

## ***Interim Management Report of Fund Performance***

*For the Six-Month Period Ended September 30, 2017*

*This Interim Management Report of Fund Performance contains financial highlights but does not contain either the interim financial report or annual financial statements of the investment fund. You may obtain a copy of the interim financial report or annual financial statements, 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).*

*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. Every effort has been made to ensure that the information contained in this report is accurate as of the dates indicated in the report; however, the Fund cannot guarantee the accuracy or the completeness of this material. For more information, please refer to the Fund's Simplified Prospectus, Annual Information Form and Fund Facts, which may also be obtained, at no cost, using any of the methods outlined above.*

*For the Fund's current net asset values per security and for more recent information on general market events, please visit our website.*

### **A NOTE ON FORWARD-LOOKING STATEMENTS**

*This report may contain forward-looking statements that reflect our current expectations or forecasts of future events. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", "preliminary", "typical" and other similar expressions. In addition, these statements may relate to future corporate actions, future financial performance of a fund or a security and their future investment strategies and prospects. Forward-looking statements are inherently subject to, among other things, risks, uncertainties and assumptions that could cause actual events, results, performance or prospects to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and assumptions include, without limitation, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, the volatility of global equity and capital markets, business competition, technological change, changes in government regulations, changes in securities laws and regulations, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events and the ability of Mackenzie to attract or retain key employees. The foregoing list of important risks, uncertainties and assumptions is not exhaustive. Please consider these and other factors carefully and do not place undue reliance on forward-looking statements.*

*The forward-looking information contained in this report is current only as of the date of this report. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.*

## Management Discussion of Fund Performance

November 14, 2017

This Management Discussion of Fund Performance presents the portfolio management team's view on the significant factors and developments during the period ended September 30, 2017, that have affected the Fund's performance and outlook. If the Fund was established during the period, "period" represents the period from inception to the end of the fiscal period. For information on the Fund's longer-term performance, as applicable, please refer to the *Past Performance* section of the report. In this report, "Mackenzie" refers to Mackenzie Financial Corporation, the manager of the Fund. In addition, net asset value ("NAV") refers to the value of the Fund as calculated for transaction purposes, on which the discussion of Fund performance is based.

### Results of Operations

#### Investment Performance

During the period, the Fund's Series R securities returned  $-1.0\%$  (after deducting fees and expenses paid by the series). This compares with the BofA Merrill Lynch Global Broad Market Index return of  $-2.2\%$ . All index and series returns are calculated on a total return basis in Canadian dollar terms. Investors cannot invest in the index without incurring fees, expenses and commissions, which are not reflected in the index returns.

Performance varied across global government bond markets, but in the second half of the period most yields rose and prices generally fell. A number of central banks hinted at future monetary tightening as economic data improved. Emerging market bonds in general were strong performers, helped by a weak U.S. dollar and global economic growth. The Canadian dollar strengthened as the economy was more robust than expected, leading the Bank of Canada to raise its policy rate twice.

The Fund outperformed the index primarily because of its overweight exposure to European corporate bonds, which outperformed government bonds due to the ongoing asset purchase program of the European Central Bank.

Security selection in federal bonds, an overweight exposure to industrial bonds and security selection in financial bonds also benefited performance.

The Fund's strategy of not hedging its foreign currency exposure detracted from absolute performance, as the appreciation of the euro was more than offset by the depreciation of the U.S. dollar and the Japanese yen relative to the Canadian dollar.

Over the period, portfolio activity and market effect resulted in increased exposure to Japan and Spain, and decreased exposure to France and Germany. On a sector basis, exposure increased to foreign government bonds. Changes to the portfolio included a new position in Sumitomo Life Insurance Co. and the elimination of the position in Danone SA.

### Net Assets

The Fund's NAV increased by 5.6% to \$81.3 million at September 30, 2017, from \$77.0 million at March 31, 2017. This change was composed primarily of \$0.9 million in net losses (after including interest income) from investment performance, after deducting fees and expenses, \$5.8 million in net sales, and \$0.7 million in cash distributions.

### Fees and Expenses

The annualized management expense ratio ("MER") for Series R of 0.00% during the period ended September 30, 2017, was unchanged from the MER for the year ended March 31, 2017. No management fee or administration fee, other than certain specific fund costs, is charged to Series R.

### Recent Developments

The portfolio management team believes the global economy is now healthy. The U.S. economy remains robust, China continues to deliver annual growth of over 6% and Japan is improving. The biggest positive, in the team's view, is the return of the Eurozone, with 2.2% growth in gross domestic product expected for 2017 and 2018. The team believes this should provide a positive operating environment for companies, which supports the Fund's overweight allocation to corporate credit.

However, the team believes we are moving toward a monetary tightening cycle. Although sustained inflation and wage growth have yet to materialize, the U.S. and Canadian central banks have already increased their policy rates, and the team expects the Bank of England and European Central Bank to implement some form of tightening policy soon. This shift would put upward pressure on government bond yields, and the Fund is therefore positioned with a shorter duration than the index.

### Related Party Transactions

Investment funds managed by Mackenzie invest in Series R securities of the Fund on a prospectus-exempt basis in accordance with the investment objectives of those funds. At September 30, 2017, funds managed by Mackenzie owned 100.0% of the Fund's NAV. All related party transactions are based on the NAV per security on each transaction day.

The Fund did not rely on an approval, positive recommendation or standing instruction from the Mackenzie Funds' Independent Review Committee with respect to any related party transactions.

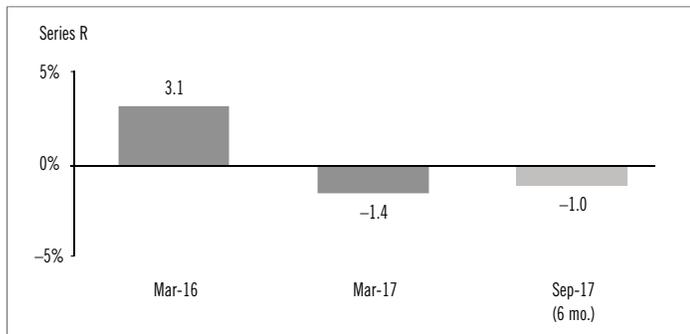
# INTERNATIONAL BOND FUND (CLI)

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended September 30, 2017

FIXED INCOME FUND

## Past Performance

The following bar chart presents the performance of Series R of the Fund for each of the fiscal periods shown. The chart shows, in percentage terms, how much an investment made on the first day of each fiscal period, or on the series inception or reinstatement date, as applicable, would have increased or decreased by the last day of the fiscal period presented. Series inception or reinstatement dates can be found under *Fund Formation and Series Information*.



# INTERNATIONAL BOND FUND (CLI)

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended September 30, 2017

FIXED INCOME FUND

## Summary of Investment Portfolio at September 30, 2017

<b>Portfolio Allocation</b>	<b>% of NAV</b>
Bonds	91.4
Cash and short-term investments	7.9
Other assets (liabilities)	0.7

### **Regional Allocation**

	<b>% of NAV</b>
United States	26.0
Japan	15.2
Germany	11.3
France	8.3
Cash and short-term investments	7.9
United Kingdom	6.8
Portugal	4.5
Spain	4.4
Venezuela	3.8
Italy	3.6
Canada	3.6
Netherlands	2.2
Ireland	1.7
Other assets (liabilities)	0.7

### **Sector Allocation**

	<b>% of NAV</b>
Foreign government bonds	46.4
Corporate bonds	37.6
Cash and short-term investments	7.9
Supra-national bonds	3.8
Federal bonds	3.6
Other assets (liabilities)	0.7

### **Bonds by Credit Rating\***

	<b>% of NAV</b>
AAA	20.1
AA	9.7
A	33.9
BBB	20.5
Less than BBB	4.5
Unrated	2.7

\* Credit ratings and rating categories are based on Standard & Poor's or DBRS (or equivalent ratings issued by other designated rating organizations).

The Fund did not hedge its foreign currency exposure at the end of the period.

## Top 25 Holdings

<b>Issuer</b>	<b>% of NAV</b>
Cash and short-term investments	7.9
United States Treasury 1.25% 11-15-2018	5.2
United States Treasury 1.00% 11-15-2019	4.9
Portugal Obrigacoes do Tesouro 4.80% 06-15-2020	4.5
Siemens Financieringsmaatschappij NV 3.30% 09-15-2046	4.3
Corporacion Andina de Fomento 2.125% 09-27-2021	3.8
Italy Buoni Poliennali Del Tesoro 0.45% 06-01-2021	3.6
Government of Japan 0.30% 06-20-2046	3.5
Barclays PLC 1.88% 12-08-2023	2.8
Renault SA 0.75% 11-26-2018	2.7
Government of Japan 0.10% 06-20-2027	2.7
Volkswagen International Finance N.V. 1.13% 10-02-2023	2.7
Government of Spain 2.15% 10-31-2025	2.6
Allianz SE F/R 10-29-2049 Callable 2023	2.5
AXA SA F/R 01-17-2047 Callable 2027	2.3
AT&T Inc. 2.35% 09-04-2029 Callable 2029	2.2
United Kingdom Treasury 4.50% 09-07-2034	2.2
Caterpillar Financial Services Corp. 2.10% 01-10-2020	2.2
Development Bank of Japan Inc. 1.05% 06-20-2023	2.2
United States Treasury 1.75% 05-15-2023	2.0
BPCE SA 1.13% 01-18-2023	1.8
Spain Government Bond 2.75% 10-31-2024	1.8
Sumitomo Life Insurance Co. F/R 09-14-2077 Callable 2027	1.8
VF Corp. 0.625% 09-20-2023 Callable 2023	1.8
CRH Finance BV 5.00% 01-25-2019	1.7

### **Top long positions as a percentage of total net asset value**

**75.7**

The Fund held no short positions at the end of the period.

The investments and percentages may have changed since September 30, 2017, due to the ongoing portfolio transactions of the Fund. Quarterly updates of holdings are available within 60 days of the end of each quarter except for March 31, the Fund's fiscal year-end, when they are available within 90 days.

# INTERNATIONAL BOND FUND (CLI)

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended September 30, 2017

FIXED INCOME FUND

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for each of the fiscal periods presented below. If during the period a fund or series was established or reinstated, "period" represents the period from inception or reinstatement to the end of that fiscal period. Series inception or reinstatement dates can be found under *Fund Formation and Series Information*.

### THE FUND'S NET ASSETS PER SECURITY (\$)<sup>1</sup>

Series R	Sep. 30 2017	Mar. 31 2017	Mar. 31 2016
<b>Net assets, beginning of period</b>	<b>9.99</b>	<b>10.27</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>			
Total revenue	0.09	0.16	0.05
Total expenses	—	—	—
Realized gains (losses) for the period	(0.07)	(0.16)	0.17
Unrealized gains (losses) for the period	(0.13)	(0.63)	0.09
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>(0.11)</b>	<b>(0.63)</b>	<b>0.31</b>
<b>Distributions:</b>			
From net investment income (excluding dividends)	(0.09)	(0.15)	(0.04)
From dividends	—	—	—
From capital gains	—	—	—
Return of capital	—	—	—
<b>Total annual distributions<sup>3</sup></b>	<b>(0.09)</b>	<b>(0.15)</b>	<b>(0.04)</b>
<b>Net assets, end of period</b>	<b>9.80</b>	<b>9.99</b>	<b>10.27</b>

(1) These calculations are prescribed by securities regulations and are not intended to be a reconciliation between opening and closing net assets per security. Information for the fiscal periods ended after March 31, 2013, is derived from the Fund's unaudited interim financial report and audited annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Information for any previous fiscal periods is derived from the Fund's audited annual financial statements prepared in accordance with Canadian generally accepted accounting principles as defined in Part V of the Chartered Professional Accountants Handbook ("Canadian GAAP"). The net assets per security presented in the financial statements may differ from the net asset value per security calculated for fund pricing purposes. An explanation of these differences can be found in the *Notes to Financial Statements*.

(2) Net assets and distributions are based on the actual number of securities outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of securities outstanding over the fiscal period.

(3) Distributions were paid in cash/reinvested in additional securities of the Fund, or both.

## RATIOS AND SUPPLEMENTAL DATA

Series R	Sep. 30 2017	Mar. 31 2017	Mar. 31 2016
Total net asset value (\$000) <sup>1,2</sup>	81,267	77,048	5,287
Securities outstanding (000) <sup>1</sup>	8,293	7,716	515
Management expense ratio (%) <sup>3</sup>	—	—	—
Management expense ratio before waivers or absorptions (%) <sup>3</sup>	—	—	—
Trading expense ratio (%) <sup>4</sup>	0.00	0.00	0.02
Portfolio turnover rate (%) <sup>5</sup>	6.80	59.73	n/a
Net asset value per security (\$) <sup>2</sup>	9.80	9.99	10.27

(1) This information is provided as at the end of the fiscal period shown.

(2) The net asset value figures presented in this table are used for fund pricing and calculating returns by series. For any fiscal periods prior to the adoption of IFRS, the net asset values may differ from the figures in the annual financial statements, and the net asset value per security in this table may differ from the end of period figure in the Fund's Net Assets per Security table in this section. This difference is due to the requirements of Canadian GAAP. The adoption of IFRS for the fiscal periods ended after March 31, 2013, has eliminated the difference between the net asset value and net assets per security, in most cases.

(3) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. If in the period a series was established or reinstated, the management expense ratio is annualized from the date of inception or reinstatement. Mackenzie and Quadrus may waive or absorb operating expenses at their discretion and stop waiving or absorbing such expenses at any time without notice.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(5) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund. The portfolio turnover rate is not provided when the Fund is less than one year old. The value of any trades to realign the Fund's portfolio after a fund merger, if any, is excluded from the portfolio turnover rate.

## Management Fees

The Fund pays no management fees on its Series R securities. Management fees from other Mackenzie funds that invest in the Fund were used to pay Canada Life Asset Management Ltd., an affiliate of Mackenzie, for providing investment advisory services, including managing the investment portfolio, providing investment analysis and recommendations, making investment decisions and making brokerage arrangements for the purchase and sale of the investment portfolio.

# INTERNATIONAL BOND FUND (CLI)

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE | For the Period Ended September 30, 2017

FIXED INCOME FUND

## Fund Formation and Series Information

The Fund may have undergone a number of changes, such as a reorganization or a change in manager, mandate or name. A history of the major changes affecting the Fund in the last 10 years can be found in the Fund's Annual Information Form.

Date of Formation November 27, 2015

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 *Financial Highlights*.

**Series Distributed by Quadrus Investment Services Ltd.** (255 Dufferin Ave., London, Ontario, N6A 4K1; 1-888-532-3322; [www.quadrusgroupoffunds.com](http://www.quadrusgroupoffunds.com))

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

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

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees	Net Asset Value per Security (\$)	
				Sep. 30, 2017	Mar. 31, 2017
Series R	December 7, 2015	— *	— *	9.80	9.99

\* Not applicable.