclosures* ("IFRS 7"). The Fund's exposure to financial risks is concentrated in its investments, which are presented in the Schedule of Investments, as at March 31, 2023, grouped by asset type, with geographic and sector information.

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

#### ii. Liquidity risk

Liquidity risk arises when the Fund encounters difficulty in meeting its financial obligations as they become due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable securities. In order to monitor the liquidity of its assets, the Fund utilizes a liquidity risk management program that calculates the number of days to convert the investments held by the Fund into cash using a multi-day liquidation approach. This liquidity risk analysis assesses the Fund's liquidity against predetermined minimum liquidity percentages established for different time periods and is monitored quarterly. In addition, the Fund has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions.

In order to comply with securities regulations, the Fund must maintain at least 85% of its assets in liquid investments (i.e., investments that can be readily sold).

#### iii. Currency risk

Currency risk is the risk that financial instruments which are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's functional currency, will fluctuate due to changes in exchange rates. Generally, foreign denominated investments increase in value when the value of the Canadian dollar (relative to foreign currencies) falls. Conversely, when the value of the Canadian dollar rises relative to foreign currencies, the values of foreign denominated investments fall.

Note 10 indicates the foreign currencies, if applicable, to which the Fund had significant exposure, including both monetary and non-monetary financial instruments, and illustrates the potential impact, in Canadian dollar terms, to the Fund's net assets had the Canadian dollar strengthened or weakened by 5% relative to all foreign currencies, all other variables held constant. In practice, the actual trading results may differ and the difference could be material.

The Fund's sensitivity to currency risk illustrated in Note 10 includes potential indirect impacts from underlying funds and Exchange Traded Funds ("ETFs") in which the Fund invests, and/or derivative contracts including forward currency contracts. Other financial assets and liabilities (including dividends and interest receivable, and receivables/payables for investments sold/purchased) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2023

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## NOTES TO FINANCIAL STATEMENTS

### 8. Financial Instruments Risk (cont'd)

#### iv. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Generally, these securities increase in value when interest rates fall and decrease in value when interest rates rise.

If significant, Note 10 summarizes the Fund's interest-bearing financial instruments by remaining term to maturity and illustrates the potential impact to the Fund's net assets had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, all other variables held constant. The Fund's sensitivity to interest rate changes was estimated using weighted average duration. In practice, the actual trading results may differ and the difference could be material.

The Fund's sensitivity to interest rate risk illustrated in Note 10 includes potential indirect impacts from underlying funds and ETFs in which the Fund invests, and/or derivative contracts. Cash and cash equivalents and other money market instruments are short term in nature and are not generally subject to significant amounts of 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 and securities sold short, the maximum risk resulting from financial instruments is equivalent to their fair value. The maximum risk of loss on certain derivative contracts such as forwards, swaps, and futures contracts is equal to their notional values. In the case of written call (put) options and short futures contracts, the loss to the Fund continues to increase, theoretically without limit, as the fair value of the underlying interest increases (decreases). However, these instruments are generally used within the overall investment management process to manage the risk from the underlying investments and do not typically increase the overall risk of loss to the Fund. This risk is mitigated by ensuring that the Fund holds a combination of the underlying interest, cash cover and/or margin that is equal to or greater than the value of the derivative contract. In the case of securities sold short, the loss to the Fund continues to increase, without limit, as the fair value of the underlying interest increases. This risk is mitigated by placing limitations on the Fund's ability to sell securities short, which are outlined in Note 3(l).

Other price risk typically arises from exposure to equity and commodity securities. If significant, Note 10 illustrates the potential increase or decrease in the Fund's net assets, had the prices on the respective exchanges for these securities increased or decreased by 10%, all other variables held constant. In practice, the actual trading results may differ and the difference could be material.

The Fund's sensitivity to other price risk illustrated in Note 10 includes potential indirect impacts from underlying funds and ETFs in which the Fund invests, and/or derivative contracts.

#### vi. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Note 10 summarizes the Fund's exposure, if applicable and significant, to credit risk.

If presented, credit ratings and rating categories are based on ratings issued by a designated rating organization. Indirect exposure to credit risk may arise from fixed-income securities, such as bonds, held by underlying funds and ETFs, if any. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

To minimize the possibility of settlement default, securities are exchanged for payment simultaneously, where market practices permit, through the facilities of a central depository and/or clearing agency where customary.

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

#### vii. Underlying funds

The Fund may invest in underlying funds and may be indirectly exposed to currency risk, interest rate risk, other price risk and credit risk from fluctuations in the value of financial instruments held by the underlying funds. Note 10 summarizes the Fund's exposure, if applicable and significant, to these risks from underlying funds.

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2023

## NOTES TO FINANCIAL STATEMENTS

### 9. Other Information

#### Abbreviations

Foreign currencies, if any, are presented in these financial statements using the following abbreviated currency codes:

Currency Code	Description	Currency Code	Description	Currency Code	Description
AUD	Australian dollars	HUF	Hungarian forint	PLN	Polish zloty
AED	United Arab Emirates Dirham	IDR	Indonesian rupiah	QAR	Qatar Rial
BRL	Brazilian real	ILS	Israeli shekel	RON	Romanian leu
CAD	Canadian dollars	INR	Indian rupee	RUB	Russian ruble
CHF	Swiss franc	JPY	Japanese yen	SAR	Saudi riyal
CKZ	Czech koruna	KOR	South Korean won	SEK	Swedish krona
CLP	Chilean peso	MXN	Mexican peso	SGD	Singapore dollars
CNY	Chinese yuan	MYR	Malaysian ringgit	THB	Thailand baht
COP	Colombian peso	NGN	Nigerian naira	TRL	Turkish lira
DKK	Danish krone	NOK	Norwegian krona	USD	United States dollars
EGP	Egyptian pound	NTD	New Taiwan dollar	VND	Vietnamese dong
EUR	Euro	NZD	New Zealand dollars	ZAR	South African rand
GBP	United Kingdom pounds	PEN	Peruvian nuevo sol	ZMW	Zambian kwacha
GHS	Ghana Cedi	PHP	Philippine peso		
HKD	Hong Kong dollars	PKR	Pakistani rupee		

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2023

## NOTES TO FINANCIAL STATEMENTS

### 10. Fund Specific Information (in '000, except for (a))

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

Date of Formation: January 31, 2019

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

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

Series A are offered to retail investors investing a minimum of \$500.

Series CL securities are offered exclusively to mutual funds and segregated funds managed by The Canada Life Assurance Company and its subsidiaries.

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

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

Series O securities are offered only to investors investing a minimum of \$500,000 who have an account with Mackenzie Private Wealth Counsel; certain institutional investors; investors in a qualified group plan, and certain qualifying employees of Mackenzie and its subsidiaries.

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

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

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

Series R securities are offered only to other funds managed by Mackenzie on a non-prospectus basis in connection with fund-of-fund arrangements.

Each series is available for purchase under the sales charge purchase option. The charges under the sales charge purchase option are negotiated by investors with their dealers. For further details on this purchase option, please refer to the Fund's Simplified Prospectus and Fund Facts.

Series	Inception/ Reinstatement Date	Management Fee	Administration Fee
Series A	February 26, 2019	1.35%	0.24%
Series CL	February 10, 2021	n/a	n/a
Series F	February 26, 2019	0.75%	0.15%
Series FB	February 26, 2019	0.85%	0.24%
Series O	February 26, 2019	— <sup>(1)</sup>	n/a
Series PW	February 26, 2019	1.25%	0.15%
Series PWFB	February 26, 2019	0.75%	0.15%
Series PWX	February 26, 2019	— <sup>(2)</sup>	— <sup>(2)</sup>
Series R	February 26, 2019	n/a	n/a

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

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

#### (b) Tax Loss Carryforwards

Total Capital Loss \$	Total Non-Capital Loss \$	Expiration Date of Non-Capital Losses													
		2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
11,746	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

#### (c) Securities Lending

As at March 31, 2023 and 2022, the Fund did not have any open securities lending, repurchase or reverse repurchase transactions.

#### (d) Commissions

	(\$)
March 31, 2023	—
March 31, 2022	—

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2023

## NOTES TO FINANCIAL STATEMENTS

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

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

##### *i. Risk exposure and management*

The Fund seeks a positive total return over a market cycle, regardless of general market direction, by employing a variety of fundamentally driven and systematically driven investment strategies. The Fund will invest in long and short positions in fixed income securities and instruments of issuers anywhere in the world. The Fund may also engage in physical short sales, borrowing and/or derivatives.

The Fund's aggregate exposure to its sources of leverage is calculated as the sum of the following sources of leverage, and must not exceed 300% of its net asset value: (i) the aggregate market value of securities sold short; (ii) the value of indebtedness under any borrowing arrangements for investment purposes; and (iii) the aggregate notional value of the Fund's specified derivatives positions, excluding any specified derivatives used for hedging purposes.

The cumulative effect of the use of leverage in a market that moves adversely to a leveraged investment could result in a substantial loss which would be greater than if leverage were not used. Therefore, any event that adversely affects the value of an investment by the Fund would be magnified to the extent leverage is employed.

##### *ii. Currency risk*

The tables below summarize the Fund's exposure to currency risk.

Currency	March 31, 2023				Impact on net assets			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)	Strengthened by 5%		Weakened by 5%	
					(\$)	%	(\$)	%
USD	63,865	8,370	(60,057)	12,178				
NZD	–	–	580	580				
GBP	–	–	575	575				
ILS	–	1,422	(1,038)	384				
AUD	–	(263)	567	304				
NOK	–	–	188	188				
EUR	1,704	351	(1,892)	163				
INR	–	–	66	66				
ZAR	–	–	23	23				
BRL	–	–	(14)	(14)				
COP	–	–	(15)	(15)				
HUF	–	–	(15)	(15)				
KOR	–	–	(26)	(26)				
PEN	–	–	(27)	(27)				
IDR	–	–	(48)	(48)				
SGD	–	–	(76)	(76)				
NTD	–	–	(91)	(91)				
SEK	–	–	(707)	(707)				
JPY	–	1,264	(1,981)	(717)				
CHF	–	–	(1,523)	(1,523)				
<b>Total</b>	<b>65,569</b>	<b>11,144</b>	<b>(65,511)</b>	<b>11,202</b>				
% of Net Assets	54.5	9.3	(54.5)	9.3				
<b>Total currency rate sensitivity</b>					<b>(560)</b>	<b>(0.5)</b>	<b>560</b>	<b>0.5</b>

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2023

## NOTES TO FINANCIAL STATEMENTS

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

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

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

Currency	March 31, 2022				Impact on net assets			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)	Strengthened by 5%		Weakened by 5%	
					(\$)	%	(\$)	%
AUD	–	81	1,003	1,084				
NZD	–	–	874	874				
GBP	–	3	473	476				
THB	–	–	136	136				
SGD	–	–	81	81				
PLN	–	–	53	53				
ILS	–	1,483	(1,483)	–				
ZAR	–	–	(22)	(22)				
BRL	–	–	(28)	(28)				
PEN	–	–	(34)	(34)				
COP	–	–	(36)	(36)				
RUB	–	–	(43)	(43)				
KOR	–	–	(60)	(60)				
NOK	–	–	(63)	(63)				
IDR	–	–	(107)	(107)				
EUR	1,958	332	(2,642)	(352)				
USD	61,413	5,174	(67,138)	(551)				
SEK	–	–	(849)	(849)				
JPY	–	1,019	(2,171)	(1,152)				
CHF	–	–	(2,170)	(2,170)				
<b>Total</b>	<b>63,371</b>	<b>8,092</b>	<b>(74,226)</b>	<b>(2,763)</b>				
<b>% of Net Assets</b>	<b>49.8</b>	<b>6.4</b>	<b>(58.3)</b>	<b>(2.1)</b>				
<b>Total currency rate sensitivity</b>					<b>138</b>	<b>0.1</b>	<b>(138)</b>	<b>(0.1)</b>

\* Includes both monetary and non-monetary financial instruments

##### iii. Interest rate risk

The tables below summarize the Fund's exposure to interest rate risks from its investments in bonds and derivative instruments by term to maturity.

March 31, 2023	Bonds (\$)		Derivative Instruments (\$)		Impact on net assets			
	Long	Short	Long	Short	Increase by 1%		Decrease by 1%	
					(\$)	(%)	(\$)	(%)
Less than 1 year	4,067	–	21,083	(12,417)				
1-5 years	30,543	(1,800)	–	–				
5-10 years	42,163	(933)	–	–				
Greater than 10 years	18,146	–	–	–				
<b>Total</b>	<b>94,921</b>	<b>(2,733)</b>	<b>21,083</b>	<b>(12,417)</b>				
<b>Total sensitivity to interest rate changes</b>					<b>(4,028)</b>	<b>(3.3)</b>	<b>4,392</b>	<b>3.7</b>



# MACKENZIE CREDIT ABSOLUTE RETURN FUND

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## NOTES TO FINANCIAL STATEMENTS

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

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

##### iii. Interest rate risk (cont'd)

	Bonds (\$)		Derivative Instruments (\$)		Impact on net assets			
	Long	Short	Long	Short	Increase by 1%		Decrease by 1%	
March 31, 2022					(\$)	(%)	(\$)	(%)
Less than 1 year	2,686	–	143,830	(1,956)				
1-5 years	24,518	(1,546)	–	–				
5-10 years	51,329	(3,735)	–	–				
Greater than 10 years	17,106	–	–	–				
Total	95,639	(5,281)	143,830	(1,956)				
Total sensitivity to interest rate changes					(10,984)	(8.6)	11,377	8.9

##### iv. Other price risk

As at March 31, 2023 and 2022, the Fund did not have a significant exposure to other price risk.

##### v. Credit risk

The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The maximum exposure to any one debt issuer as at March 31, 2023, was 4.2% (2022 – 2.0%) of the net assets of the Fund.

As at March 31, 2023 and 2022, debt securities by credit rating are as follows:

Bond Rating*	March 31, 2023	March 31, 2022
	% of Net Assets	% of Net Assets
AAA	0.1	0.2
AA	5.0	–
A	4.8	0.7
BBB	8.9	6.9
Less than BBB	50.4	55.2
Unrated	7.5	8.0
Total	76.1	71.0

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

#### (f) Fair Value Classification

The table below summarizes the fair value of the Fund's financial instruments using the fair value hierarchy described in note 3.

	March 31, 2023				March 31, 2022			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Bonds – Long	–	94,921	–	94,921	705	94,934	–	95,639
Bonds – Short	–	(2,733)	–	(2,733)	–	(5,281)	–	(5,281)
Equities	559	–	–	559	802	8	–	810
Options	–	320	–	320	–	775	–	775
Exchange-traded funds/notes – Long	485	–	–	485	494	–	–	494
Exchange-traded funds/notes – Short	(825)	–	–	(825)	(870)	–	–	(870)
Private funds	–	–	2,922	2,922	–	–	1,266	1,266
Derivative assets	395	1,124	–	1,519	395	1,796	–	2,191
Derivative liabilities	(208)	(394)	–	(602)	(866)	(401)	–	(1,267)
Short-term investments	–	9,089	–	9,089	–	19,270	–	19,270
Total	406	102,327	2,922	105,655	660	111,101	1,266	113,027

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2023

## NOTES TO FINANCIAL STATEMENTS

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

#### (f) Fair Value Classification (cont'd)

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

During the period ended March 31, 2023, bonds with a fair value of \$671 (2022 – \$Nil) were transferred from Level 1 to Level 2 as a result of changes in the inputs used for valuation.

The table below presents a reconciliation of financial instruments measured at fair value using unobservable inputs (Level 3) for the periods ended March 31, 2023 and 2022:

	March 31, 2023	March 31, 2022
	Private funds (\$)	Private funds (\$)
Balance – beginning of period	1,266	–
Purchases	1,603	1,210
Sales	–	–
Transfers in	–	–
Transfers out	–	–
Gains (losses) during the period:		
Realized	–	–
Unrealized	53	56
Balance – end of period	2,922	1,266
Change in unrealized gains (losses) during the period attributable to securities held at end of period	53	56

Changing one or more of the inputs to reasonably possible alternative assumptions for valuing Level 3 financial instruments would not significantly affect the fair value of those instruments.

#### (g) Investments by the Manager and Affiliates

The investments held by the Manager, other funds managed by the Manager, and funds managed by affiliates of the Manager, investing in series CL, IG or S of the Fund, as applicable (as described in *Fund Formation and Series Information* in note 10), were as follows:

	March 31, 2023	March 31, 2022
	(\$)	(\$)
The Manager	–	–
Other funds managed by the Manager	95,991	112,947
Funds managed by affiliates of the Manager	16,738	6,518

#### (h) Offsetting of Financial Assets and Liabilities

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

	March 31, 2023			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	1,440	(256)	–	1,184
Unrealized losses on derivative contracts	(355)	256	562	463
Liability for options written	(62)	–	–	(62)
Total	1,023	–	562	1,585

	March 31, 2022			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	1,190	(460)	–	730
Unrealized losses on derivative contracts	(931)	460	3,802	3,331
Liability for options written	(245)	–	–	(245)
Total	14	–	3,802	3,816

# MACKENZIE CREDIT ABSOLUTE RETURN FUND

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## NOTES TO FINANCIAL STATEMENTS

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

#### (i) Interest in Unconsolidated Structured Entities

The Fund's investment details in the Underlying Funds as at March 31, 2023 and 2022 are as follows:

March 31, 2023	% of Underlying Fund's Net Assets	Fair Value of Fund's Investment (\$)
iShares iBoxx \$ High Yield Corporate Bond ETF	0.0	(83)
iShares iBoxx \$ Investment Grade Corporate Bond ETF	0.0	485
Northleaf Private Credit II LP	0.3	2,066
Sagard Credit Partners II LP	0.2	856
SPDR Bloomberg Barclays Convertible Securities ETF	0.0	(742)

  

March 31, 2022	% of Underlying Fund's Net Assets	Fair Value of Fund's Investment (\$)
iShares iBoxx \$ High Yield Corporate Bond ETF	0.0	(84)
iShares iBoxx \$ Investment Grade Corporate Bond ETF	0.0	494
Northleaf Private Credit II LP	0.2	1,088
Sagard Credit Partners II LP	0.2	178
SPDR Bloomberg Barclays Convertible Securities ETF	0.0	(786)

#### (j) Dividend and interest income

Included in dividend and interest income for the period ended March 31, 2023 are dividends paid on securities sold short of \$20 (2022 – \$19) and interest paid on securities sold short of \$230 (2022 – \$343).

#### (k) Leverage

Leverage occurs when the Fund borrows money or securities, or uses derivatives, to generate investment exposure that would otherwise not be possible. The Fund's aggregate exposure to its sources of leverage is calculated as the sum of the following: (i) the market value of short holdings; (ii) the amount of cash borrowed for investment purposes; and (iii) the notional value of the Fund's derivatives positions, excluding any derivatives used for hedging purposes. This exposure must not exceed 300% of the Fund's NAV.

The leverage of the Fund results from the combined impact of each of its strategies: protected high-yield, leveraged investment grade credit, long/short credit and credit momentum. The protected high-yield strategy seeks exposure to a diversified collection of non-investment grade bonds and applies an options overlay to mitigate the risk associated with this asset class. The leveraged investment grade credit strategy uses leverage to increase exposure when the portfolio management team sees positive credit fundamentals, attractive valuations and acceptable market risk sentiment. The long/short credit strategy takes long and short positions in corporate bonds based on company- and industry-specific factors. The proprietary credit momentum strategy uses primarily derivatives such as swaps and futures to systematically adjust the Fund's exposure to investment grade and high-yield bonds, floating-rate loans and emerging market debt.

During the year ended March 31, 2023, the Fund's aggregate exposure to sources of leverage ranged from 135% to 51% of the Fund's NAV. The high end of the range occurred in July 2022, when the Fund used total return swaps for incremental investment grade and highyield bond exposure. The low end of the range occurred in March 2023, when the portfolio used fewer derivatives and the total size of short positions in the long/short credit strategy had decreased. The primary sources of leverage were physical short positions in fixed income securities, futures, options, forward currency contracts and swaps. Including the notional value of derivatives used for hedging, the low and high amounts of leverage ranged from 230% to 285%.

During the year ended March 31, 2022, the Fund's aggregate exposure to sources of leverage ranged from 40% to 140% of the Fund's NAV. The high end of the range occurred in April 2021 when the Fund had significant leveraged exposure to investment grade bonds. The low end of the range occurred in May 2021, when total return swaps expired. The primary sources of leverage were physical short positions in fixed income securities, futures, options, forward currency contracts and swaps. Including the notional value of derivatives used for hedging, the low and high amounts of leverage ranged from 206% to 413%.

#### (l) Commitment

	March 31, 2023		March 31, 2022	
	Called Amount (\$)	Total Commitment to Invest (US\$)	Called Amount (\$)	Total Commitment to Invest (US\$)
Northleaf Private Credit II LP <sup>(1)</sup>	2,066	1,856	1,088	1,856
Sagard Credit Partners II LP <sup>(2)</sup>	856	1,856	178	1,856

<sup>(1)</sup> This fund is managed by Northleaf Capital Partners (Canada) Ltd., an affiliate of Mackenzie.

<sup>(2)</sup> This fund is managed by Sagard Holdings Inc., an affiliate of Mackenzie.

#### (m) Investments Pledged as Collateral

As at March 31, 2023, investments in securities with a fair value of \$4,595 (2022 – \$6,312) have been pledged as collateral against securities sold short and futures contracts.