

# CANADA LIFE SHORT TERM BOND FUND (PORTICO)

*(Formerly Short Term Bond Fund (Portico))*

FIXED 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](http://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 SHORT TERM BOND FUND (PORTICO)

(Formerly Short Term Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

FIXED INCOME FUND

## STATEMENTS OF FINANCIAL POSITION

In thousands (except per security figures)  
As at

	Sep. 30 2020	Mar. 31 2020 (Audited)
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Investments at fair value	28,941	27,241
Cash and cash equivalents	312	314
Accrued interest receivable	153	143
Accounts receivable for investments sold	66	360
Accounts receivable for securities issued	—	—
<b>Total assets</b>	<b>29,472</b>	<b>28,058</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable for investments purchased	325	635
Accounts payable for securities redeemed	8	14
<b>Total liabilities</b>	<b>333</b>	<b>649</b>
<b>Net assets attributable to securityholders</b>	<b>29,139</b>	<b>27,409</b>
<b>Net assets attributable to securityholders per series (note 3)</b>		
Q Series	2,583	2,855
H Series	256	248
HW Series	219	231
L Series	1,429	1,425
N Series	3,588	4,624
QF Series	135	122
QFW Series	1	1
Series R	20,928	17,903
<b>Net assets attributable to securityholders per security (note 3)</b>		
Q Series	10.04	9.79
H Series	9.93	9.69
HW Series	10.46	10.20
L Series	10.01	9.76
N Series	10.08	9.83
QF Series	10.03	9.78
QFW Series	10.46	10.20
Series R	10.06	9.81

## STATEMENTS OF COMPREHENSIVE INCOME

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

	2020 \$	2019 \$
<b>Income</b>		
Interest income	334	371
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	145	(51)
Net unrealized gain (loss)	550	117
<b>Total income (loss)</b>	<b>1,029</b>	<b>437</b>
<b>Expenses (note 6)</b>		
Management fees	27	37
Management fee rebates	(1)	(1)
Administration fees	4	6
Commissions and other portfolio transaction costs	—	1
Independent Review Committee fees	—	—
Other	—	2
<b>Expenses before amounts absorbed by Manager</b>	<b>30</b>	<b>45</b>
Expenses absorbed by Manager	—	—
<b>Net expenses</b>	<b>30</b>	<b>45</b>
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	<b>999</b>	<b>392</b>
Foreign withholding taxes	—	—
Foreign income taxes paid (recovered)	—	—
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	<b>999</b>	<b>392</b>
<b>Increase (decrease) in net assets attributable to securityholders from operations per series</b>		
Q Series	84	27
H Series	8	2
HW Series	8	3
L Series	45	22
N Series	148	84
QF Series	4	1
QFW Series	—	—
Series R	702	253
<b>Increase (decrease) in net assets attributable to securityholders from operations per security</b>		
Q Series	0.31	0.08
H Series	0.33	0.11
HW Series	0.36	0.12
L Series	0.31	0.09
N Series	0.38	0.15
QF Series	0.32	0.11
QFW Series	0.37	0.14
Series R	0.36	0.15

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



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(Formerly Short Term Bond Fund (Portico))

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## STATEMENTS OF CHANGES IN FINANCIAL POSITION

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

	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Q Series		H Series		HW Series		L Series		N Series	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	2,855	3,686	248	265	231	235	1,425	2,503	4,624	5,766
Increase (decrease) in net assets from operations	84	27	8	2	8	3	45	22	148	84
Distributions paid to securityholders:										
Investment income	(14)	(20)	(2)	(2)	(2)	(2)	(8)	(15)	(45)	(71)
Capital gains	–	–	–	–	–	–	–	–	–	–
Management fee rebates	–	(1)	–	–	–	–	–	–	(1)	–
Total distributions paid to securityholders	(14)	(21)	(2)	(2)	(2)	(2)	(8)	(15)	(46)	(71)
Security transactions:										
Proceeds from securities issued	116	161	1	–	–	–	18	75	294	270
Reinvested distributions	14	20	2	2	2	2	8	15	45	71
Payments on redemption of securities	(472)	(757)	(1)	(24)	(20)	(5)	(59)	(267)	(1,477)	(849)
Total security transactions	(342)	(576)	2	(22)	(18)	(3)	(33)	(177)	(1,138)	(508)
<b>Total increase (decrease) in net assets</b>	<b>(272)</b>	<b>(570)</b>	<b>8</b>	<b>(22)</b>	<b>(12)</b>	<b>(2)</b>	<b>4</b>	<b>(170)</b>	<b>(1,036)</b>	<b>(495)</b>
<b>End of period</b>	<b>2,583</b>	<b>3,116</b>	<b>256</b>	<b>243</b>	<b>219</b>	<b>233</b>	<b>1,429</b>	<b>2,333</b>	<b>3,588</b>	<b>5,271</b>

	Securities		Securities		Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>										
<b>Securities outstanding – beginning of period</b>	292	378	26	27	23	23	146	258	471	589
Issued	11	16	–	–	–	–	2	7	30	28
Reinvested distributions	1	2	–	–	–	–	1	2	4	7
Redeemed	(47)	(77)	–	(2)	(2)	–	(6)	(27)	(149)	(87)
<b>Securities outstanding – end of period</b>	<b>257</b>	<b>319</b>	<b>26</b>	<b>25</b>	<b>21</b>	<b>23</b>	<b>143</b>	<b>240</b>	<b>356</b>	<b>537</b>

	QF Series		QFW Series		Series R		Total	
	\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>								
<b>Beginning of period</b>	122	93	1	1	17,903	16,206	27,409	28,755
Increase (decrease) in net assets from operations	4	1	–	–	702	253	999	392
Distributions paid to securityholders:								
Investment income	(1)	(1)	–	–	(230)	(217)	(302)	(328)
Capital gains	–	–	–	–	–	–	–	–
Management fee rebates	–	–	–	–	–	–	(1)	(1)
Total distributions paid to securityholders	(1)	(1)	–	–	(230)	(217)	(303)	(329)
Security transactions:								
Proceeds from securities issued	10	38	–	–	2,987	1,805	3,426	2,349
Reinvested distributions	1	1	–	–	–	–	72	111
Payments on redemption of securities	(1)	(10)	–	–	(434)	(518)	(2,464)	(2,430)
Total security transactions	10	29	–	–	2,553	1,287	1,034	30
<b>Total increase (decrease) in net assets</b>	<b>13</b>	<b>29</b>	<b>–</b>	<b>–</b>	<b>3,025</b>	<b>1,323</b>	<b>1,730</b>	<b>93</b>
<b>End of period</b>	<b>135</b>	<b>122</b>	<b>1</b>	<b>1</b>	<b>20,928</b>	<b>17,529</b>	<b>29,139</b>	<b>28,848</b>

	Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>						
<b>Securities outstanding – beginning of period</b>	12	10	–	–	1,826	1,660
Issued	1	3	–	–	299	184
Reinvested distributions	–	–	–	–	–	–
Redeemed	–	(1)	–	–	(44)	(53)
<b>Securities outstanding – end of period</b>	<b>13</b>	<b>12</b>	<b>–</b>	<b>–</b>	<b>2,081</b>	<b>1,791</b>

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



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(Formerly Short Term Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

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## STATEMENTS OF CASH FLOWS

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

	2020	2019
	\$	\$
<b>Cash flows from operating activities</b>		
Net increase (decrease) in net assets attributable to securityholders from operations	999	392
Adjustments for:		
Net realized loss (gain) on investments	(145)	51
Change in net unrealized loss (gain) on investments	(550)	(117)
Purchase of investments	(13,063)	(12,368)
Proceeds from sale and maturity of investments	12,042	12,176
Change in accrued interest receivable	(10)	10
<b>Net cash from operating activities</b>	<b>(727)</b>	<b>144</b>
<b>Cash flows from financing activities</b>		
Proceeds from securities issued	3,426	2,330
Payments on redemption of securities	(2,470)	(2,387)
Distributions paid net of reinvestments	(231)	(218)
<b>Net cash from financing activities</b>	<b>725</b>	<b>(275)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2)</b>	<b>(131)</b>
Cash and cash equivalents at beginning of period	314	243
Effect of exchange rate fluctuations on cash and cash equivalents	–	–
<b>Cash and cash equivalents at end of period</b>	<b>312</b>	<b>112</b>
Cash	312	112
Cash equivalents	–	–
<b>Cash and cash equivalents at end of period</b>	<b>312</b>	<b>112</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	–	–
Foreign taxes paid	–	–
Interest received	324	381
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)
<b>BONDS</b>					
407 International Inc. 2.47% 09-08-2022 Callable 2022	Canada	Corporate - Non Convertible	142,000	141	146
407 International Inc. 1.80% 05-22-2025 Callable 2025	Canada	Corporate - Non Convertible	91,000	91	94
AltaGas Ltd. 2.61% 12-16-2022	Canada	Corporate - Non Convertible	161,000	162	166
AltaGas Ltd. 2.16% 06-10-2025	Canada	Corporate - Non Convertible	25,000	25	26
Artis Real Estate Investment Trust 3.82% 09-18-2023	Canada	Corporate - Non Convertible	132,000	132	133
Bank of America Corp. F/R 04-25-2025 Callable 2024	United States	Corporate - Non Convertible	136,000	136	144
Bank of Montreal 2.37% 02-03-2025 Callable 2025	Canada	Corporate - Non Convertible	106,000	109	111
Bank of Montreal F/R 06-01-2027 Callable 2022	Canada	Corporate - Non Convertible	115,000	112	118
The Bank of Nova Scotia 2.36% 11-08-2022	Canada	Corporate - Non Convertible	257,000	255	266
The Bank of Nova Scotia 2.38% 05-01-2023	Canada	Corporate - Non Convertible	417,000	421	433
The Bank of Nova Scotia 2.29% 06-28-2024	Canada	Corporate - Non Convertible	158,000	155	167
The Bank of Nova Scotia 2.49% 09-23-2024	Canada	Corporate - Non Convertible	101,000	101	106
bcIMC Realty Corp. 2.15% 08-11-2022 Callable 2022	Canada	Corporate - Non Convertible	356,000	354	365
Bell Canada Inc. 3.35% 03-22-2023	Canada	Corporate - Non Convertible	343,000	361	361
Bell Canada Inc. 3.35% 03-12-2025 Callable 2025	Canada	Corporate - Non Convertible	38,000	37	41
Brookfield BPY Holdings Inc. 3.93% 08-24-2025	United States	Corporate - Non Convertible	89,000	89	90
Brookfield Property Finance ULC 4.12% 10-19-2021	Canada	Corporate - Non Convertible	514,000	527	521
Canada Housing Trust 2.35% 09-15-2023	Canada	Federal Government	810,000	831	858
Canada Housing Trust 2.90% 06-15-2024	Canada	Federal Government	404,000	430	440
Canada Housing Trust 1.80% 12-15-2024	Canada	Federal Government	857,000	882	904
Canada Housing Trust 0.95% 06-15-2025	Canada	Federal Government	580,000	580	590
Canadian Imperial Bank of Commerce 2.47% 12-05-2022	Canada	Corporate - Non Convertible	209,000	207	217
Canadian Imperial Bank of Commerce 2.35% 08-28-2024	Canada	Corporate - Non Convertible	161,000	161	169
Canadian Imperial Bank of Commerce F/R 04-04-2028 Callable 2023	Canada	Corporate - Non Convertible	200,000	201	211
Canadian Imperial Bank of Commerce 4.38% 10-28-2080	Canada	Corporate - Non Convertible	95,000	95	95
Canadian Natural Resources Ltd. 3.55% 06-03-2024	Canada	Corporate - Non Convertible	120,000	127	127
Canadian Western Bank 2.84% 03-14-2022	Canada	Corporate - Non Convertible	164,000	167	168
Canadian Western Bank 1.57% 09-14-2023	Canada	Corporate - Non Convertible	44,000	44	44
Central 1 Credit Union 2.58% 12-06-2023	Canada	Corporate - Non Convertible	207,000	204	214
Centre Street Trust 3.69% 06-14-2021 Callable	Canada	Corporate - Non Convertible	546,000	546	547
Coast Capital Savings Credit Union F/R 07-21-2021	Canada	Corporate - Non Convertible	251,000	251	248
Coast Capital Savings Credit Union F/R 05-03-2028 Callable 2023	Canada	Corporate - Non Convertible	122,000	125	129
Coast Capital Savings Credit Union F/R 10-29-2030 Callable 2025	Canada	Corporate - Non Convertible	97,000	100	107
CT Real Estate Investment Trust 2.16% 06-01-2021 Callable 2021	Canada	Corporate - Non Convertible	416,000	411	418
Daimler Canada Finance Inc. 1.65% 09-22-2025	Germany	Corporate - Non Convertible	103,000	103	103
Dollarama Inc. 2.34% 07-22-2021	Canada	Corporate - Non Convertible	284,000	281	288
Eagle Credit Card Trust 2.63% 10-17-2022	Canada	Corporate - Non Convertible	230,000	230	238
Eagle Credit Card Trust 1.27% 07-17-2025	Canada	Corporate - Non Convertible	38,000	38	38
The Empire Life Insurance Co. F/R 03-15-2028 Callable 2023	Canada	Corporate - Non Convertible	439,000	447	460
Enbridge Inc. 3.16% 03-11-2021	Canada	Corporate - Non Convertible	74,000	74	75
Enbridge Inc. 3.19% 12-05-2022	Canada	Corporate - Non Convertible	155,000	155	162
Enbridge Inc. 2.44% 06-02-2025	Canada	Corporate - Non Convertible	84,000	84	87
EPCOR Utilities Inc. 1.30% 05-19-2023	Canada	Corporate - Non Convertible	118,000	118	120
Equitable Bank 2.95% 09-26-2022	Canada	Corporate - Non Convertible	73,000	73	75
Equitable Bank 1.77% 09-21-2023	Canada	Corporate - Non Convertible	266,000	266	267
Fairstone Financial Inc. 3.95% 03-21-2033	Canada	Mortgage Backed	161,000	161	162
First National Financial Corp. 3.58% 11-25-2024	Canada	Corporate - Non Convertible	47,000	47	48

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(Formerly Short Term Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

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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)
<b>BONDS (cont'd)</b>					
Gibson Energy Inc. 2.45% 07-14-2025 Callable 2025	Canada	Corporate - Non Convertible	35,000	35	36
Glacier Credit Card Trust 3.30% 09-20-2022	Canada	Corporate - Non Convertible	548,000	560	564
Glacier Credit Card Trust 4.14% 09-20-2023	Canada	Corporate - Non Convertible	70,000	70	74
Glacier Credit Card Trust 3.43% 06-06-2024	Canada	Corporate - Non Convertible	323,000	323	337
Government of Canada 1.75% 03-01-2023	Canada	Federal Government	184,000	179	191
Government of Canada 1.50% 06-01-2023	Canada	Federal Government	551,000	534	570
Government of Canada 2.00% 09-01-2023	Canada	Federal Government	472,000	472	496
Government of Canada 2.25% 03-01-2024	Canada	Federal Government	337,000	354	360
Government of Canada 1.50% 09-01-2024	Canada	Federal Government	787,000	801	825
Government of Canada 1.25% 03-01-2025	Canada	Federal Government	139,000	144	145
Government of Canada 0.50% 09-01-2025	Canada	Federal Government	266,000	267	268
Government of Canada 1.50% 06-01-2026	Canada	Federal Government	127,000	135	135
Government of Canada 1.25% 06-01-2030	Canada	Federal Government	147,000	157	156
Honda Canada Finance Inc. 2.54% 03-01-2023	Canada	Corporate - Non Convertible	384,000	399	399
Honda Canada Finance Inc. 1.34% 03-17-2026	Canada	Corporate - Non Convertible	31,000	31	31
Husky Energy Inc. 3.55% 03-12-2025 Callable 2024	Canada	Corporate - Non Convertible	87,000	91	89
iA Financial Corp. Inc. F/R 02-21-2030 Callable 2025	Canada	Corporate - Non Convertible	39,000	39	40
Industrial Alliance Insurance and Financial Services Inc. F/R 02-23-2027 Callable 2022	Canada	Corporate - Non Convertible	130,000	130	133
Inter Pipeline Ltd. 2.61% 09-13-2023 Callable MTN	Canada	Corporate - Non Convertible	55,000	55	57
Lower Mattagami Energy LP 3.42% 06-20-2024	Canada	Corporate - Non Convertible	136,000	146	149
Manulife Bank of Canada 2.84% 01-12-2023	Canada	Corporate - Non Convertible	418,000	422	437
Manulife Financial Corp. F/R 08-20-2029 Callable 2024	Canada	Corporate - Non Convertible	132,000	137	140
Master Credit Card Trust II 3.06% 01-21-2022	Canada	Corporate - Non Convertible	700,000	698	705
MCAP Commercial LP 5.00% 12-14-2022	Canada	Corporate - Non Convertible	33,000	33	34
MCAP Commercial LP 4.15% 06-17-2024	Canada	Corporate - Non Convertible	162,000	162	167
MCAP Commercial LP 3.74% 08-25-2025	Canada	Corporate - Non Convertible	70,000	70	71
Morguard Corp. 4.01% 11-18-2020	Canada	Corporate - Non Convertible	291,000	295	291
Morguard Corp. 4.40% 09-28-2023	Canada	Corporate - Non Convertible	142,000	142	142
Municipal Finance Authority of BC 1.10% 06-01-2025	Canada	Municipal Governments	147,000	147	149
National Bank of Canada 1.96% 06-30-2022	Canada	Corporate - Non Convertible	181,000	181	185
National Bank of Canada 2.98% 03-04-2024	Canada	Corporate - Non Convertible	76,000	80	81
National Bank of Canada F/R 08-18-2026 Callable 2025	Canada	Corporate - Non Convertible	37,000	37	37
National Bank of Canada 3.18% 02-01-2028 Callable 2023	Canada	Corporate - Non Convertible	267,000	277	278
OMERS Realty Corp. 1.30% 09-22-2023	Canada	Corporate - Non Convertible	69,000	69	70
Ontario Power Generation Inc. 2.89% 04-08-2025 Callable 2025	Canada	Corporate - Non Convertible	243,000	250	262
Pembina Pipeline Corp. 2.56% 06-01-2023	Canada	Corporate - Non Convertible	324,000	324	335
Province of Alberta 2.65% 09-01-2023	Canada	Provincial Governments	191,000	201	203
Province of Alberta 2.35% 06-01-2025	Canada	Provincial Governments	147,000	157	158
Province of British Columbia 3.05% 06-04-2025	Canada	Provincial Governments	88,000	93	97
Province of Manitoba 2.55% 06-02-2023	Canada	Provincial Governments	337,000	340	355
Province of Manitoba 2.45% 06-02-2025	Canada	Provincial Governments	404,000	430	436
Province of New Brunswick 1.55% 05-04-2022	Canada	Provincial Governments	108,000	109	110
Province of New Brunswick 2.85% 06-02-2023	Canada	Provincial Governments	368,000	390	391
Province of New Brunswick 1.80% 08-14-2025	Canada	Provincial Governments	271,000	273	284
Province of Nova Scotia 1.00% 04-17-2023	Canada	Provincial Governments	527,000	527	534
Province of Ontario 2.60% 09-08-2023	Canada	Provincial Governments	73,000	72	77

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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)
<b>BONDS (cont'd)</b>					
Province of Ontario 1.75% 09-08-2025	Canada	Provincial Governments	402,000	419	422
Province of Quebec 2.25% 02-22-2024	Canada	Provincial Governments	323,000	331	342
Province of Quebec 3.75% 09-01-2024	Canada	Provincial Governments	53,000	58	60
Province of Quebec 2.75% 09-01-2025	Canada	Provincial Governments	271,000	297	298
Province of Saskatchewan 0.80% 09-02-2025	Canada	Provincial Governments	298,000	297	298
Reliance LP 3.75% 03-15-2026 Callable 2026	Canada	Corporate - Non Convertible	81,000	81	88
Reliance LP 2.68% 12-01-2027	Canada	Corporate - Non Convertible	66,000	66	68
RioCan Real Estate Investment Trust 2.19% 04-09-2021	Canada	Corporate - Non Convertible	494,000	494	496
RioCan Real Estate Investment Trust 2.58% 02-12-2025	Canada	Corporate - Non Convertible	189,000	188	191
Rogers Communications Inc. 4.00% 06-06-2022	Canada	Corporate - Non Convertible	184,000	197	194
Royal Bank of Canada 2.00% 03-21-2022	Canada	Corporate - Non Convertible	165,000	163	169
Royal Bank of Canada 2.36% 12-05-2022	Canada	Corporate - Non Convertible	91,000	91	94
Royal Bank of Canada 2.33% 12-05-2023 DPNT	Canada	Corporate - Non Convertible	175,000	175	184
Royal Bank of Canada 2.35% 07-02-2024	Canada	Corporate - Non Convertible	134,000	133	140
Royal Bank of Canada 2.61% 11-01-2024	Canada	Corporate - Non Convertible	145,000	151	154
Royal Bank of Canada F/R 07-25-2029	Canada	Corporate - Non Convertible	112,000	112	117
Royal Bank of Canada F/R 12-23-2029 Callable 2024	Canada	Corporate - Non Convertible	54,000	54	57
Royal Bank of Canada F/R 11-24-2080 Callable 2025	Canada	Corporate - Non Convertible	88,000	88	90
Saputo Inc. 1.94% 06-13-2022 Callable 2022	Canada	Corporate - Non Convertible	461,000	461	470
Shaw Communications Inc. 3.80% 11-02-2023 Callable 2023	Canada	Corporate - Non Convertible	132,000	142	142
Sienna Senior Living Inc. 3.11% 11-04-2024	Canada	Corporate - Non Convertible	32,000	32	32
Sienna Senior Living Inc. 3.45% 02-27-2026 Callable 2026	Canada	Corporate - Non Convertible	117,000	117	118
Smart Real Estate Investment Trust 2.88% 03-21-2022	Canada	Corporate - Non Convertible	115,000	114	117
Smart Real Estate Investment Trust 3.73% 07-22-2022	Canada	Corporate - Non Convertible	220,000	227	228
SmartCentres Real Estate Investment Trust F/R 12-21-2020	Canada	Corporate - Non Convertible	188,000	188	188
Summit Industrial Income Real Estate Investment Trust 2.15% 09-17-2025 Callable 2025	Canada	Corporate - Non Convertible	69,000	69	69
Sun Life Financial Inc. F/R 11-23-2027 Callable 2022	Canada	Corporate - Non Convertible	282,000	282	292
Sun Life Financial Inc. F/R 08-13-2029 Callable 2024	Canada	Corporate - Non Convertible	145,000	143	151
Sun Life Financial Inc. F/R 10-01-2035	Canada	Corporate - Non Convertible	142,000	142	142
TELUS Corp. 3.35% 04-01-2024 Callable	Canada	Corporate - Non Convertible	103,000	109	110
Teranet Holdings LP 3.54% 06-11-2025	Canada	Corporate - Non Convertible	127,000	127	134
The Toronto-Dominion Bank 1.99% 03-23-2022	Canada	Corporate - Non Convertible	300,000	298	307
The Toronto-Dominion Bank 3.01% 05-30-2023	Canada	Corporate - Non Convertible	266,000	267	282
The Toronto-Dominion Bank 1.91% 07-18-2023 DPNT	Canada	Corporate - Non Convertible	266,000	265	275
The Toronto-Dominion Bank 2.50% 12-02-2024	Canada	Corporate - Non Convertible	66,000	66	70
The Toronto-Dominion Bank F/R 09-14-2028 Callable 2023	Canada	Corporate - Non Convertible	106,000	106	113
The Toronto-Dominion Bank F/R 04-22-2030 Callable 2025	Canada	Corporate - Non Convertible	207,000	210	221
Vancouver Airport Authority 2.17% 06-23-2025	Canada	Corporate - Non Convertible	37,000	37	37
<b>Total bonds</b>				<b>28,282</b>	<b>28,941</b>
Transaction costs				—	—
<b>Total investments</b>				<b>28,282</b>	<b>28,941</b>
Cash and cash equivalents					312
Other assets less liabilities					(114)
<b>Total net assets</b>					<b>29,139</b>

# CANADA LIFE SHORT TERM BOND FUND (PORTICO)

(Formerly Short Term Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

FIXED INCOME FUND

## SUMMARY OF INVESTMENT PORTFOLIO

September 30, 2020	
Portfolio Allocation	% of NAV
Bonds	99.3
Cash and short-term investments	1.1
Other assets (liabilities)	(0.4)
Regional Allocation	% of NAV
Canada	98.1
Cash and short-term investments	1.1
United States	0.8
Germany	0.4
Other assets (liabilities)	(0.4)
Sector Allocation	% of NAV
Corporate bonds	63.9
Federal bonds	20.4
Provincial bonds	13.9
Cash and short-term investments	1.1
Mortgage backed	0.6
Municipal bonds	0.5
Other assets (liabilities)	(0.4)

March 31, 2020	
Portfolio Allocation	% of NAV
Bonds	99.4
Cash and short-term investments	1.1
Other assets (liabilities)	(0.5)
Regional Allocation	% of NAV
Canada	97.7
United States	1.7
Cash and short-term investments	1.1
Other assets (liabilities)	(0.5)
Sector Allocation	% of NAV
Corporate bonds	64.6
Federal bonds	21.6
Provincial bonds	9.7
Municipal bonds	2.9
Cash and short-term investments	1.1
Mortgage backed	0.6
Other assets (liabilities)	(0.5)



# CANADA LIFE SHORT TERM BOND FUND (PORTICO)

(Formerly Short Term Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

FIXED INCOME FUND

## 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 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. 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.

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.

# CANADA LIFE SHORT TERM BOND FUND (PORTICO)

(Formerly Short Term Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

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

#### (a) Financial instruments (cont'd)

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

The Fund accounts for its holdings in unlisted open-ended investment funds and exchange-traded funds, if any, at FVTPL. Mackenzie has concluded that any unlisted open-ended investment 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.

#### (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.

# CANADA LIFE SHORT TERM BOND FUND (PORTICO)

(Formerly Short Term Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

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

#### (c) Income recognition

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

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

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

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

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

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

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

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

#### (f) Offsetting

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

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

#### (g) Foreign currency

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

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

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

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

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

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

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

# CANADA LIFE SHORT TERM BOND FUND (PORTICO)

(Formerly Short Term Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

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

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

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

(k) Mergers

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

### 4. Critical Accounting Estimates and Judgments

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

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.

# CANADA LIFE SHORT TERM BOND FUND (PORTICO)

(Formerly Short Term Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

### 5. Income Taxes

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

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

### 6. Management Fees and Operating Expenses

Mackenzie is paid a management fee for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements relating to the purchase and sale of the investment portfolio and making arrangements with registered dealers for the purchase and sale of securities of the Fund by investors. The management fee is calculated on each series of securities of the Fund as a fixed annual percentage of the daily net asset value of the series.

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

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

All expenses relating to the operation of the Fund attributable to B-Series securities will be charged to that particular series. Operating expenses include legal, audit, transfer agent, custodian, administration and trustee services, cost of financial reporting and Simplified Prospectus printing, regulatory filing fees and other miscellaneous expenses specifically attributable to the B-Series securities and any applicable taxes.

Mackenzie may waive or absorb management fees and/or Administration Fees at its discretion and stop waiving or absorbing such fees at any time without notice. Refer to Note 9 for the management fee and Administration Fee rates charged to each series of securities.

### 7. Fund's Capital

The capital of the Fund, which is comprised of the net assets attributable to securityholders, is divided into different series with each series having an unlimited number of securities. The securities outstanding for the Fund as at 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.

# CANADA LIFE SHORT TERM BOND FUND (PORTICO)

(Formerly Short Term Bond Fund (Portico))

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## NOTES TO FINANCIAL STATEMENTS

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

#### 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.

#### 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.

# CANADA LIFE SHORT TERM BOND FUND (PORTICO)

(Formerly Short Term Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

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## NOTES TO FINANCIAL STATEMENTS

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

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

Date of Formation June 28, 2013

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.

Q Series, H Series, HW Series, L Series, N Series, QF Series and QFW Series securities are no longer available for sale, except for additional purchases by investors who have held these securities since October 1, 2018. Before August 14, 2020, Q Series securities were known as Quadrus Series.

An investor in the Fund may choose among different purchase options that are available under each series. These purchase options are a sales charge purchase option and a no-load purchase option. The charges under the sales charge purchase option are negotiated by investors with their dealers. Not all purchase options are available under each series of the Fund, and the charges for each purchase option may vary among the different series. For further details on these purchase options, please refer to the Fund's Simplified Prospectus and Fund Facts.

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees	Net Asset Value per Security (\$)	
				Sep. 30, 2020	Mar. 31, 2020
Q Series <sup>(2)</sup>	July 10, 2013	1.10%	0.17%	10.04	9.79
H Series	July 5, 2013	0.60%	0.15%	9.93	9.69
HW Series	August 7, 2018	0.50%	0.15%	10.46	10.20
L Series	July 19, 2013	1.00%	0.15%	10.01	9.76
N Series	August 28, 2013	— <sup>(1)</sup>	— <sup>(1)</sup>	10.08	9.83
QF Series	July 12, 2016	0.60%	0.17%	10.03	9.78
QFW Series	August 7, 2018	0.50%	0.15%	10.46	10.20
Series R	July 14, 2016	—*	—*	10.06	9.81

\* Not applicable.

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

(2) Before August 14, 2020, Q Series securities were known as Quadrus Series.

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

As at September 30, 2020, other funds managed by Mackenzie had an investment of \$20,928 (March 31, 2020 – \$17,903) in the Fund.

#### (c) Loss Carryforwards

As at the last taxation year-end, the Fund has capital losses of \$1,377 which may be carried forward indefinitely to reduce future realized capital gains. There were no non-capital losses available to carry forward for tax purposes.

#### (d) Securities Lending

As at 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 Short 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.

# CANADA LIFE SHORT TERM BOND FUND (PORTICO)

(Formerly Short Term Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

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

#### (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 income by investing primarily in high-quality, short-term fixed income securities issued by Canadian federal, provincial or municipal governments or by Canadian corporations, either directly and/or through other mutual funds. 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.

##### *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	2,551	1,139
1-5 years	22,701	21,540
5-10 years	3,093	4,301
Greater than 10 years	596	261
Total	28,941	27,241

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 \$856 or 2.9% of total net assets (March 31, 2020 – \$758 or 2.8%). 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 – 21.6%).

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	20.9	24.5
AA	5.9	8.0
A	24.3	21.5
BBB	18.3	19.4
Less than BBB	0.3	–
Unrated	29.6	26.0
Total	99.3	99.4

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



# CANADA LIFE SHORT TERM BOND FUND (PORTICO)

(Formerly Short Term Bond Fund (Portico))

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

### 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	–	28,941	–	28,941	–	27,241	–	27,241
Short-term investments	–	–	–	–	–	300	–	300
Total	–	28,941	–	28,941	–	27,541	–	27,541

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.

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