

## ***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 PATHWAYS CORE BOND FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

CANADIAN 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	20,740	15,150
Cash and cash equivalents	1,077	286
Accrued interest receivable	140	111
Accounts receivable for investments sold	–	165
Accounts receivable for securities issued	5	–
<b>Total assets</b>	<b>21,962</b>	<b>15,712</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable for investments purchased	344	157
Accounts payable for securities redeemed	–	100
<b>Total liabilities</b>	<b>344</b>	<b>257</b>
<b>Net assets attributable to securityholders</b>	<b>21,618</b>	<b>15,455</b>
<b>Net assets attributable to securityholders per series (note 3)</b>		
I Series	21,618	15,455
<b>Net assets attributable to securityholders per security (note 3)</b>		
I Series	11.21	10.64

## 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	236	99
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	15	7
Net unrealized gain (loss)	855	141
<b>Total income (loss)</b>	<b>1,106</b>	<b>247</b>
<b>Expenses (note 6)</b>		
Commissions and other portfolio transaction costs	–	1
Independent Review Committee fees	–	–
<b>Expenses before amounts absorbed by Manager</b>	<b>–</b>	<b>1</b>
Expenses absorbed by Manager	–	–
<b>Net expenses</b>	<b>–</b>	<b>1</b>
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	<b>1,106</b>	<b>246</b>
Foreign withholding taxes	–	–
Foreign income taxes paid (recovered)	–	–
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	<b>1,106</b>	<b>246</b>
<b>Increase (decrease) in net assets attributable to securityholders from operations per series</b>		
I Series	1,106	246
<b>Increase (decrease) in net assets attributable to securityholders from operations per security</b>		
I Series	0.66	0.37

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

# CANADA LIFE PATHWAYS CORE BOND FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

CANADIAN FIXED INCOME FUND

## STATEMENTS OF CHANGES IN FINANCIAL POSITION

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

	2020	2019
	<b>I Series</b>	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>	<b>\$</b>	
<b>Beginning of period</b>	<b>15,455</b>	<b>3,330</b>
Increase (decrease) in net assets from operations	1,106	246
Distributions paid to securityholders:		
Investment income	(228)	(90)
Capital gains	–	–
Total distributions paid to securityholders	(228)	(90)
Security transactions:		
Proceeds from securities issued	8,031	10,512
Reinvested distributions	225	90
Payments on redemption of securities	(2,971)	(2,579)
Total security transactions	5,285	8,023
<b>Total increase (decrease) in net assets</b>	<b>6,163</b>	<b>8,179</b>
<b>End of period</b>	<b>21,618</b>	<b>11,509</b>
<b>Increase (decrease) in fund securities (note 7):</b>	<b>Securities</b>	
<b>Securities outstanding – beginning of period</b>	<b>1,452</b>	<b>318</b>
Issued	723	987
Reinvested distributions	20	8
Redeemed	(267)	(242)
<b>Securities outstanding – end of period</b>	<b>1,928</b>	<b>1,071</b>

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



# CANADA LIFE PATHWAYS CORE BOND FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

CANADIAN FIXED INCOME FUND

## 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	1,106	246
Adjustments for:		
Net realized loss (gain) on investments	(15)	(7)
Change in net unrealized loss (gain) on investments	(855)	(141)
Purchase of investments	(5,355)	(7,539)
Proceeds from sale and maturity of investments	987	259
Change in accrued interest receivable	(29)	(56)
<b>Net cash from operating activities</b>	<b>(4,161)</b>	<b>(7,238)</b>
<b>Cash flows from financing activities</b>		
Proceeds from securities issued	8,026	10,512
Payments on redemption of securities	(3,071)	(2,578)
Distributions paid net of reinvestments	(3)	–
<b>Net cash from financing activities</b>	<b>4,952</b>	<b>7,934</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>791</b>	<b>696</b>
Cash and cash equivalents at beginning of period	286	99
Effect of exchange rate fluctuations on cash and cash equivalents	–	–
<b>Cash and cash equivalents at end of period</b>	<b>1,077</b>	<b>795</b>
Cash	1,077	95
Cash equivalents	–	700
<b>Cash and cash equivalents at end of period</b>	<b>1,077</b>	<b>795</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	–	–
Foreign taxes paid	–	–
Interest received	207	43
Interest paid	–	–

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

# CANADA LIFE PATHWAYS CORE BOND FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

CANADIAN FIXED INCOME FUND

## 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. 3.35% 05-16-2024 Callable 2024 MTN	Canada	Corporate - Non Convertible	125,000	136	135
407 International Inc. 2.43% 05-04-2027 Callable MTN	Canada	Corporate - Non Convertible	75,000	75	80
407 International Inc. 5.96% 12-03-2035 Callable	Canada	Corporate - Non Convertible	25,000	36	36
407 International Inc. 4.19% 04-25-2042 Callable	Canada	Corporate - Non Convertible	80,000	95	100
Aéroports de Montréal 3.03% 04-21-2050 Callable 2049	Canada	Corporate - Non Convertible	145,000	151	150
AltaLink LP 3.99% 06-30-2042 Callable	Canada	Corporate - Non Convertible	65,000	74	80
AltaLink LP 3.72% 12-03-2046 Callable MTN	Canada	Corporate - Non Convertible	30,000	31	36
Bank of Montreal 2.85% 03-06-2024	Canada	Corporate - Non Convertible	250,000	256	265
Bank of Montreal 4.61% 09-10-2025	Canada	Corporate - Non Convertible	60,000	67	71
Bank of Montreal 2.70% 12-09-2026	Canada	Corporate - Non Convertible	55,000	55	60
The Bank of Nova Scotia 2.36% 11-08-2022	Canada	Corporate - Non Convertible	55,000	55	57
The Bank of Nova Scotia 2.29% 06-28-2024	Canada	Corporate - Non Convertible	55,000	54	58
The Bank of Nova Scotia 3.10% 02-02-2028	Canada	Corporate - Non Convertible	155,000	165	175
bcIMC Realty Corp. 2.15% 08-11-2022 Callable 2022	Canada	Corporate - Non Convertible	100,000	100	103
Bell Canada Inc. 2.70% 02-27-2024 Callable 2023	Canada	Corporate - Non Convertible	180,000	181	189
Bell Canada Inc. 3.80% 08-21-2028 Callable 2028	Canada	Corporate - Non Convertible	90,000	94	103
British Columbia Ferry Services Inc. 4.29% 04-28-2044 Callable 2043	Canada	Corporate - Non Convertible	75,000	91	96
Bruce Power LP 4.13% 06-21-2033 Callable 2033	Canada	Corporate - Non Convertible	185,000	214	217
Canada Housing Trust 1.50% 12-15-2021	Canada	Federal Government	220,000	219	223
Canada Housing Trust 2.90% 06-15-2024	Canada	Federal Government	440,000	472	479
Canadian Imperial Bank of Commerce 2.04% 03-21-2022	Canada	Corporate - Non Convertible	170,000	169	174
Canadian Imperial Bank of Commerce 2.00% 04-17-2025	Canada	Corporate - Non Convertible	230,000	233	238
Canadian National Railway Co. 3.00% 02-08-2029 Callable 2028	Canada	Corporate - Non Convertible	115,000	120	128
Canadian Natural Resources Ltd. 3.55% 06-03-2024	Canada	Corporate - Non Convertible	110,000	113	117
Canadian Tire Corp. Ltd. 3.17% 07-06-2023 Callable 2023	Canada	Corporate - Non Convertible	165,000	168	173
Canadian Tire Corp. Ltd. 5.61% 09-04-2035	Canada	Corporate - Non Convertible	60,000	72	71
CU Inc. 5.556% 10-30-2037 Callable	Canada	Corporate - Non Convertible	100,000	136	141
CU Inc. 4.54% 10-24-2041 Callable	Canada	Corporate - Non Convertible	70,000	89	91
Enbridge Pipelines Inc. 5.33% 04-06-2040 Callable	Canada	Corporate - Non Convertible	55,000	67	70
Fédération des Caisses Desjardins du Québec 2.39% 08-25-2022	Canada	Corporate - Non Convertible	165,000	166	171
Fédération des Caisses Desjardins du Québec 3.06% 09-11-2023	Canada	Corporate - Non Convertible	60,000	61	64
Government of Canada 2.75% 06-01-2022	Canada	Federal Government	430,000	443	448
Government of Canada 2.00% 09-01-2023	Canada	Federal Government	750,000	785	789
Government of Canada 2.25% 03-01-2024	Canada	Federal Government	350,000	368	374
Government of Canada 2.50% 06-01-2024	Canada	Federal Government	270,000	281	292
Government of Canada 2.25% 06-01-2025	Canada	Federal Government	840,000	907	917
Government of Canada 2.00% 06-01-2028	Canada	Federal Government	600,000	620	671
Government of Canada 5.75% 06-01-2029	Canada	Federal Government	85,000	118	123
Government of Canada 1.25% 06-01-2030	Canada	Federal Government	150,000	159	160
Government of Canada 5.75% 06-01-2033	Canada	Federal Government	45,000	67	73
Government of Canada 4.00% 06-01-2041	Canada	Federal Government	125,000	169	196
Government of Canada 2.75% 12-01-2048	Canada	Federal Government	140,000	164	196
Government of Canada 2.00% 12-01-2051	Canada	Federal Government	350,000	404	432
Greater Toronto Airports Authority 6.98% 10-15-2032 Callable	Canada	Corporate - Non Convertible	40,000	58	58
Greater Toronto Airports Authority 6.47% 02-02-2034 Callable	Canada	Corporate - Non Convertible	40,000	58	57
Greater Toronto Airports Authority 2.75% 10-17-2039	Canada	Corporate - Non Convertible	125,000	127	124
Greater Toronto Airports Authority 5.30% 02-25-2041 Callable	Canada	Corporate - Non Convertible	55,000	76	76
Honda Canada Finance Inc. 2.27% 07-15-2022	Canada	Corporate - Non Convertible	100,000	99	103
Honda Canada Finance Inc. 1.34% 03-17-2026	Canada	Corporate - Non Convertible	17,000	17	17

# CANADA LIFE PATHWAYS CORE BOND FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

CANADIAN FIXED INCOME FUND

## 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>					
Hydro One Inc. 3.20% 01-13-2022	Canada	Corporate - Non Convertible	125,000	128	129
Hydro One Inc. 6.93% 06-01-2032	Canada	Corporate - Non Convertible	100,000	142	150
Hydro One Inc. 5.36% 05-20-2036	Canada	Corporate - Non Convertible	125,000	174	171
Hydro One Inc. 4.39% 09-26-2041	Canada	Corporate - Non Convertible	105,000	126	135
Inter Pipeline Ltd. 2.61% 09-13-2023 Callable MTN	Canada	Corporate - Non Convertible	80,000	82	82
Loblaw Companies Ltd. 6.85% 03-01-2032 Callable	Canada	Corporate - Non Convertible	15,000	19	21
National Bank of Canada 1.96% 06-30-2022	Canada	Corporate - Non Convertible	50,000	50	51
National Bank of Canada 2.58% 02-03-2025	Canada	Corporate - Non Convertible	135,000	136	143
NAV CANADA 4.397% 02-18-2021 Callable	Canada	Corporate - Non Convertible	10,000	10	10
North West Redwater Partnership/NWR Financing Co. Ltd. 3.70% 02-23-2043 Callable 2042	Canada	Corporate - Non Convertible	45,000	44	49
North West Redwater Partnership 3.20% 04-24-2026 Callable 2026	Canada	Corporate - Non Convertible	160,000	164	173
Province of Alberta 2.35% 06-01-2025	Canada	Provincial Governments	150,000	151	161
Province of Alberta 2.55% 06-01-2027	Canada	Provincial Governments	140,000	143	153
Province of Alberta 2.05% 06-01-2030	Canada	Provincial Governments	225,000	224	237
Province of Alberta 3.45% 12-01-2043	Canada	Provincial Governments	70,000	79	85
Province of Alberta 3.05% 12-01-2048	Canada	Provincial Governments	200,000	224	232
Province of British Columbia 2.85% 06-18-2025	Canada	Provincial Governments	140,000	147	154
Province of British Columbia 2.30% 06-18-2026	Canada	Provincial Governments	60,000	60	65
Province of British Columbia 5.70% 06-18-2029	Canada	Provincial Governments	50,000	64	69
Province of British Columbia 2.20% 06-18-2030	Canada	Provincial Governments	100,000	109	109
Province of British Columbia 4.95% 06-18-2040	Canada	Provincial Governments	65,000	96	98
Province of British Columbia 4.30% 06-18-2042	Canada	Provincial Governments	95,000	129	135
Province of British Columbia 2.95% 06-18-2050	Canada	Provincial Governments	350,000	391	428
Province of Manitoba 5.70% 03-05-2037	Canada	Provincial Governments	15,000	20	23
Province of New Brunswick 1.80% 08-14-2025	Canada	Provincial Governments	225,000	227	236
Province of New Brunswick 2.35% 08-14-2027	Canada	Provincial Governments	150,000	156	163
Province of New Brunswick 5.50% 01-27-2034	Canada	Provincial Governments	15,000	19	22
Province of New Brunswick 4.55% 03-26-2037	Canada	Provincial Governments	65,000	84	88
Province of New Brunswick 3.80% 08-14-2045	Canada	Provincial Governments	35,000	39	45
Province of Nova Scotia 4.50% 06-01-2037	Canada	Provincial Governments	15,000	18	20
Province of Ontario 3.50% 06-02-2024	Canada	Provincial Governments	85,000	90	94
Province of Ontario 2.60% 06-02-2025	Canada	Provincial Governments	100,000	103	109
Province of Ontario 1.75% 09-08-2025	Canada	Provincial Governments	525,000	535	550
Province of Ontario 2.60% 06-02-2027	Canada	Provincial Governments	165,000	172	183
Province of Ontario 2.05% 06-02-2030	Canada	Provincial Governments	325,000	332	347
Province of Ontario 5.85% 03-08-2033	Canada	Provincial Governments	105,000	144	157
Province of Ontario 4.70% 06-02-2037	Canada	Provincial Governments	240,000	312	340
Province of Ontario 4.60% 06-02-2039	Canada	Provincial Governments	85,000	107	121
Province of Ontario 4.65% 06-02-2041	Canada	Provincial Governments	100,000	130	146
Province of Ontario 3.50% 06-02-2043	Canada	Provincial Governments	50,000	53	64
Province of Ontario 2.90% 06-02-2049	Canada	Provincial Governments	360,000	400	428
Province of Ontario 2.65% 12-02-2050	Canada	Provincial Governments	475,000	521	544
Province of Quebec 3.75% 09-01-2024	Canada	Provincial Governments	45,000	48	51
Province of Quebec 2.75% 09-01-2025	Canada	Provincial Governments	100,000	109	110
Province of Quebec 2.75% 09-01-2027	Canada	Provincial Governments	35,000	35	39
Province of Quebec 2.75% 09-01-2028	Canada	Provincial Governments	155,000	162	175
Province of Quebec 2.30% 09-01-2029	Canada	Provincial Governments	100,000	102	110
Province of Quebec 6.00% 10-01-2029	Canada	Provincial Governments	50,000	65	70

# CANADA LIFE PATHWAYS CORE BOND FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

CANADIAN FIXED INCOME FUND

## 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 Quebec 1.90% 09-01-2030	Canada	Provincial Governments	400,000	423	424
Province of Quebec 5.75% 12-01-2036	Canada	Provincial Governments	60,000	84	94
Province of Quebec 5.00% 12-01-2041	Canada	Provincial Governments	25,000	33	38
Province of Quebec 4.25% 12-01-2043	Canada	Provincial Governments	105,000	134	149
Province of Quebec 3.50% 12-01-2045	Canada	Provincial Governments	120,000	140	155
Province of Quebec 3.50% 12-01-2048	Canada	Provincial Governments	490,000	606	646
Province of Saskatchewan 5.80% 09-05-2033	Canada	Provincial Governments	15,000	20	22
Royal Bank of Canada 3.30% 09-26-2023	Canada	Corporate - Non Convertible	230,000	239	246
Royal Bank of Canada 2.33% 12-05-2023 DPNT	Canada	Corporate - Non Convertible	110,000	110	115
Royal Bank of Canada 4.93% 07-16-2025	Canada	Corporate - Non Convertible	50,000	57	59
Royal Bank of Canada F/R 06-30-2030 Callable 2025	Canada	Corporate - Non Convertible	40,000	40	41
Saputo Inc. 2.88% 11-19-2024 Callable 2024	Canada	Corporate - Non Convertible	175,000	178	187
Sun Life Financial Inc. F/R 09-19-2028 Callable 2023	Canada	Corporate - Non Convertible	65,000	66	69
Sun Life Financial Inc. F/R 05-10-2032 Callable 2027	Canada	Corporate - Non Convertible	110,000	111	117
Suncor Energy Inc. 3.10% 11-26-2021 Callable 2021	Canada	Corporate - Non Convertible	65,000	66	66
Suncor Energy Inc. 3.10% 05-24-2029 Callable 2029	Canada	Corporate - Non Convertible	200,000	207	209
TELUS Corp. 3.75% 01-17-2025 Callable	Canada	Corporate - Non Convertible	80,000	83	88
TELUS Corp. 4.40% 04-01-2043 Callable	Canada	Corporate - Non Convertible	100,000	104	115
The Toronto-Dominion Bank 1.68% 06-08-2021 Covered	Canada	Corporate - Non Convertible	240,000	238	242
The Toronto-Dominion Bank 2.621% 12-22-2021	Canada	Corporate - Non Convertible	105,000	106	108
The Toronto-Dominion Bank 2.85% 03-08-2024	Canada	Corporate - Non Convertible	225,000	232	239
The Toronto-Dominion Bank 3.226% 07-24-2024	Canada	Corporate - Non Convertible	55,000	57	60
The Toronto-Dominion Bank F/R 01-26-2032 Callable 2027	Canada	Corporate - Non Convertible	125,000	126	135
Toyota Credit Canada Inc. 2.11% 02-26-2025	Canada	Corporate - Non Convertible	100,000	101	104
TransCanada PipeLines Ltd. 3.30% 07-17-2025 Callable 2025 MTN	Canada	Corporate - Non Convertible	150,000	163	162
TransCanada PipeLines Ltd. 6.50% 12-09-2030	Canada	Corporate - Non Convertible	15,000	19	20
Union Gas Ltd. 2.88% 11-22-2027 Callable 2027	Canada	Corporate - Non Convertible	40,000	40	44
Vancouver Airport Authority 2.87% 10-18-2049	Canada	Corporate - Non Convertible	150,000	157	150
Westcoast Energy Inc. 3.88% 10-28-2021	Canada	Corporate - Non Convertible	50,000	52	52
Westcoast Energy Inc. 3.12% 12-05-2022	Canada	Corporate - Non Convertible	50,000	51	52
<b>Total bonds</b>				<b>19,853</b>	<b>20,740</b>
Transaction costs				—	—
<b>Total investments</b>				<b>19,853</b>	<b>20,740</b>
Cash and cash equivalents					1,077
Other assets less liabilities					(199)
<b>Total net assets</b>					<b>21,618</b>

# CANADA LIFE PATHWAYS CORE BOND FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

CANADIAN FIXED INCOME FUND

## SUMMARY OF INVESTMENT PORTFOLIO

September 30, 2020		March 31, 2020	
Portfolio Allocation	% of NAV	Portfolio Allocation	% of NAV
Bonds	95.9	Bonds	98.0
Cash and short-term investments	5.0	Cash and short-term investments	1.9
Other assets (liabilities)	(0.9)	Other assets (liabilities)	0.1
<b>Regional Allocation</b>	<b>% of NAV</b>	<b>Regional Allocation</b>	<b>% of NAV</b>
Canada	95.9	Canada	98.0
Cash and short-term investments	5.0	Cash and short-term investments	1.9
Other assets (liabilities)	(0.9)	Other assets (liabilities)	0.1
<b>Sector Allocation</b>	<b>% of NAV</b>	<b>Sector Allocation</b>	<b>% of NAV</b>
Provincial bonds	35.6	Corporate bonds	40.3
Corporate bonds	35.5	Provincial bonds	35.1
Federal bonds	24.8	Federal bonds	22.6
Cash and short-term investments	5.0	Cash and short-term investments	1.9
Other assets (liabilities)	(0.9)	Other assets (liabilities)	0.1



## 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.

## 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.

## 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.

## 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.

## 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.

## 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 PATHWAYS CORE BOND FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

CANADIAN FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

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

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

Date of Formation October 12, 2018

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 Statement 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:

I Series securities are offered to investors investing a minimum of \$25,000, who are participating in the Canada Life Constellation Managed Portfolios program, and who have entered into an I Series Account Agreement with Mackenzie and Quadrus which specifies the fees applicable to this account.

Series S securities are offered to The Canada Life Assurance Company and certain other mutual funds, but may be sold to other investors as determined by Mackenzie.

I Series of the Fund is only available for purchase under a no-load purchase option. For further details on this purchase option, 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
I Series	October 22, 2018	— <sup>(1)</sup>	— <sup>(1)</sup>	11.21	10.64
Series S	None issued	— <sup>(2)</sup>	0.02%	—	—

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

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

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

As at September 30, 2020, The Canada Life Assurance Company, an affiliate of Mackenzie, had an investment of \$Nil (March 31, 2020 – \$Nil) 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 October 21, 2019, the Fund was renamed Canada Life Pathways Core Bond Fund.

#### (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 interest income and the potential for moderate capital appreciation by investing primarily in Canadian government and investment grade corporate bonds. The Fund may hold up to 10% of its assets in foreign investments.

# CANADA LIFE PATHWAYS CORE BOND FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

CANADIAN FIXED INCOME FUND

## NOTES TO FINANCIAL STATEMENTS

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

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

##### 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	252	370
1-5 years	8,848	5,090
5-10 years	4,197	4,006
Greater than 10 years	7,443	5,684
Total	20,740	15,150

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 \$1,789 or 8.3% (March 31, 2020 – \$1,300 or 8.4%) 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 other price risk.

##### v. Credit risk

The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. The maximum effective exposure to any one debt issuer, as at September 30, 2020 was 24.9% (March 31, 2020 – 22.6%) of the net assets of the Fund.

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	29.7	27.4
AA	12.5	14.6
A	36.6	35.3
BBB	10.1	10.7
Less than BBB	–	–
Unrated	7.0	10.0
Total	95.9	98.0

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



# CANADA LIFE PATHWAYS CORE BOND FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2020

CANADIAN 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	–	20,740	–	20,740	–	15,150	–	15,150
Short-term investments	–	–	–	–	–	200	–	200
Total	–	20,740	–	20,740	–	15,350	–	15,350

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. Short-term investments classified as Level 2 investments are valued based on amortized cost plus accrued interest which closely approximates fair value.