

MACKENZIE CANADIAN SMALL CAP FUND

(Formerly Mackenzie Canadian Small Cap Value Fund)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

CANADIAN EQUITY FUND

MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

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

The Board of Directors (the "Board") of Mackenzie Financial Corporation is responsible for reviewing and approving the financial statements and overseeing the Manager's performance of its financial reporting responsibilities. The Board is assisted in discharging this responsibility by an Audit Committee, which reviews the financial statements and recommends them for approval by the Board. The Audit Committee also meets regularly with the Manager, internal auditors and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues.

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

On behalf of Mackenzie Financial Corporation,
Manager of the Fund



Barry McInerney
President and Chief Executive Officer



Terry Rountes
Chief Financial Officer, Funds

June 7, 2018

INDEPENDENT AUDITOR'S REPORT

To the Securityholders of Mackenzie Canadian Small Cap Fund (Formerly Mackenzie Canadian Small Cap Value Fund) (the "Fund")

We have audited the accompanying financial statements of the Fund which comprise the statements of financial position as at March 31, 2018 and 2017, and the statements of comprehensive income, statements of changes in financial position and statements of cash flows for the periods then ended, as indicated in Note 1, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2018 and 2017, and its financial performance and its cash flows for the periods then ended, as indicated in Note 1, in accordance with International Financial Reporting Standards.



Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
June 7, 2018



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STATEMENTS OF FINANCIAL POSITION

In thousands (except per security figures)
As at March 31

	2018	2017		2018	2017
	\$	\$		\$	\$
ASSETS					
Current assets			Net assets attributable to securityholders per security (note 3)		
Investments at fair value	163,753	179,656	Series A	29.27	29.50
Cash and cash equivalents	2,650	4,382	Series D	11.83	11.93
Dividends receivable	315	381	Series F	26.18	26.40
Accounts receivable for investments sold	756	—	Series FB	11.39	11.46
Accounts receivable for securities issued	4	20	Series I	25.36	25.57
Due from manager	1	—	Series J	15.82	15.95
Total assets	167,479	184,439	Series O	27.92	28.17
			Series PW	12.72	12.82
			Series PWF	12.79	12.90
			Series PWFB	9.91	—
			Series PWX	10.72	10.82
			Series R	28.45	28.70
			Investor Series	31.56	31.82
			B-Series	40.19	40.55
LIABILITIES					
Current liabilities					
Accounts payable for investments purchased	289	78			
Accounts payable for securities redeemed	112	79			
Due to manager	13	—			
Total liabilities	414	157			
Net assets attributable to securityholders	167,065	184,282			
Net assets attributable to securityholders per series (note 3)					
Series A	32,471	42,494			
Series D	1,338	1,141			
Series F	4,246	4,790			
Series FB	196	1			
Series I	11	55			
Series J	33	55			
Series O	6,069	6,386			
Series PW	5,536	1,528			
Series PWF	2,283	1,262			
Series PWFB	81	—			
Series PWX	452	446			
Series R	33,565	35,037			
Investor Series	62,516	72,540			
B-Series	18,268	18,547			

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



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STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended March 31 (note 1)
In thousands (except per security figures)

	2018	2017		2018	2017
	\$	\$		\$	\$
Income			Increase (decrease) in net assets attributable to securityholders from operations per security		
Dividends	3,155	3,194	Series A	0.19	3.45
Interest income	18	88	Series D	0.13	1.53
Other changes in fair value of investments			Series F	0.42	3.46
Net realized gain (loss)	12,935	46,601	Series FB	0.35	1.47
Net unrealized gain (loss)	(10,475)	(19,525)	Series I	0.24	3.16
Total income (loss)	5,633	30,358	Series J	0.18	1.94
			Series O	0.87	3.96
Expenses (note 6)			Series PW	0.03	1.55
Management fees	2,243	2,408	Series PWF	0.18	1.74
Management fee rebates	(4)	(1)	Series PWFB	(0.31)	—
Administration fees	302	327	Series PWX	0.33	1.54
Securityholder servicing fees	13	12	Series R	0.87	4.14
Filing fees	—	3	Investor Series	0.32	3.83
Audit fees	1	1	B-Series	1.23	5.67
Securityholder reporting costs	1	1			
Commissions and other portfolio transaction costs	226	574			
Independent Review Committee fees	1	1			
Other	4	1			
Expenses before amounts absorbed by Manager	2,787	3,327			
Expenses absorbed by Manager	15	17			
Net expenses	2,772	3,310			
Increase (decrease) in net assets attributable to securityholders from operations before tax	2,861	27,048			
Foreign withholding taxes	1	—			
Foreign income taxes paid (recovered)	—	—			
Increase (decrease) in net assets attributable to securityholders from operations	2,860	27,048			
Increase (decrease) in net assets attributable to securityholders from operations per series					
Series A	231	5,409			
Series D	14	146			
Series F	66	601			
Series FB	4	—			
Series I	—	7			
Series J	—	9			
Series O	195	913			
Series PW	14	189			
Series PWF	29	156			
Series PWFB	(1)	—			
Series PWX	15	53			
Series R	1,047	7,418			
Investor Series	691	9,529			
B-Series	555	2,618			

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STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the periods ended March 31 (note 1)
In thousands

	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Series A		Series D		Series F		Series FB		Series I	
	\$		\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	42,494	44,004	1,141	912	4,790	4,199	1	1	55	48
Increase (decrease) in net assets from operations	231	5,409	14	146	66	601	4	-	-	7
Distributions paid to securityholders:										
Investment income	(41)	(37)	(3)	(1)	(9)	(4)	-	-	-	-
Capital gains	(406)	-	(26)	-	(91)	-	(4)	-	-	-
Management fee rebates	-	-	-	-	-	-	-	-	-	-
Total distributions paid to securityholders	(447)	(37)	(29)	(1)	(100)	(4)	(4)	-	-	-
Security transactions:										
Proceeds from securities issued	4,492	10,023	209	216	1,577	982	219	-	-	-
Reinvested distributions	443	37	28	1	88	4	4	-	-	-
Value of securities redeemed	(14,742)	(16,942)	(25)	(133)	(2,175)	(992)	(28)	-	(44)	-
Total security transactions	(9,807)	(6,882)	212	84	(510)	(6)	195	-	(44)	-
Total increase (decrease) in net assets	(10,023)	(1,510)	197	229	(544)	591	195	-	(44)	7
End of period	32,471	42,494	1,338	1,141	4,246	4,790	196	1	11	55

Increase (decrease) in fund securities (note 7):

	Securities		Securities		Securities		Securities		Securities	
Securities outstanding – beginning of period	1,440	1,690	96	87	181	182	-	-	2	2
Issued	151	353	17	21	60	39	19	-	-	-
Reinvested distributions	15	1	2	-	3	-	-	-	-	-
Redeemed	(497)	(604)	(2)	(12)	(82)	(40)	(2)	-	(2)	-
Securities outstanding – end of period	1,109	1,440	113	96	162	181	17	-	-	2

	Series J		Series O		Series PW		Series PWF		Series PWF B	
	\$		\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	55	61	6,386	5,676	1,528	1,402	1,262	274	-	-
Increase (decrease) in net assets from operations	-	9	195	913	14	189	29	156	(1)	-
Distributions paid to securityholders:										
Investment income	-	-	(22)	(6)	(8)	(1)	(6)	(1)	-	-
Capital gains	-	-	(216)	-	(84)	-	(54)	-	(1)	-
Management fee rebates	-	-	-	-	(3)	(1)	(1)	-	-	-
Total distributions paid to securityholders	-	-	(238)	(6)	(95)	(2)	(61)	(1)	(1)	-
Security transactions:										
Proceeds from securities issued	1	-	206	643	5,298	441	1,180	884	83	-
Reinvested distributions	-	-	202	6	95	2	57	1	1	-
Value of securities redeemed	(23)	(15)	(682)	(846)	(1,304)	(504)	(184)	(52)	(1)	-
Total security transactions	(22)	(15)	(274)	(197)	4,089	(61)	1,053	833	83	-
Total increase (decrease) in net assets	(22)	(6)	(317)	710	4,008	126	1,021	988	81	-
End of period	33	55	6,069	6,386	5,536	1,528	2,283	1,262	81	-

Increase (decrease) in fund securities (note 7):

	Securities		Securities		Securities		Securities		Securities	
Securities outstanding – beginning of period	3	4	227	234	119	124	98	24	-	-
Issued	-	-	7	26	411	37	90	78	8	-
Reinvested distributions	-	-	7	-	7	-	4	-	-	-
Redeemed	(1)	(1)	(24)	(33)	(102)	(42)	(14)	(4)	-	-
Securities outstanding – end of period	2	3	217	227	435	119	178	98	8	-

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

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STATEMENTS OF CHANGES IN FINANCIAL POSITION (cont'd)

For the periods ended March 31 (note 1)
In thousands

	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Series PWX		Series R		Investor Series		B-Series		Total	
	\$		\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	446	292	35,037	95,539	72,540	75,190	18,547	16,320	184,282	243,918
Increase (decrease) in net assets from operations	15	53	1,047	7,418	691	9,529	555	2,618	2,860	27,048
Distributions paid to securityholders:										
Investment income	(2)	–	(124)	(37)	(102)	(66)	(65)	(19)	(382)	(172)
Capital gains	(16)	–	(1,242)	–	(1,025)	–	(646)	–	(3,811)	–
Management fee rebates	–	–	–	–	–	–	–	–	(4)	(1)
Total distributions paid to securityholders	(18)	–	(1,366)	(37)	(1,127)	(66)	(711)	(19)	(4,197)	(173)
Security transactions:										
Proceeds from securities issued	16	127	2,217	3,126	355	451	31	10	15,884	16,903
Reinvested distributions	18	–	1,366	37	1,092	64	711	19	4,105	171
Value of securities redeemed	(25)	(26)	(4,736)	(71,046)	(11,035)	(12,628)	(865)	(401)	(35,869)	(103,585)
Total security transactions	9	101	(1,153)	(67,883)	(9,588)	(12,113)	(123)	(372)	(15,880)	(86,511)
Total increase (decrease) in net assets	6	154	(1,472)	(60,502)	(10,024)	(2,650)	(279)	2,227	(17,217)	(59,636)
End of period	452	446	33,565	35,037	62,516	72,540	18,268	18,547	167,065	184,282
Increase (decrease) in fund securities (note 7):										
Securities outstanding – beginning of period	41	31	1,221	3,865	2,280	2,688	457	467		
Issued	1	13	76	121	11	15	1	–		
Reinvested distributions	2	–	47	1	34	2	17	–		
Redeemed	(2)	(3)	(164)	(2,766)	(344)	(425)	(21)	(10)		
Securities outstanding – end of period	42	41	1,180	1,221	1,981	2,280	454	457		

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STATEMENTS OF CASH FLOWS

For the periods ended March 31 (note 1)
In thousands

	2018	2017
	\$	\$
Cash flows from operating activities		
Net increase (decrease) in net assets attributable to securityholders from operations	2,860	27,048
Adjustments for:		
Net realized loss (gain) on investments	(12,935)	(46,601)
Change in net unrealized loss (gain) on investments	10,475	19,525
Purchase of investments	(70,789)	(131,678)
Proceeds from sale and maturity of investments	88,607	159,824
Change in dividends receivable	66	35
Change in due from manager	(1)	–
Change in due to manager	13	–
Net cash from operating activities	18,296	28,153
Cash flows from financing activities		
Proceeds from redeemable securities issued	7,307	9,775
Payments on redemption of redeemable securities	(27,243)	(36,465)
Distributions paid net of reinvestments	(92)	(2)
Net cash from financing activities	(20,028)	(26,692)
Net increase (decrease) in cash and cash equivalents	(1,732)	1,461
Cash and cash equivalents at beginning of period	4,382	2,919
Effect of exchange rate fluctuations on cash and cash equivalents	–	2
Cash and cash equivalents at end of period	2,650	4,382
Cash	1	1
Cash equivalents	2,649	4,381
Cash and cash equivalents at end of period	2,650	4,382
Supplementary disclosures on cash flow from operating activities:		
Dividends received	3,221	3,229
Foreign taxes paid	1	–
Interest received	18	88
Interest paid	–	–

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SCHEDULE OF INVESTMENTS

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES					
AG Growth International Inc.	Canada	Industrials	47,399	2,286	2,548
Altus Group Ltd.	Canada	Real Estate	53,404	1,531	1,742
Andrew Peller Ltd.	Canada	Consumer Staples	152,184	1,688	2,761
Boralex Inc. Class A	Canada	Utilities	199,803	3,232	4,470
Boyd Group Income Fund	Canada	Industrials	47,644	2,677	4,964
Canadian Western Bank	Canada	Financials	103,700	3,275	3,427
Cargojet Inc.	Canada	Industrials	52,338	2,420	3,570
CCL Industries Inc. Class B non-voting	Canada	Materials	37,775	750	2,457
Colliers International Group Inc.	Canada	Real Estate	35,594	1,417	3,184
Crombie Real Estate Investment Trust	Canada	Real Estate	129,536	1,985	1,628
The Descartes Systems Group Inc.	Canada	Information Technology	164,226	3,166	6,047
ECN Capital Corp.	Canada	Financials	552,664	1,992	1,901
Enercare Inc.	Canada	Consumer Discretionary	102,965	2,102	1,816
Enerflex Ltd.	Canada	Energy	104,938	1,840	1,612
Energy Select Sector SPDR Fund	United States	Exchange-Traded Funds/Notes	11,100	951	964
Enerplus Corp.	Canada	Energy	119,700	1,647	1,734
Enghouse Systems Ltd.	Canada	Information Technology	29,007	532	1,977
Fiera Capital Corp.	Canada	Financials	187,691	2,439	2,063
FirstService Corp.	Canada	Real Estate	31,269	1,407	2,952
Fortuna Silver Mines Inc.	Canada	Materials	214,509	1,846	1,442
Grande West Transportation Group Inc.	Canada	Industrials	541,409	1,029	947
GreenSpace Brands Inc.	Canada	Consumer Staples	697,838	1,012	921
Hardwoods Distribution Inc.	Canada	Industrials	53,615	1,080	1,008
HudBay Minerals Inc.	Canada	Materials	104,400	1,000	952
Industrial Alliance Insurance and Financial Services Inc.	Canada	Financials	44,400	2,449	2,353
InterRent Real Estate Investment Trust	Canada	Real Estate	143,700	1,129	1,454
Intertape Polymer Group Inc.	Canada	Materials	133,836	2,575	2,772
K-Bro Linen Inc.	Canada	Industrials	81,551	3,090	2,955
Kelt Exploration Ltd.	Canada	Energy	224,262	1,158	1,543
Killam Apartment Real Estate Investment Trust	Canada	Real Estate	134,100	1,642	1,861
Knight Therapeutics Inc.	Canada	Health Care	88,000	935	682
Laurentian Bank of Canada	Canada	Financials	5,199	298	246
Linamar Corp.	Canada	Consumer Discretionary	20,807	994	1,464
Lundin Mining Corp.	Canada	Materials	135,200	920	1,142
Morneau Shepell Inc.	Canada	Industrials	253,690	4,464	6,558
National Bank of Canada	Canada	Financials	34,000	2,188	2,062
New Flyer Industries Inc.	Canada	Industrials	63,200	2,662	3,701
NuVista Energy Ltd.	Canada	Energy	270,741	1,582	1,911
Organic Garage Ltd.	Canada	Consumer Staples	1,003,600	354	241
Parex Resources Inc.	Canada	Energy	159,400	2,683	2,888
Park Lawn Corp.	Canada	Consumer Discretionary	80,742	1,473	1,982
Parkland Fuel Corp.	Canada	Energy	84,100	2,120	2,438
Patient Home Monitoring Corp. Purchase Warrants Exp. 05-04-2018	Canada	Health Care	635,805	—	—
Pembina Pipeline Corp.	Canada	Energy	82,936	2,932	3,334
People Corp.	Canada	Industrials	170,802	1,011	1,221
PHX Energy Services Corp.	Canada	Energy	112,924	1,016	219
Pollard Banknote Ltd.	Canada	Consumer Discretionary	128,179	1,350	2,725
Premium Brands Holdings Corp.	Canada	Consumer Staples	20,212	1,492	2,395



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SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Raging River Exploration Inc.	Canada	Energy	357,819	2,908	2,233
Richelieu Hardware Ltd.	Canada	Industrials	221,086	3,177	6,659
Roots Corp.	Canada	Consumer Discretionary	97,545	1,134	1,000
Savaria Corp.	Canada	Industrials	147,402	1,734	2,543
Secure Energy Services Inc.	Canada	Energy	239,306	2,945	1,757
SIR Royalty Income Fund	Canada	Consumer Discretionary	32,086	445	466
Sleep Country Canada Holdings Inc.	Canada	Consumer Discretionary	84,900	2,633	2,896
Spartan Energy Corp.	Canada	Energy	313,761	3,017	1,801
Stella-Jones Inc.	Canada	Materials	43,462	1,917	1,978
StorageVault Canada Inc.	Canada	Real Estate	743,685	1,042	1,896
TECSYS Inc.	Canada	Information Technology	29,846	317	470
Ten Peaks Coffee Co. Inc.	Canada	Consumer Staples	205,303	1,831	1,355
TORC Oil & Gas Ltd.	Canada	Energy	270,424	2,094	1,785
Total Energy Services Inc.	Canada	Energy	9,203	138	122
Tricon Capital Group Inc.	Canada	Real Estate	165,593	1,858	1,631
Uni-Select Inc.	Canada	Consumer Discretionary	36,000	1,094	720
Viemed Healthcare Inc. Purchase Warrant Exp. 05-04-2018	Canada	Health Care	63,580	—	—
Winpak Ltd.	Canada	Materials	28,798	489	1,395
WSP Global Inc.	Canada	Industrials	57,402	2,575	3,406
Yangarra Resources Ltd.	Canada	Energy	253,810	685	1,107
Total equities				115,854	140,454
EXCHANGE-TRADED FUNDS/NOTES					
BMO Junior Gold Index ETF	Canada	Exchange-Traded Funds/Notes	437,474	4,564	3,907
iShares Russell 2000 Index Fund ETF	United States	Exchange-Traded Funds/Notes	145,900	4,380	4,737
iShares S&P/TSX Completion Index ETF	Canada	Exchange-Traded Funds/Notes	398,100	9,989	9,794
iShares S&P/TSX Global Gold Index ETF	Multi-Country Index Funds	Exchange-Traded Funds/Notes	337,047	5,039	3,943
PowerShares S&P SmallCap Energy Portfolio	United States	Exchange-Traded Funds/Notes	51,400	962	918
Total exchange-traded funds/notes				24,934	23,299
Transaction costs				(248)	—
Total investments				140,540	163,753
Cash and cash equivalents					2,650
Other assets less liabilities					662
Total net assets					167,065



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SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2018		March 31, 2017	
Effective Portfolio Allocation	% of NAV	Effective Portfolio Allocation	% of NAV
Equities	98.0	Equities	97.5
Cash and short-term investments	1.6	Cash and short-term investments	2.4
Other assets (liabilities)	0.4	Other assets (liabilities)	0.1
Effective Regional Allocation	% of NAV	Effective Regional Allocation	% of NAV
Canada	93.0	Canada	95.2
United States	4.4	Cash and short-term investments	2.4
Cash and short-term investments	1.6	United States	2.0
Other assets (liabilities)	0.4	South Africa	0.2
Bermuda	0.2	United Kingdom	0.1
South Africa	0.2	Other assets (liabilities)	0.1
Peru	0.1		
United Kingdom	0.1		
Effective Sector Allocation	% of NAV	Effective Sector Allocation	% of NAV
Industrials	25.2	Industrials	22.2
Energy	16.7	Energy	17.5
Materials	13.1	Materials	15.3
Real estate	10.7	Financials	11.1
Financials	8.7	Real estate	9.6
Consumer discretionary	8.5	Consumer discretionary	7.1
Information technology	5.9	Information technology	5.7
Consumer staples	4.8	Consumer staples	4.6
Utilities	3.3	Utilities	2.9
Cash and short-term investments	1.6	Cash and short-term investments	2.4
Health care	1.1	Health care	1.5
Other assets (liabilities)	0.4	Other assets (liabilities)	0.1

The effective allocation shows the portfolio, regional or sector exposure of the Fund calculated by combining its direct and indirect investments.

MACKENZIE CANADIAN SMALL CAP FUND

(Formerly Mackenzie Canadian Small Cap Value Fund)

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1. Fiscal Periods and General Information

The information provided in these financial statements and notes thereto is for the periods ended or as at March 31, 2018 and 2017, 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 Financial Corporation, which itself is a subsidiary of Power Corporation of Canada. The Great-West Life Assurance Company, London Life Insurance Company and The Canada Life Assurance Company (collectively, the "Related Insurance Companies") are wholly owned by Great-West Lifeco Inc., which is also a subsidiary of Power Financial Corporation. Investments in companies within the Power Group of companies held by the Fund are identified in the Schedule of Investments.

2. Basis of Preparation and Presentation

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

These financial statements are presented in Canadian dollars, which is the Fund's functional and presentation currency, and rounded to the nearest thousand unless otherwise indicated. These financial statements are prepared on a going concern basis using the historical cost basis, except for financial 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 June 7, 2018.

Standards issued but not yet effective for the current accounting year, as applicable, are described in Note 3.

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 and 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 – 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 year-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.

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.

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3. Significant Accounting Policies (cont'd)

(a) Financial instruments (cont'd)

The Fund accounts for its holdings in unlisted open-ended investment funds and exchange-traded funds, if any, at fair value through profit and loss. Mackenzie has concluded that any unlisted open-ended investment fund 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 – 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 futures contracts or swaps. 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 March 31, 2018.

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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 – 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.

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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.

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.

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.



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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 March 31, 2018 and 2017 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 March 31, 2018, grouped by asset type, with geographic and sector information.

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

ii. Liquidity risk

Liquidity risk arises when the Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable securities. In accordance with securities regulations, the Fund must maintain at least 90% of its assets in liquid investments (i.e., investments that can be readily sold). In addition, the Fund retains sufficient cash and short-term investment positions to maintain adequate liquidity. The Fund also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions.

iii. Currency risk

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

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8. Financial Instruments Risk (cont'd)

iv. Interest rate risk

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

v. Other price risk

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

vi. Credit risk

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

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

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

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

vii. Underlying funds

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



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

(a) Fund Formation and Series Information

Date of Formation December 10, 1985

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

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

Series A securities are offered to retail investors investing a minimum of \$500. Before September 25, 2009, Series A securities were known as Advisor Series.

Series D securities are offered to retail investors investing a minimum of \$500 through a discount brokerage or other account approved by Mackenzie.

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

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

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

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

Series PWF securities are offered through our Private Wealth Solutions to certain high net worth investors who are enrolled in a dealer-sponsored fee-for-service or wrap program, who are subject to an asset-based fee rather than commissions on each transaction and who invest at least \$100,000. Effective June 1, 2018, Series PWF securities were consolidated into Series F securities.

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

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

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

Series I, Series J and B-Series securities are no longer available for sale.

Investor Series securities are no longer available for sale, except for additional purchases by investors who have held these securities since December 11, 2017.

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, a redemption charge purchase option and various low-load purchase options. The charges under the sales charge purchase option are negotiated by investors with their dealers. The charges under the redemption charge and low-load purchase options are paid to Mackenzie if an investor redeems securities of the Fund during specific periods. 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.



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

(a) Fund Formation and Series Information (cont'd)

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees	Net Asset Value per Security (\$)	
				Mar. 31, 2018	Mar. 31, 2017
Series A	January 30, 2009	2.00%	0.24%	29.27	29.50
Series D	January 7, 2014	1.25%	0.19%	11.83	11.93
Series F	June 5, 2009	0.75% ⁽³⁾	0.15% ⁽⁶⁾	26.18	26.40
Series FB	October 26, 2015	1.00%	0.24%	11.39	11.46
Series I	June 5, 2009	1.50%	0.24%	25.36	25.57
Series J	November 19, 2010	1.75%	0.20%	15.82	15.95
Series O	June 5, 2009	— ⁽¹⁾	— *	27.92	28.17
Series PW	October 28, 2013	1.75% ⁽⁴⁾	0.15%	12.72	12.82
Series PWF	November 8, 2013	0.85%	0.15%	12.79	12.90
Series PWFB	April 3, 2017	0.75% ⁽⁵⁾	0.15%	9.91	—
Series PWX	September 9, 2014	— ⁽²⁾	— ⁽²⁾	10.72	10.82
Series R	May 20, 2009	— *	— *	28.45	28.70
Investor Series	December 10, 1985	1.65%	0.24%	31.57	31.82
B-Series	January 8, 2002	— ⁽¹⁾	— *	40.19	40.55

* Not applicable.

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

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

(3) Prior to June 1, 2018, the management fee for Series F was charged to the Fund at a rate of 1.00%.

(4) Prior to June 1, 2018, the management fee for Series PW was charged to the Fund at a rate of 1.85%.

(5) Prior to June 1, 2018, the management fee for Series PWFB was charged to the Fund at a rate of 0.85%.

(6) Prior to June 1, 2018, the administration fee for Series F was charged to the Fund at a rate of 0.19%.

(b) Investments by Mackenzie and Affiliates

As at March 31, 2018, other funds managed by Mackenzie had an investment of \$33,565 (2017 – \$35,037) 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 March 31, 2018 and 2017, the Fund did not have any open securities lending, repurchase or reverse repurchase agreement transactions.

(e) Commissions

The value of third-party services paid for by brokers during the period, is disclosed in the table below:

	(\$)
March 31, 2018	14
March 31, 2017	2

(f) Name Change

Effective September 29, 2017, the Fund was renamed from Mackenzie Canadian Small Cap Value Fund to Mackenzie Canadian Small Cap Fund.

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

(g) Offsetting of Financial Assets and Liabilities

As at March 31, 2018 and 2017, there were no amounts subject to offsetting.

(h) Risks Associated with Financial Instruments

i. Risk exposure and management

The Fund seeks long-term capital growth by investing primarily in equities of smaller Canadian companies with below-average market capitalization. The Fund uses a blended growth and value style of investing and may hold up to 30% of its assets in foreign investments.

ii. Currency risk

As at March 31, 2018 and 2017, the Fund did not have a significant exposure to currency risk.

iii. Interest rate risk

As at March 31, 2018 and 2017, the Fund did not have a significant exposure to interest rate risk.

iv. Other price risk

The Fund's most significant exposure to price risk arises from its investment in equity securities and exchange-traded funds. As at March 31, 2018, had the prices on the respective stock exchanges for these securities increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased by approximately \$16,375 or 9.8% (2017 – \$17,966 or 9.7%) of total net assets. In practice, the actual trading results may differ and the difference could be material.

v. Credit risk

As at March 31, 2018 and 2017, the Fund did not have a significant exposure to credit risk.

(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.

	March 31, 2018				March 31, 2017			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	140,454	–	–	140,454	159,593	3,605	3	163,201
Exchange-traded funds/notes	23,299	–	–	23,299	16,455	–	–	16,455
Short-term investments	–	2,649	–	2,649	–	4,381	–	4,381
Total	163,753	2,649	–	166,402	176,048	7,986	3	184,037

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 significant transfers between Level 1 and Level 2.

Financial instruments classified as Level 2 investments are valued 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.

MACKENZIE CANADIAN SMALL CAP FUND

(Formerly Mackenzie Canadian Small Cap Value Fund)

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CANADIAN EQUITY FUND

NOTES TO FINANCIAL STATEMENTS

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

(i) Fair Value Classification (cont'd)

The table below presents a reconciliation of financial instruments measured at fair value using unobservable inputs (Level 3) for the periods ended March 31, 2018 and 2017:

	March 31, 2018	March 31, 2017
	Equities (\$)	Equities (\$)
Balance – beginning of period	3	7
Purchases	–	–
Sales	–	–
Transfers in	–	–
Transfers out	–	–
Gains (losses) during the period:		
Realized	–	–
Unrealized	(3)	(4)
Balance – end of period	–	3
Change in unrealized gains (losses) during the period attributable to securities held at end of period	(3)	(4)

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



MACKENZIE
Investments