

CANADA LIFE LONG TERM BOND FUND (PORTICO)

(Formerly Long Term Bond Fund (Portico))

CANADIAN INCOME FUND

Interim Unaudited Financial Statements

For the Six-Month Period Ended September 30, 2020

These Interim Unaudited Financial Statements do not contain the Interim Management Report of Fund Performance ("MRFP") of the investment fund. You may obtain a copy of the Interim MRFP, at no cost, by contacting us using one of the methods noted under Fund Formation and Series Information or by visiting the SEDAR website at www.sedar.com. Copies of the Annual Financial Statements or Annual MRFP may also be obtained, at no cost, using any of the methods outlined above.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

NOTICE OF NO AUDITOR REVIEW OF THE INTERIM FINANCIAL STATEMENTS

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

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

CANADA LIFE LONG TERM BOND FUND (PORTICO)

(Formerly Long Term Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

CANADIAN INCOME FUND

STATEMENTS OF FINANCIAL POSITION

In thousands (except per security figures)
As at

	Sep. 30 2020	Mar. 31 2020 (Audited)
	\$	\$
ASSETS		
Current assets		
Investments at fair value	31,784	27,058
Cash and cash equivalents	598	501
Accrued interest receivable	265	257
Accounts receivable for investments sold	83	31
Accounts receivable for securities issued	—	—
Total assets	32,730	27,847
LIABILITIES		
Current liabilities		
Accounts payable for investments purchased	542	97
Accounts payable for securities redeemed	—	—
Total liabilities	542	97
Net assets attributable to securityholders	32,188	27,750
Net assets attributable to securityholders per series (note 3)		
Series R	32,188	27,750
Net assets attributable to securityholders per security (note 3)		
Series R	11.47	10.50

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended September 30 (note 1)
In thousands (except per security figures)

	2020 \$	2019 \$
Income		
Interest income	463	437
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	570	110
Net unrealized gain (loss)	1,994	1,295
Total income (loss)	3,027	1,842
Expenses (note 6)		
Commissions and other portfolio transaction costs	—	1
Independent Review Committee fees	—	—
Expenses before amounts absorbed by Manager	—	1
Expenses absorbed by Manager	—	—
Net expenses	—	1
Increase (decrease) in net assets attributable to securityholders from operations before tax	3,027	1,841
Foreign withholding taxes	—	—
Foreign income taxes paid (recovered)	—	—
Increase (decrease) in net assets attributable to securityholders from operations	3,027	1,841
Increase (decrease) in net assets attributable to securityholders from operations per series		
Series R	3,027	1,841
Increase (decrease) in net assets attributable to securityholders from operations per security		
Series R	1.13	0.76

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

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STATEMENTS OF CHANGES IN FINANCIAL POSITION

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

	2020	2019
	Series R	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS	\$	
Beginning of period	27,750	24,325
Increase (decrease) in net assets from operations	3,027	1,841
Distributions paid to securityholders:		
Investment income	(461)	(429)
Capital gains	–	–
Total distributions paid to securityholders	(461)	(429)
Security transactions:		
Proceeds from securities issued	2,983	2,861
Reinvested distributions	38	38
Payments on redemption of securities	(1,149)	(1,786)
Total security transactions	1,872	1,113
Total increase (decrease) in net assets	4,438	2,525
End of period	32,188	26,850
Increase (decrease) in fund securities (note 7):	Securities	
Securities outstanding – beginning of period	2,644	2,355
Issued	260	272
Reinvested distributions	3	4
Redeemed	(101)	(168)
Securities outstanding – end of period	2,806	2,463

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STATEMENTS OF CASH FLOWS

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

	2020	2019
	\$	\$
Cash flows from operating activities		
Net increase (decrease) in net assets attributable to securityholders from operations	3,027	1,841
Adjustments for:		
Net realized loss (gain) on investments	(570)	(110)
Change in net unrealized loss (gain) on investments	(1,994)	(1,295)
Purchase of investments	(6,806)	(3,475)
Proceeds from sale and maturity of investments	5,037	2,317
Change in accrued interest receivable	(8)	(17)
Net cash from operating activities	(1,314)	(739)
Cash flows from financing activities		
Proceeds from securities issued	2,983	2,861
Payments on redemption of securities	(1,149)	(1,786)
Distributions paid net of reinvestments	(423)	(391)
Net cash from financing activities	1,411	684
Net increase (decrease) in cash and cash equivalents	97	(55)
Cash and cash equivalents at beginning of period	501	112
Effect of exchange rate fluctuations on cash and cash equivalents	—	—
Cash and cash equivalents at end of period	598	57
Cash	598	57
Cash equivalents	—	—
Cash and cash equivalents at end of period	598	57
Supplementary disclosures on cash flow from operating activities:		
Dividends received	—	—
Foreign taxes paid	—	—
Interest received	455	420
Interest paid	—	—

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SCHEDULE OF INVESTMENTS

As at September 30, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS					
407 International Inc. 6.47% 07-27-2029 Callable	Canada	Corporate - Non Convertible	229,000	305	316
407 International Inc. 3.83% 05-11-2046	Canada	Corporate - Non Convertible	102,000	107	123
407 International Inc. 3.67% 03-08-2049 Callable 2048	Canada	Corporate - Non Convertible	74,000	80	88
407 International Inc. 2.84% 03-07-2050	Canada	Corporate - Non Convertible	114,000	112	117
Aéroports de Montréal 5.47% 04-16-2040 Callable	Canada	Corporate - Non Convertible	168,000	225	235
Aéroports de Montréal 3.92% 09-26-2042	Canada	Corporate - Non Convertible	97,000	108	114
Aéroports de Montréal 3.03% 04-21-2050 Callable 2049	Canada	Corporate - Non Convertible	45,000	47	47
AIMCo Realty Investors LP 2.71% 06-01-2029 Callable 2029	Canada	Corporate - Non Convertible	53,000	53	57
AltaLink LP 3.99% 06-30-2042 Callable	Canada	Corporate - Non Convertible	51,000	55	63
AltaLink LP 3.72% 12-03-2046 Callable MTN	Canada	Corporate - Non Convertible	143,000	148	174
BCE Inc. 3.50% 09-30-2050 Callable 2050	Canada	Corporate - Non Convertible	245,000	235	253
Bell Canada Inc. 2.90% 09-10-2029 Callable 2029	Canada	Corporate - Non Convertible	70,000	70	75
Bell Canada Inc. 4.75% 09-29-2044 Callable 2044	Canada	Corporate - Non Convertible	177,000	187	218
British Columbia Ferry Service Inc. 2.79% 10-15-2049	Canada	Corporate - Non Convertible	62,000	63	64
British Columbia Ferry Services Inc. 4.29% 04-28-2044 Callable 2043	Canada	Corporate - Non Convertible	55,000	64	71
Brookfield Infrastructure Finance ULC 2.86% 09-01-2032 Callable 2032	Canada	Corporate - Non Convertible	30,000	30	31
Brookfield Renewable Partners ULC 3.33% 08-13-2050 Callable 2050	Canada	Corporate - Non Convertible	50,000	50	50
Bruce Power LP 4.13% 06-21-2033 Callable 2033	Canada	Corporate - Non Convertible	100,000	119	117
Canada Housing Trust 1.75% 06-15-2030	Canada	Federal Government	250,000	269	269
Canadian National Railway Co. 3.95% 09-22-2045 Callable 2045	Canada	Corporate - Non Convertible	139,000	149	172
Canadian National Railway Co. 3.60% 02-08-2049 Callable 2048	Canada	Corporate - Non Convertible	51,000	51	60
Choice Properties Real Estate Investment Trust 3.53% 06-11-2029 Callable 2029	Canada	Corporate - Non Convertible	68,000	69	75
CU Inc. 4.54% 10-24-2041 Callable	Canada	Corporate - Non Convertible	177,000	204	231
CU Inc. 3.55% 11-22-2047 Callable 2047	Canada	Corporate - Non Convertible	232,000	233	271
CU Inc. 2.96% 09-07-2049	Canada	Corporate - Non Convertible	120,000	128	127
Enbridge Inc. 2.99% 10-03-2029	Canada	Corporate - Non Convertible	55,000	55	59
Enbridge Inc. 4.57% 03-11-2044	Canada	Corporate - Non Convertible	145,000	146	164
Enbridge Pipelines Inc. 5.33% 04-06-2040 Callable	Canada	Corporate - Non Convertible	210,000	248	267
Enbridge Pipelines Inc. 4.33% 02-22-2049 Callable 2048	Canada	Corporate - Non Convertible	181,000	210	211
Fair Hydro Trust 3.52% 05-15-2038 Callable 2037	Canada	Corporate - Non Convertible	165,000	202	200
FortisBC Energy Inc. 3.67% 04-09-2046 Callable MTN	Canada	Corporate - Non Convertible	60,000	61	72
Gibson Energy Inc. 3.60% 09-17-2029 Callable 2029	Canada	Corporate - Non Convertible	67,000	67	72
Government of Canada 5.75% 06-01-2033	Canada	Federal Government	195,000	290	314
Government of Canada 5.00% 06-01-2037	Canada	Federal Government	457,000	669	753
Government of Canada 4.00% 06-01-2041	Canada	Federal Government	243,000	356	382
Government of Canada 3.50% 12-01-2045	Canada	Federal Government	432,000	548	667
Government of Canada 2.75% 12-01-2048	Canada	Federal Government	485,000	611	680
Government of Canada 2.00% 12-01-2051	Canada	Federal Government	375,000	445	462
Government of Canada 2.75% 12-01-2064	Canada	Federal Government	185,000	245	292
Greater Toronto Airports Authority 6.47% 02-02-2034 Callable	Canada	Corporate - Non Convertible	52,000	72	74
Greater Toronto Airports Authority 2.75% 10-17-2039	Canada	Corporate - Non Convertible	160,000	165	159
Greater Toronto Airports Authority 5.30% 02-25-2041 Callable	Canada	Corporate - Non Convertible	214,000	282	297
Health Montreal Collective LP 6.72% 09-30-2049	Canada	Corporate - Non Convertible	110,449	148	163
Hydro One Inc. 4.39% 09-26-2041	Canada	Corporate - Non Convertible	225,000	252	289
Hydro One Inc. 3.91% 02-23-2046 Callable 2045	Canada	Corporate - Non Convertible	125,000	132	154
Hydro One Inc. 3.72% 11-18-2047	Canada	Corporate - Non Convertible	70,000	77	84

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SCHEDULE OF INVESTMENTS (cont'd)

As at September 30, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS (cont'd)					
Hydro-Quebec 4.00% 02-15-2055	Canada	Provincial Governments	105,000	150	156
Inter Pipeline Ltd. 3.48% 12-16-2026 Callable 2026	Canada	Corporate - Non Convertible	26,000	26	28
Labrador Island Link Funding Trust 3.85% 12-01-2053	Canada	Federal Government	145,000	168	216
Loblaw Companies Ltd. 5.90% 01-18-2036 Callable	Canada	Corporate - Non Convertible	186,000	225	250
Manulife Finance (Delaware) LP 5.06% 12-15-2041	Canada	Corporate - Non Convertible	120,000	133	148
Metro Inc. 5.97% 10-15-2035	Canada	Corporate - Non Convertible	245,000	326	332
NAV CANADA 3.53% 02-23-2046 Callable 2045	Canada	Corporate - Non Convertible	259,000	274	302
NAV Canada 3.29% 03-30-2048 Callable 2047	Canada	Corporate - Non Convertible	47,000	51	53
NAV Canada 3.21% 09-29-2050 Callable 2050	Canada	Corporate - Non Convertible	34,000	34	38
OMERS Finance Trust 2.60% 05-14-2029	Canada	Corporate - Non Convertible	69,000	69	75
Province of Alberta 3.50% 06-01-2031	Canada	Provincial Governments	187,000	200	223
Province of Alberta 3.45% 12-01-2043	Canada	Provincial Governments	196,000	215	238
Province of Alberta 3.30% 12-01-2046	Canada	Provincial Governments	192,000	197	230
Province of Alberta 3.05% 12-01-2048	Canada	Provincial Governments	246,000	249	285
Province of British Columbia 6.35% 06-18-2031	Canada	Provincial Governments	554,000	776	833
Province of British Columbia 4.70% 06-18-2037	Canada	Provincial Governments	420,000	530	600
Province of British Columbia 0% 06-18-2040	Canada	Provincial Governments	142,000	76	95
Province of British Columbia 4.30% 06-18-2042	Canada	Provincial Governments	682,000	837	971
Province of British Columbia 2.80% 06-18-2048	Canada	Provincial Governments	171,000	170	201
Province of British Columbia 2.95% 06-18-2050	Canada	Provincial Governments	326,000	370	399
Province of Manitoba 4.65% 03-05-2040	Canada	Provincial Governments	85,000	120	120
Province of Manitoba 3.40% 09-05-2048	Canada	Provincial Governments	110,000	121	138
Province of Manitoba 3.20% 03-05-2050	Canada	Provincial Governments	188,000	229	230
Province of Manitoba 2.05% 09-05-2052	Canada	Provincial Governments	200,000	199	196
Province of New Brunswick 3.05% 08-14-2050	Canada	Provincial Governments	175,000	212	206
Province of Newfoundland and Labrador 2.65% 10-17-2050	Canada	Provincial Governments	225,000	223	224
Province of Nova Scotia 4.70% 06-01-2041	Canada	Provincial Governments	85,000	123	122
Province of Nova Scotia 4.40% 06-01-2042	Canada	Provincial Governments	300,000	423	421
Province of Nova Scotia 3.15% 12-01-2051	Canada	Provincial Governments	133,000	145	163
Province of Ontario 2.05% 06-02-2030	Canada	Provincial Governments	175,000	187	187
Province of Ontario 4.70% 06-02-2037	Canada	Provincial Governments	605,000	764	858
Province of Ontario 0% 06-02-2041	Canada	Provincial Governments	255,000	135	168
Province of Ontario 4.65% 06-02-2041	Canada	Provincial Governments	394,000	505	576
Province of Ontario 0% 06-02-2043	Canada	Provincial Governments	145,000	72	91
Province of Ontario 3.50% 06-02-2043	Canada	Provincial Governments	781,000	851	994
Province of Ontario 0% 06-02-2045	Canada	Provincial Governments	146,000	69	87
Province of Ontario 3.45% 06-02-2045	Canada	Provincial Governments	805,000	880	1,027
Province of Ontario 2.80% 06-02-2048	Canada	Provincial Governments	556,000	528	647
Province of Ontario 2.90% 06-02-2049	Canada	Provincial Governments	735,000	745	874
Province of Ontario 2.65% 12-02-2050	Canada	Provincial Governments	771,000	840	883
Province of Ontario 1.90% 12-02-2051	Canada	Provincial Governments	175,000	175	171
Province of Prince Edward Island 2.65% 12-01-2051	Canada	Provincial Governments	80,000	85	87
Province of Quebec Residual Strip 0% 12-01-2041	Canada	Provincial Governments	371,000	193	241
Province of Quebec 2.30% 09-01-2029	Canada	Provincial Governments	76,000	75	83
Province of Quebec 6.25% 06-01-2032	Canada	Provincial Governments	293,000	410	443
Province of Quebec 5.75% 12-01-2036	Canada	Provincial Governments	300,000	471	469
Province of Quebec 5.00% 12-01-2041	Canada	Provincial Governments	422,000	568	647

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SCHEDULE OF INVESTMENTS (cont'd)

As at September 30, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS (cont'd)					
Province of Quebec 0% 12-01-2043	Canada	Provincial Governments	292,000	143	180
Province of Quebec 4.25% 12-01-2043	Canada	Provincial Governments	777,000	945	1,102
Province of Quebec 3.50% 12-01-2045	Canada	Provincial Governments	647,000	705	837
Province of Quebec 3.50% 12-01-2048	Canada	Provincial Governments	630,000	696	831
Province of Quebec 3.10% 12-01-2051	Canada	Provincial Governments	665,000	754	836
Province of Saskatchewan 3.30% 06-02-2048	Canada	Provincial Governments	147,000	152	181
PSP Capital Inc. 2.05% 01-15-2030	Canada	Federal Government	106,000	107	113
Rogers Communications Inc. 3.25% 05-01-2029 Callable 2029	Canada	Corporate - Non Convertible	83,000	85	92
South Coast British Columbia Transportation Authority 3.15% 11-16-2048	Canada	Municipal Governments	91,000	90	107
Sun Life Financial Inc. F/R 05-10-2032 Callable 2027	Canada	Corporate - Non Convertible	130,000	133	138
Sun Life Financial Inc. F/R 10-01-2035	Canada	Corporate - Non Convertible	175,000	175	175
Sun Life Financial Inc. 5.40% 05-29-2042 (F/R @ 05-29-2037) Callable 2037	Canada	Corporate - Non Convertible	211,000	253	273
Suncor Energy Inc. 3.10% 05-24-2029 Callable 2029	Canada	Corporate - Non Convertible	20,000	20	21
Suncor Energy Inc. 5.39% 03-26-2037 Callable	Canada	Corporate - Non Convertible	305,000	361	371
TD Capital Trust IV 10.00% Perpetual (F/R @ 06-30-2039) Callable 2039	Canada	Corporate - Non Convertible	113,000	146	125
TELUS Corp. 3.95% 02-16-2050	Canada	Corporate - Non Convertible	75,000	82	82
TELUS Corp. 4.40% 04-01-2043 Callable	Canada	Corporate - Non Convertible	156,000	154	180
The Toronto-Dominion Bank 4.86% 03-04-2031 Callable 2026	Canada	Corporate - Non Convertible	8,000	9	9
The Toronto-Dominion Bank F/R 01-26-2032 Callable 2027	Canada	Corporate - Non Convertible	83,000	83	90
TransCanada PipeLines Ltd. 8.05% 02-17-2039	Canada	Corporate - Non Convertible	82,000	128	129
TransCanada PipeLines Ltd. 4.35% 06-06-2046 Callable 2045	Canada	Corporate - Non Convertible	125,000	143	138
TransCanada Pipelines Ltd. 4.34% 10-15-2049 Callable 2049	Canada	Corporate - Non Convertible	80,000	92	89
University of Ottawa 2.64% 02-13-2060 Callable 2020	Canada	Corporate - Non Convertible	58,000	58	58
Vancouver Airport Authority 3.857% 11-10-2045 Callable	Canada	Corporate - Non Convertible	185,000	206	218
Vancouver Airport Authority 2.87% 10-18-2049	Canada	Corporate - Non Convertible	81,000	81	81
Vancouver Airport Authority 2.80% 09-21-2050 Callable 2050	Canada	Corporate - Non Convertible	70,000	70	69
Total bonds				28,737	31,784
Transaction costs				—	—
Total investments				28,737	31,784
Cash and cash equivalents					598
Other assets less liabilities					(194)
Total net assets					32,188

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SUMMARY OF INVESTMENT PORTFOLIO

September 30, 2020		March 31, 2020	
Portfolio Allocation	% of NAV	Portfolio Allocation	% of NAV
Bonds	98.7	Bonds	97.5
Cash and short-term investments	1.9	Cash and short-term investments	1.8
Other assets (liabilities)	(0.6)	Other assets (liabilities)	0.7
Regional Allocation	% of NAV	Regional Allocation	% of NAV
Canada	98.7	Canada	97.5
Cash and short-term investments	1.9	Cash and short-term investments	1.8
Other assets (liabilities)	(0.6)	Other assets (liabilities)	0.7
Sector Allocation	% of NAV	Sector Allocation	% of NAV
Provincial bonds	57.6	Provincial bonds	55.0
Corporate bonds	27.9	Corporate bonds	23.9
Federal bonds	12.9	Federal bonds	18.2
Cash and short-term investments	1.9	Cash and short-term investments	1.8
Municipal bonds	0.3	Other assets (liabilities)	0.7
Other assets (liabilities)	(0.6)	Municipal bonds	0.3
		Foreign government bonds	0.1

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NOTES TO FINANCIAL STATEMENTS

1. Fiscal Periods and General Information

The information provided in these financial statements and notes thereto is for the six-month periods ended or as at September 30, 2020 and 2019, except for the comparative information presented in the Statements of Financial Position and notes thereto, which is as at March 31, 2020, as applicable. In the year a Fund or series is established or reinstated, 'period' represents the period from inception or reinstatement. Refer to Note 9 for the formation date of the Fund and the inception date of each series.

The Fund is organized as an open-ended unit 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. The Canada Life Assurance Company is also 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 unaudited interim financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). These financial statements were prepared using the same accounting policies, critical accounting judgements and estimates as applied in the Fund's most recent audited annual financial statements for the year ended March 31, 2020. A summary of the Fund's significant accounting policies under IFRS is presented in Note 3.

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

These financial statements were authorized for issue by the Board of Directors of Mackenzie Financial Corporation on November 10, 2020.

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. As such, investment purchase and sale transactions are recorded as of the trade date.

Financial instruments are subsequently measured at FVTPL with changes in fair value recognized in the Statement of Comprehensive Income – Other changes in fair value of investments and other net assets – Net unrealized gain (loss).

The Fund's redeemable securities contain multiple dissimilar contractual obligations and therefore meet the criteria for classification as financial liabilities under IAS 32, *Financial Instruments: Presentation*. The Fund's obligation for net assets attributable to securityholders is presented at the redemption amount.

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

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

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

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NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(b) Fair value measurement

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

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

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

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

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

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

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

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

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

Refer to the Schedule of Derivative Instruments and Schedule of Options Purchased/Written, as applicable, included in the Schedule of Investments for a listing of derivative and options positions as at September 30, 2020.

(c) Income recognition

Interest income from interest bearing investments is recognized using the effective interest method. Dividends are accrued as of the ex-dividend date. Realized gains or losses on the sale of investments, including foreign exchange gains or losses on such investments, are calculated on an average cost basis. Distributions received from an underlying fund are included in interest income, dividend income, realized gains (losses) on sale of investments or fee rebate income, as appropriate.

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

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3. Significant Accounting Policies (cont'd)

(d) Commissions and other portfolio transaction costs

Commissions and other portfolio transaction costs are costs incurred to acquire, issue or dispose of financial assets or liabilities. They include fees and commissions paid to agents, advisers, brokers and dealers. Commissions may be paid to brokerage firms which provide (or pay for) certain services, other than order execution, which may include investment research, analysis and reports, and databases or software in support of these services. Where applicable and ascertainable, the value of third-party services that were paid for by brokers during the periods is disclosed in Note 9. The value of certain proprietary services provided by brokers cannot be reasonably estimated.

(e) Securities lending, repurchase and reverse repurchase transactions

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

Securities lending transactions are administered by Canadian Imperial Bank of Commerce (the "Securities Lending Agent"). The value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned, sold or purchased. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is included in the Statement of Comprehensive Income – Securities lending income and recognized when earned.

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

(f) Offsetting

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

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

(g) Foreign currency

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

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

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

(h) Net assets attributable to securityholders per security

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

(i) Net asset value per security

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

(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.

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3. Significant Accounting Policies (cont'd)

(k) Mergers

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

4. Critical Accounting Estimates and Judgments

The preparation of these financial statements requires management to make estimates and assumptions that primarily affect the valuation of investments. Estimates and assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates.

The duration and long-term impact of the novel coronavirus (COVID-19) pandemic on businesses and markets, and the extent of additional economic relief measures which may be offered by some governments and central banks, are unknown at the reporting date. The Manager uses judgment in assessing the impact from such events on the assumptions and estimates applied in reporting the assets and liabilities in the Fund's financial statements at September 30, 2020. However, this uncertainty means it is impossible to reliably estimate the impact on the financial results and position of the Fund in future periods.

Use of Estimates

Fair value of securities not quoted in an active market

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

Use of Judgments

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

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

Functional currency

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

Structured entities and associates

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

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5. Income Taxes

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

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

6. Management Fees and Operating Expenses

No management fee or operating expenses, other than certain specific fund costs, are charged to the Fund.

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), fees paid to external service providers associated with tax reclaims, refunds or the preparation of foreign tax reports on behalf of the Funds, any 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 annual information form, 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 annual information form.

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 September 30, 2020 and 2019 and securities issued, reinvested and redeemed for the periods are presented in the Statement of Changes in Financial Position. Mackenzie manages the capital of the Fund in accordance with the investment objectives as discussed in Note 9.

8. Financial Instruments Risk

i. Risk exposure and management

The Fund's investment activities expose it to a variety of financial risks, as defined in IFRS 7, *Financial Instruments: Disclosures* ("IFRS 7"). The Fund's exposure to financial risks is concentrated in its investments, which are presented in the Schedule of Investments, as at September 30, 2020, grouped by asset type, with geographic and sector information.

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

ii. Liquidity risk

Liquidity risk arises when the Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable securities. In 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 90% of its assets in liquid investments (i.e., investments that can be readily sold).

iii. Currency risk

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

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8. Financial Instruments Risk (cont'd)

iv. Interest rate risk

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

v. Other price risk

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

vi. Credit risk

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

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

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

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

vii. Underlying funds

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

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

(a) Fund Formation and Series Information

Date of Formation June 28, 2017

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 Distributed by Quadrus Investment Services Ltd. (255 Dufferin Ave., London, Ontario, N6A 4K1; 1-888-532-3322; www.canadalife.com)

Quadrus Investment Services Ltd. ("Quadrus") is the principal distributor of the series of securities listed below:

Series R securities are offered only to other affiliated funds and certain institutional investors in connection with fund-of-fund arrangements.

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees	Net Asset Value per Security (\$)	
				Sep. 30, 2020	Mar. 31, 2020
Series R	July 14, 2017	— *	— *	11.47	10.50

* Not applicable.

(b) Investments by Mackenzie and Affiliates

As at September 30, 2020, other funds managed by Mackenzie had an investment of \$32,188 (March 31, 2020 — \$27,750) in the Fund.

(c) Loss Carryforwards

As at the last taxation year-end, there were no capital and non-capital losses available to carry forward for tax purposes.

(d) Securities Lending

As at September 30, 2020 and March 31, 2020, the Fund did not have any open securities lending, repurchase or reverse repurchase transactions.

(e) Name Change

Effective August 14, 2020, the Fund was renamed Canada Life Long Term Bond Fund (Portico).

(f) Offsetting of Financial Assets and Liabilities

As at September 30, 2020 and March 31, 2020, there were no amounts subject to offsetting.

(g) Subsequent Events

Effective on or about January 1, 2021, the Fund's manager and trustee will change to Canada Life Investment Management Ltd. ("CLIML"), an affiliate of Mackenzie. This change received a positive recommendation from the Mackenzie Funds' Independent Review Committee and is subject to regulatory approval for CLIML to be registered as an investment fund manager.

Concurrent with this change, Mackenzie will replace GLC Asset Management Group Ltd. as sub-advisor to the Fund.

(h) Risks Associated with Financial Instruments

i. Risk exposure and management

The Fund seeks to provide interest income by investing primarily in a combination of publicly traded Canadian government bonds, corporate bonds, debentures, notes, mortgages and other income-producing securities, each with a term greater than 10 years. The Fund may hold up to 30% of its assets in foreign investments.

ii. Currency risk

As at September 30, 2020 and March 31, 2020, the Fund did not have a significant exposure to currency risk.

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NOTES TO FINANCIAL STATEMENTS

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

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

iii. Interest rate risk

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

	September 30, 2020	March 31, 2020
Bonds	(\$)	(\$)
Less than 1 year	–	–
1-5 years	–	41
5-10 years	1,522	1,343
Greater than 10 years	30,262	25,674
Total	31,784	27,058

As at September 30, 2020, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets would have decreased or increased by approximately \$5,099 or 15.8% (March 31, 2020 – \$4,208 or 15.2%) of total net assets. In practice, the actual trading results may differ and the difference could be material.

iv. Other price risk

As at September 30, 2020 and March 31, 2020, the Fund did not have a significant exposure to 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 September 30, 2020, was 20.4% of the net assets of the Fund (March 31, 2020 – 22.2%).

As at September 30, 2020 and March 31, 2020, debt securities by credit rating are as follows:

	September 30, 2020	March 31, 2020
Bond Rating*	% of Net Assets	% of Net Assets
AAA	22.2	27.4
AA	21.5	20.3
A	36.8	34.7
BBB	10.3	8.7
Less than BBB	–	–
Unrated	7.9	6.4
Total	98.7	97.5

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

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

(i) Fair Value Classification

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The inputs are considered observable if they are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumption that market participants would use when pricing the asset or liability.

	September 30, 2020				March 31, 2020			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Bonds	–	31,784	–	31,784	–	27,058	–	27,058
Short-term investments	–	–	–	–	–	500	–	500
Total	–	31,784	–	31,784	–	27,558	–	27,558

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

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

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