

# MACKENZIE CUNDILL CANADIAN SECURITY CLASS

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 Cundill Canadian Security Class (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 Capital 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 Cundill Canadian Security Class (the "Fund") of Mackenzie Financial Capital Corporation

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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# MACKENZIE CUNDILL CANADIAN SECURITY CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

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## STATEMENTS OF FINANCIAL POSITION

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

	2018	2017
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Investments at fair value	192,297	214,960
Cash and cash equivalents	424	7,461
Dividends receivable	374	252
Accounts receivable for investments sold	953	2,305
Accounts receivable for securities issued	–	2
Unrealized gains on derivative contracts	79	19
Taxes recoverable	16	16
<b>Total assets</b>	<b>194,143</b>	<b>225,015</b>

### LIABILITIES

<b>Current liabilities</b>		
Accounts payable for investments purchased	1	2,708
Accounts payable for securities redeemed	478	223
Distribution payable	–	210
Due to manager	21	–
Unrealized losses on derivative contracts	133	–
<b>Total liabilities</b>	<b>633</b>	<b>3,141</b>
<b>Net assets attributable to securityholders</b>	<b>193,510</b>	<b>221,874</b>

### Net assets attributable to securityholders per series (note 3)

Series A	125,191	162,961
Series D	27	25
Series E	–	1
Series F	4,738	7,086
Series FB	15	45
Series I	573	1,126
Series J	626	1,249
Series O	13,514	16,707
Series PW	22,797	9,490
Series PWF	6,949	3,425
Series PWF8	149	148
Series PWFB	427	–
Series PWT6	446	–
Series PWT8	1,094	627
Series PWX	4,998	5,164
Series PWX8	69	82
Series R	8,122	8,092
Series T6	1,214	2,147
Series T8	2,561	3,499

### Net assets attributable to securityholders per security (note 3)

Series A	20.65	20.76
Series D	11.71	11.71
Series E	–	14.43
Series F	23.54	23.56
Series FB	10.92	10.93
Series I	22.31	22.29
Series J	15.44	15.46
Series O	23.86	24.01
Series PW	11.45	11.48
Series PWF	10.84	10.86
Series PWF8	11.86	12.91
Series PWFB	9.86	–
Series PWT6	13.79	–
Series PWT8	11.44	12.46
Series PWX	10.95	11.02
Series PWX8	11.89	13.00
Series R	19.89	19.85
Series T6	14.37	15.36
Series T8	11.58	12.65

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



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# MACKENZIE CUNDILL CANADIAN SECURITY CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

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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
	\$	\$		\$	\$
<b>Income</b>			<b>Increase (decrease) in net assets attributable to securityholders from operations per security</b>		
Dividends	3,942	4,602	Series A	(0.12)	3.80
Interest income	132	167	Series D	0.53	2.21
Other changes in fair value of investments			Series E	0.01	3.15
Net realized gain (loss)	13,418	4,506	Series F	(0.06)	4.65
Net unrealized gain (loss)	(12,966)	41,154	Series FB	0.30	2.24
Securities lending income	113	32	Series I	0.05	4.39
<b>Total income (loss)</b>	<b>4,639</b>	<b>50,461</b>	Series J	(0.23)	2.86
			Series O	0.45	4.75
<b>Expenses (note 6)</b>			Series PW	0.06	2.15
Management fees	3,788	4,035	Series PWF	0.19	2.11
Administration fees	443	484	Series PWF8	0.09	0.86
Interest charges	2	1	Series PWF8	(0.32)	–
Commissions and other portfolio transaction costs	155	423	Series PWT6	0.33	–
Independent Review Committee fees	1	1	Series PWT8	0.02	2.52
Other	4	2	Series PWX	0.21	2.24
<b>Expenses before amounts absorbed by Manager</b>	<b>4,393</b>	<b>4,946</b>	Series PWX8	0.24	2.78
Expenses absorbed by Manager	–	–	Series R	0.42	4.11
<b>Net expenses</b>	<b>4,393</b>	<b>4,946</b>	Series T6	(0.05)	2.93
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	<b>246</b>	<b>45,515</b>	Series T8	(0.09)	2.43
Foreign withholding taxes	307	431			
Foreign income taxes paid (recovered)	–	–			
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	<b>(61)</b>	<b>45,084</b>			
<b>Increase (decrease) in net assets attributable to securityholders from operations per series</b>					
Series A	(821)	33,105			
Series D	2	6			
Series E	1	5			
Series F	(12)	1,446			
Series FB	–	8			
Series I	4	286			
Series J	(13)	278			
Series O	292	3,297			
Series PW	119	1,871			
Series PWF	111	509			
Series PWF8	–	3			
Series PWF8	(6)	–			
Series PWT6	11	–			
Series PWT8	2	145			
Series PWX	96	1,202			
Series PWX8	1	16			
Series R	179	1,796			
Series T6	(5)	408			
Series T8	(22)	703			

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



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# MACKENZIE CUNDILL CANADIAN SECURITY CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

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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 E		Series F		Series FB	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	162,961	163,784	25	24	1	26	7,086	6,458	45	15
Increase (decrease) in net assets from operations	(821)	33,105	2	6	1	5	(12)	1,446	-	8
Dividends paid to securityholders:										
Ordinary	-	(46)	-	-	-	-	(11)	(25)	-	-
Capital gains	-	-	-	-	-	-	(24)	-	-	-
Return of capital	-	-	-	-	-	-	-	-	-	-
Total dividends paid to securityholders	-	(46)	-	-	-	-	(35)	(25)	-	-
Security transactions:										
Proceeds from securities issued	5,278	18,940	26	-	-	-	1,489	2,308	14	45
Reinvested dividends	45	-	-	-	-	-	54	-	-	-
Value of securities redeemed	(42,272)	(52,822)	(26)	(5)	(2)	(30)	(3,844)	(3,101)	(44)	(23)
Total security transactions	(36,949)	(33,882)	-	(5)	(2)	(30)	(2,301)	(793)	(30)	22
<b>Total increase (decrease) in net assets</b>	<b>(37,770)</b>	<b>(823)</b>	<b>2</b>	<b>1</b>	<b>(1)</b>	<b>(25)</b>	<b>(2,348)</b>	<b>628</b>	<b>(30)</b>	<b>30</b>
<b>End of period</b>	<b>125,191</b>	<b>162,961</b>	<b>27</b>	<b>25</b>	<b>-</b>	<b>1</b>	<b>4,738</b>	<b>7,086</b>	<b>15</b>	<b>45</b>
<b>Increase (decrease) in fund securities (note 7):</b>										
<b>Securities outstanding – beginning of period</b>	7,852	9,679	2	3	-	2	301	339	4	2
Issued	255	956	2	-	-	-	62	107	1	4
Reinvested dividends	2	-	-	-	-	-	2	-	-	-
Redeemed	(2,047)	(2,783)	(2)	(1)	-	(2)	(164)	(145)	(4)	(2)
<b>Securities outstanding – end of period</b>	<b>6,062</b>	<b>7,852</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>201</b>	<b>301</b>	<b>1</b>	<b>4</b>
	Series I		Series J		Series O		Series PW		Series PWF	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	1,126	1,272	1,249	1,421	16,707	14,258	9,490	7,813	3,425	1,956
Increase (decrease) in net assets from operations	4	286	(13)	278	292	3,297	119	1,871	111	509
Dividends paid to securityholders:										
Ordinary	-	(3)	-	(2)	(113)	(81)	-	(15)	(23)	(17)
Capital gains	(1)	-	-	-	(291)	-	-	-	(40)	-
Return of capital	-	-	-	-	-	-	-	-	-	-
Total dividends paid to securityholders	(1)	(3)	-	(2)	(404)	(81)	-	(15)	(63)	(17)
Security transactions:										
Proceeds from securities issued	3	2	2	-	1,279	5,131	19,355	2,420	4,205	1,460
Reinvested dividends	1	-	-	-	473	4	12	3	68	4
Value of securities redeemed	(560)	(431)	(612)	(448)	(4,833)	(5,902)	(6,179)	(2,602)	(797)	(487)
Total security transactions	(556)	(429)	(610)	(448)	(3,081)	(767)	13,188	(179)	3,476	977
<b>Total increase (decrease) in net assets</b>	<b>(553)</b>	<b>(146)</b>	<b>(623)</b>	<b>(172)</b>	<b>(3,193)</b>	<b>2,449</b>	<b>13,307</b>	<b>1,677</b>	<b>3,524</b>	<b>1,469</b>
<b>End of period</b>	<b>573</b>	<b>1,126</b>	<b>626</b>	<b>1,249</b>	<b>13,514</b>	<b>16,707</b>	<b>22,797</b>	<b>9,490</b>	<b>6,949</b>	<b>3,425</b>
<b>Increase (decrease) in fund securities (note 7):</b>										
<b>Securities outstanding – beginning of period</b>	51	70	81	113	696	743	827	836	315	223
Issued	-	-	-	-	54	241	1,704	243	393	145
Reinvested dividends	-	-	-	-	20	-	1	-	6	-
Redeemed	(25)	(19)	(40)	(32)	(204)	(288)	(541)	(252)	(73)	(53)
<b>Securities outstanding – end of period</b>	<b>26</b>	<b>51</b>	<b>41</b>	<b>81</b>	<b>566</b>	<b>696</b>	<b>1,991</b>	<b>827</b>	<b>641</b>	<b>315</b>

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

# MACKENZIE CUNDILL CANADIAN SECURITY CLASS

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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 PWF8		Series PWFB		Series PWT6		Series PWT8		Series PWX	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
Beginning of period	148	1	-	-	-	-	627	520	5,164	5,237
Increase (decrease) in net assets from operations	-	3	(6)	-	11	-	2	145	96	1,202
Dividends paid to securityholders:										
Ordinary	-	(1)	(1)	-	-	-	-	(1)	(41)	(24)
Capital gains	(1)	-	(1)	-	(9)	-	-	-	(90)	-
Return of capital	(12)	(2)	-	-	(32)	-	(86)	(57)	-	-
Total dividends paid to securityholders	(13)	(3)	(2)	-	(41)	-	(86)	(58)	(131)	(24)
Security transactions:										
Proceeds from securities issued	10	204	433	-	552	-	638	136	-	355
Reinvested dividends	4	-	2	-	12	-	10	8	156	-
Value of securities redeemed	-	(57)	-	-	(88)	-	(97)	(124)	(287)	(1,606)
Total security transactions	14	147	435	-	476	-	551	20	(131)	(1,251)
<b>Total increase (decrease) in net assets</b>	<b>1</b>	<b>147</b>	<b>427</b>	<b>-</b>	<b>446</b>	<b>-</b>	<b>467</b>	<b>107</b>	<b>(166)</b>	<b>(73)</b>
<b>End of period</b>	<b>149</b>	<b>148</b>	<b>427</b>	<b>-</b>	<b>446</b>	<b>-</b>	<b>1,094</b>	<b>627</b>	<b>4,998</b>	<b>5,164</b>

Increase (decrease) in fund securities (note 7):	Securities		Securities		Securities		Securities		Securities	
Securities outstanding – beginning of period	11	-	-	-	-	-	50	47	469	596
Issued	2	16	43	-	37	-	53	12	-	39
Reinvested dividends	-	-	-	-	1	-	1	1	14	-
Redeemed	-	(5)	-	-	(6)	-	(8)	(10)	(27)	(166)
<b>Securities outstanding – end of period</b>	<b>13</b>	<b>11</b>	<b>43</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>96</b>	<b>50</b>	<b>456</b>	<b>469</b>

	Series PWX8		Series R		Series T6		Series T8		Total	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
Beginning of period	82	72	8,092	6,963	2,147	1,989	3,499	3,420	221,874	215,229
Increase (decrease) in net assets from operations	1	16	179	1,796	(5)	408	(22)	703	(61)	45,084
Dividends paid to securityholders:										
Ordinary	(1)	-	-	-	-	(1)	-	(1)	(190)	(217)
Capital gains	(1)	-	(144)	-	-	-	-	-	(602)	-
Return of capital	(6)	(6)	-	-	(89)	(124)	(230)	(288)	(455)	(477)
Total dividends paid to securityholders	(8)	(6)	(144)	-	(89)	(125)	(230)	(289)	(1,247)	(694)
Security transactions:										
Proceeds from securities issued	-	-	660	227	147	402	380	573	34,471	32,203
Reinvested dividends	2	1	-	-	32	39	46	63	917	122
Value of securities redeemed	(8)	(1)	(665)	(894)	(1,018)	(566)	(1,112)	(971)	(62,444)	(70,070)
Total security transactions	(6)	-	(5)	(667)	(839)	(125)	(686)	(335)	(27,056)	(37,745)
<b>Total increase (decrease) in net assets</b>	<b>(13)</b>	<b>10</b>	<b>30</b>	<b>1,129</b>	<b>(933)</b>	<b>158</b>	<b>(938)</b>	<b>79</b>	<b>(28,364)</b>	<b>6,645</b>
<b>End of period</b>	<b>69</b>	<b>82</b>	<b>8,122</b>	<b>8,092</b>	<b>1,214</b>	<b>2,147</b>	<b>2,561</b>	<b>3,499</b>	<b>193,510</b>	<b>221,874</b>

Increase (decrease) in fund securities (note 7):	Securities		Securities		Securities		Securities	
Securities outstanding – beginning of period	6	6	408	441	140	149	277	305
Issued	-	-	33	15	9	27	30	49
Reinvested dividends	-	-	-	-	2	3	4	5
Redeemed	-	-	(33)	(48)	(67)	(39)	(90)	(82)
<b>Securities outstanding – end of period</b>	<b>6</b>	<b>6</b>	<b>408</b>	<b>408</b>	<b>84</b>	<b>140</b>	<b>221</b>	<b>277</b>

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

# MACKENZIE CUNDILL CANADIAN SECURITY CLASS

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## STATEMENTS OF CASH FLOWS

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

	2018	2017
	\$	\$
<b>Cash flows from operating activities</b>		
Net increase (decrease) in net assets attributable to securityholders from operations	(61)	45,084
Adjustments for:		
Net realized loss (gain) on investments	(13,418)	(4,506)
Change in net unrealized loss (gain) on investments	12,966	(41,154)
Distributions received in-kind from underlying funds	(11)	–
Purchase of investments	(41,490)	(98,555)
Proceeds from sale and maturity of investments	63,334	121,386
Change in accrued interest receivable	–	29
Change in dividends receivable	(122)	(117)
Change in due to manager	21	–
Change in taxes recoverable	–	2
<b>Net cash from operating activities</b>	<b>21,219</b>	<b>22,169</b>
<b>Cash flows from financing activities</b>		
Proceeds from redeemable securities issued	9,168	17,979
Payments on redemption of redeemable securities	(36,884)	(55,785)
Dividends paid net of reinvestments	(540)	(365)
<b>Net cash from financing activities</b>	<b>(28,256)</b>	<b>(38,171)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(7,037)</b>	<b>(16,002)</b>
Cash and cash equivalents at beginning of period	7,461	23,463
Effect of exchange rate fluctuations on cash and cash equivalents	–	–
<b>Cash and cash equivalents at end of period</b>	<b>424</b>	<b>7,461</b>
Cash	424	505
Cash equivalents	–	6,956
<b>Cash and cash equivalents at end of period</b>	<b>424</b>	<b>7,461</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	3,820	4,485
Foreign taxes paid	307	435
Interest received	124	196
Interest paid	2	1

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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)
<b>EQUITIES</b>					
Alimentation Couche-Tard Inc. Class B Sub. voting	Canada	Consumer Staples	101,000	5,844	5,825
Allergan PLC	United States	Health Care	4,618	1,080	1,001
American International Group Inc.	United States	Financials	85,202	3,104	5,973
Apache Corp.	United States	Energy	13,380	868	663
Baidu Inc. ADR	China	Information Technology	7,132	1,508	2,051
Bank of America Corp.	United States	Financials	334,482	3,480	12,924
Barclays PLC	United Kingdom	Financials	912,067	3,354	3,432
Barrick Gold Corp.	Canada	Materials	53,900	1,261	865
Boardwalk Real Estate Investment Trust	Canada	Real Estate	103,996	4,463	4,604
BorgWarner Inc.	United States	Consumer Discretionary	20,919	1,107	1,354
Brookfield Property Partners LP	United States	Real Estate	53,800	1,585	1,330
Canadian National Railway Co.	Canada	Industrials	51,800	4,008	4,877
Canadian Pacific Railway Ltd.	Canada	Industrials	27,900	4,961	6,339
Canfor Corp.	Canada	Materials	54,440	664	1,598
Celestica Inc. Sub. voting	Canada	Information Technology	382,749	3,546	5,102
Cenovus Energy Inc.	Canada	Energy	436,400	9,034	4,787
CES Energy Solutions Corp.	Canada	Energy	216,065	668	1,270
Chesapeake Energy Corp.	United States	Energy	275,752	2,320	1,073
Chesapeake Energy Corp. 5.75% Conv. Pfd. Series A	United States	Energy	7,544	8,074	5,576
Chesapeake Energy Corp. 5.75% Conv. Pfd.	United States	Energy	1,143	663	837
Citigroup Inc.	United States	Financials	144,238	5,191	12,543
Corus Entertainment Inc. Class B non-voting	Canada	Consumer Discretionary	182,400	1,520	1,104
CVS Health Corp.	United States	Consumer Staples	15,310	1,810	1,227
DAVITA Inc.	United States	Health Care	25,983	2,203	2,207
Discovery Communications Inc. Class C	United States	Consumer Discretionary	44,062	1,053	1,108
Dundee Corp. Class A sub. voting	Canada	Financials	254,237	3,355	470
ECN Capital Corp.	Canada	Financials	544,600	1,833	1,873
E-L Financial Corp. Ltd.	Canada	Financials	6,847	3,245	5,532
Empire Co. Ltd. Class A non-voting	Canada	Consumer Staples	107,741	1,759	2,786
Enbridge Inc.	Canada	Energy	96,400	5,131	3,906
Fairfax Financial Holdings Ltd. Sub. voting	Canada	Financials	3,071	1,644	2,006
Fiat Chrysler Automobiles NV	United Kingdom	Consumer Discretionary	75,314	1,115	1,990
Goldcorp Inc.	Canada	Materials	59,300	1,287	1,055
The Goldman Sachs Group Inc.	United States	Financials	7,403	1,435	2,402
Granite Real Estate Investment Trust	Canada	Real Estate	77,928	3,032	3,960
HCA Holdings Inc.	United States	Health Care	19,098	1,905	2,386
Hitachi Ltd.	Japan	Information Technology	221,400	1,315	2,072
Hudson's Bay Co.	Canada	Consumer Discretionary	286,700	3,217	2,557
Industrial Alliance Insurance and Financial Services Inc.	Canada	Financials	22,700	957	1,203
International Business Machines Corp.	United States	Information Technology	8,257	1,648	1,632
Kinross Gold Corp.	Canada	Materials	163,500	835	832
Liberty Global PLC Class A	United Kingdom	Consumer Discretionary	95,537	4,041	3,853
Linamar Corp.	Canada	Consumer Discretionary	37,300	1,818	2,625
Loblaw Companies Ltd.	Canada	Consumer Staples	52,100	3,582	3,391
Magna International Inc.	Canada	Consumer Discretionary	20,600	990	1,495
Novartis AG Reg.	Switzerland	Health Care	15,365	1,551	1,601
Nutrien Ltd.	Canada	Materials	121,604	6,729	7,405
Oracle Corp.	United States	Information Technology	17,408	900	1,026
POSCO	South Korea	Materials	2,950	819	1,164



**MACKENZIE**  
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# MACKENZIE CUNDILL CANADIAN SECURITY CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

CANADIAN EQUITY FUND

## SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>EQUITIES (cont'd)</b>					
Precision Drilling Corp.	Canada	Energy	889,311	5,156	3,184
Rowan Companies Inc.	United States	Energy	143,954	3,508	2,140
Samsung Electronics Co. Ltd.	South Korea	Information Technology	716	954	2,137
Sanofi	France	Health Care	16,604	1,787	1,719
ShawCor Ltd.	Canada	Energy	113,591	3,134	2,772
Standard Chartered PLC	United Kingdom	Financials	162,940	2,203	2,102
Teck Resources Ltd. Class B	Canada	Materials	207,523	3,231	6,887
Tenaris SA ADR	Luxembourg	Energy	55,448	1,755	2,476
Tourmaline Oil Corp.	Canada	Energy	35,900	713	784
TransAlta Corp.	Canada	Utilities	313,500	2,214	2,188
Twenty-First Century Fox Inc.	United States	Consumer Discretionary	83,488	2,946	3,946
Union Pacific Corp.	United States	Industrials	7,563	805	1,310
The Weir Group PLC	United Kingdom	Industrials	54,334	1,107	1,962
Wells Fargo & Co.	United States	Financials	33,717	2,055	2,276
West Fraser Timber Co. Ltd.	Canada	Materials	7,587	214	650
WestJet Airlines Ltd.	Canada	Industrials	98,796	2,239	2,341
<b>Total equities</b>				<b>161,533</b>	<b>187,766</b>
<b>EXCHANGE-TRADED FUNDS/NOTES</b>					
iShares S&P/TSX 60 Capped Composite Index Fund	Canada	Exchange-Traded Funds/Notes	35,800	804	874
<b>Total exchange-traded funds/notes</b>				<b>804</b>	<b>874</b>
<b>MUTUAL FUNDS</b>					
Mackenzie Cundill International Fund Series R	Canada	Mutual Funds	340,983	3,411	3,657
<b>Total mutual funds</b>				<b>3,411</b>	<b>3,657</b>
Transaction costs				(294)	—
<b>Total investments</b>				<b>165,454</b>	<b>192,297</b>
Derivative instruments (see schedule of derivative instruments)					(54)
Cash and cash equivalents					424
Other assets less liabilities					843
<b>Total net assets</b>					<b>193,510</b>



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# MACKENZIE CUNDILL CANADIAN SECURITY CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

CANADIAN EQUITY FUND

## SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2018	
Portfolio Allocation	% of NAV
Equities	97.0
Mutual funds	1.9
Exchange-traded funds/notes	0.5
Other assets (liabilities)	0.4
Cash and short-term investments	0.2

Regional Allocation	
Regional Allocation	% of NAV
Canada	52.0
United States	33.6
United Kingdom	6.9
South Korea	1.7
Luxembourg	1.3
Japan	1.1
China	1.1
France	0.9
Switzerland	0.8
Other assets (liabilities)	0.4
Cash and short-term investments	0.2

Sector Allocation	
Sector Allocation	% of NAV
Financials	27.3
Energy	15.2
Materials	10.6
Consumer discretionary	10.4
Industrials	8.7
Information technology	7.2
Consumer staples	6.8
Real estate	5.1
Health care	4.6
Mutual funds	1.9
Utilities	1.1
Exchange-traded funds/notes	0.5
Other assets (liabilities)	0.4
Cash and short-term investments	0.2

March 31, 2017	
Portfolio Allocation	% of NAV
Equities	94.5
Cash and short-term investments	3.4
Mutual funds	1.6
Exchange-traded funds/notes	0.8
Other assets (liabilities)	(0.3)

Regional Allocation	
Regional Allocation	% of NAV
Canada	50.4
United States	36.5
Cash and short-term investments	3.4
South Korea	3.2
United Kingdom	2.2
Luxembourg	1.2
France	1.0
China	1.0
Switzerland	0.7
Japan	0.7
Other assets (liabilities)	(0.3)

Sector Allocation	
Sector Allocation	% of NAV
Financials	26.9
Energy	16.0
Materials	15.7
Information technology	8.8
Industrials	8.7
Consumer staples	6.1
Health care	4.9
Real estate	3.9
Consumer discretionary	3.5
Cash and short-term investments	3.4
Mutual funds	1.6
Exchange-traded funds/notes	0.8
Other assets (liabilities)	(0.3)



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# MACKENZIE CUNDILL CANADIAN SECURITY CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

CANADIAN EQUITY FUND

## SCHEDULE OF DERIVATIVE INSTRUMENTS

As at March 31, 2018

### Schedule of Forward Currency Contracts

Counterparty Credit Rating	Bought (\$ 000s)		Sold (\$ 000s)		Settlement Date	Contract Cost (\$ 000s)	Current Fair Value (\$ 000s)	Unrealized Gains (Losses) (\$ 000s)
AA	2,992	Canadian dollar	(2,298)	U.S. dollar	Apr. 27, 2018	(2,992)	(2,959)	33
AA	1,801	Canadian dollar	(1,398)	U.S. dollar	Jun. 8, 2018	(1,801)	(1,798)	3
AA	2,323	Canadian dollar	(1,800)	U.S. dollar	Jun. 8, 2018	(2,323)	(2,316)	7
AA	2,989	Canadian dollar	(2,298)	U.S. dollar	Jun. 22, 2018	(2,989)	(2,956)	33
AA	1,800	Canadian dollar	(1,398)	U.S. dollar	Jun. 29, 2018	(1,800)	(1,797)	3
Unrealized Gains								79
AA	952	Canadian dollar	(760)	U.S. dollar	Apr. 6, 2018	(952)	(979)	(27)
AA	1,302	Canadian dollar	(1,040)	U.S. dollar	Apr. 13, 2018	(1,302)	(1,340)	(38)
AA	1,380	Canadian dollar	(1,125)	U.S. dollar	May 18, 2018	(1,380)	(1,448)	(68)
Unrealized (Losses)								(133)
<b>Total forward currency contracts</b>								<b>(54)</b>
<b>Total derivative instruments at fair value</b>								<b>(54)</b>



**MACKENZIE**  
Investments

## NOTES TO FINANCIAL STATEMENTS

### 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 comprised of one or more classes of shares (referred to as "security" or "securities") of Mackenzie Financial Capital Corporation ("Capitalcorp"), a mutual fund corporation incorporated under the laws of the Province of Ontario, and is authorized to issue up to 1,000 classes of securities of multiple series. The address of the Fund's registered office is 180 Queen Street West, Toronto, Ontario, Canada. Reference is made to the Fund's Simplified Prospectus for additional information on the Fund's structure.

The foregoing financial statements and accompanying notes to the financial statements presented herein are for the Fund. Separate financial statements of each of the other funds of Capitalcorp have also been prepared.

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 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 – 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.

## 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 fair value through profit and loss. Mackenzie has concluded that unlisted open-ended investment funds and exchange-traded funds in which the Fund invests, do not meet either the definition of a structured entity or the definition of an associate.

#### (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.

## 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 – Net realized gain (loss).

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

(h) Net assets attributable to securityholders per security

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

(i) Net asset value per security

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

#### (k) Mergers

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

### 4. Critical Accounting Estimates and Judgments

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

#### 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

Capitalcorp qualifies as a mutual fund corporation under the provisions of the Income Tax Act (Canada). The taxation year-end for Capitalcorp is March 31.

Capitalcorp is a single legal entity for tax purposes and is not taxed on a fund-by-fund basis. As such, non-capital and capital losses of Capitalcorp may be applied against the income and/or capital gains attributable to Capitalcorp as a whole irrespective of the Fund from which the income, gains and/or losses arose. Therefore, where a Fund has positive net taxable income, the current tax liability has been offset with the utilization of unused tax losses of Capitalcorp to the extent possible.

Taxable Canadian dividends received and capital gains realized by Capitalcorp are subject to tax in a similar manner as any other corporation. Any taxes paid in respect of Canadian dividends or capital gains are refundable upon the payment of Canadian dividends or capital gains dividends, respectively, to securityholders based on a formula which includes proceeds paid on securities of Capitalcorp redeemed by securityholders. As a result, no tax provision is made in respect of Canadian dividends or capital gains. Any refundable tax allocated to the Fund is included in the Statement of Financial Position – Taxes recoverable. Payment of Canadian dividends, if any, will be made by Capitalcorp's taxation year-end and capital gains dividends, if any, will be paid within 60 days of Capitalcorp's taxation year-end. Dividends are declared separately for each series of each Fund.

## NOTES TO FINANCIAL STATEMENTS

### 5. Income Taxes (cont'd)

Income from other sources, such as interest and foreign income ("Ordinary Income"), is taxed at standard corporate rates. To the extent that Capitalcorp has positive Ordinary Income net of expenses ("Net Ordinary Income") Capitalcorp will be required to pay corporate income tax as a whole. The Fund is allocated a portion of this expense based on its series' contribution to Capitalcorp's overall tax liability. Any income tax expense allocated to the Fund is included in the Statement of Comprehensive Income – Income taxes. Due to deductible expenses and tax credits available to Capitalcorp, no taxes are currently payable in respect of Ordinary Income.

Capitalcorp follows the asset and liability method of accounting for income taxes whereby deferred income tax assets and liabilities reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are measured based on the enacted or substantively enacted tax rates which are expected to be in effect when the underlying items of Net Ordinary Income are expected to be realized.

Temporary differences between the carrying value of assets and liabilities for accounting and tax purposes give rise to deferred income tax assets and liabilities. Where the fair value of the portfolio investments exceeds their cost, a deferred tax liability arises. This deferred tax liability for refundable taxes payable is offset with the refund expected upon payment of capital gains dividends. Where the cost of the portfolio investments exceeds their market value, a deferred tax asset is generated. A full valuation allowance is taken to offset this asset given the uncertainty that such deferred assets will ultimately be realized. Unused capital and non-capital losses, as disclosed below, also represent deferred tax assets for which a full valuation allowance has been established.

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

### 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.



## NOTES TO FINANCIAL STATEMENTS

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

#### i. Risk exposure and management (cont'd)

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.

#### 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.



## NOTES TO FINANCIAL STATEMENTS

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

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

Date of Formation November 5, 2003

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, Series T6 and Series T8 securities are offered to retail investors investing a minimum of \$500 (\$5,000 for Series T6 and Series T8). Investors in Series T6 and Series T8 securities also want to receive a regular monthly cash flow of 6% or 8% per year, respectively.

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 and Series F8 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 (\$5,000 for Series F8); they are also available to employees of Mackenzie and its subsidiaries, and directors of Mackenzie. Investors in Series F8 securities also want to receive a regular monthly cash flow of 8% per year.

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 PW, Series PWT6 and Series PWT8 securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors in Series PWT6 and Series PWT8 securities also want to receive a monthly cash flow of 6% or 8% per year, respectively.

Series PWF and Series PWF8 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. Investors in Series PWF8 securities also want to receive a monthly cash flow of 8% per year. Effective June 1, 2018, Series PWF and Series PWF8 securities were consolidated into Series F and Series F8 securities, respectively.

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

Series E, Series I, Series J, Series O, Series PWX and Series PWX8 securities are no longer available for sale.

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.



# MACKENZIE CUNDILL CANADIAN SECURITY CLASS

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CANADIAN EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS

### 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	November 24, 2003	2.00%	0.24%	20.66	20.76
Series D	February 3, 2014	1.25%	0.19%	11.72	11.71
Series E	None issued <sup>(7)</sup>	0.80%	0.20%	–	14.43
Series F	December 15, 2003	0.75% <sup>(3)</sup>	0.15% <sup>(6)</sup>	23.55	23.56
Series F8	None issued	0.75%	0.15%	–	–
Series FB	October 26, 2015	1.00%	0.24%	10.92	10.93
Series I	January 6, 2004	1.35%	0.24%	22.32	22.29
Series J	December 10, 2010	1.70%	0.20%	15.45	15.46
Series O	December 20, 2004	– <sup>(1)</sup>	–*	23.87	24.01
Series PW	October 15, 2013	1.75% <sup>(4)</sup>	0.15%	11.46	11.48
Series PWF	January 16, 2014	0.85%	0.15%	10.84	10.86
Series PWF8	July 15, 2015	0.85%	0.15%	11.86	12.91
Series PWF8	April 3, 2017	0.75% <sup>(5)</sup>	0.15%	9.87	–
Series PWT6	April 3, 2017	1.75% <sup>(4)</sup>	0.15%	13.80	–
Series PWT8	December 20, 2013	1.75% <sup>(4)</sup>	0.15%	11.45	12.46
Series PWX	January 22, 2014	– <sup>(2)</sup>	– <sup>(2)</sup>	10.95	11.02
Series PWX8	December 20, 2013	– <sup>(2)</sup>	– <sup>(2)</sup>	11.90	13.00
Series R	June 22, 2007	–*	–*	19.90	19.85
Series T6	February 19, 2008	2.00%	0.24%	14.38	15.36
Series T8	January 25, 2008	2.00%	0.24%	11.58	12.65

\* 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 this series was charged to the Fund at a rate of 1.85%.
- (5) Prior to June 1, 2018, the management fee for Series PWF8 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%.
- (7) The series' original start date was March 2, 2011. All securities in the series were redeemed on November 16, 2017.

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

As at March 31, 2018, Mackenzie and other funds managed by Mackenzie had an investment of \$7 and \$8,122 (2017 – \$6 and \$8,092), respectively, in the Fund.

#### (c) Securities Lending

The value of securities loaned and collateral received from securities lending at March 31, 2018 and 2017, were as follows:

	March 31, 2018	March 31, 2017
	(\$)	(\$)
Value of securities loaned	6,273	8,264
Value of collateral received	6,528	8,704

Collateral received is comprised of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments and financial institutions.

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## NOTES TO FINANCIAL STATEMENTS

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

#### (c) Securities Lending (cont'd)

A reconciliation of the gross amount generated from the securities lending transactions to the security lending income to the Fund for the periods ended March 31, 2018 and 2017 is as follows:

	2018		2017	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	155	100.0	47	100.0
Tax withheld	(4)	(2.6)	(4)	(8.5)
	151	97.4	43	91.5
Payments to Securities Lending Agent	(38)	(24.5)	(11)	(23.4)
Securities lending income	113	72.9	32	68.1

#### (d) Commissions

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

	(\$)
March 31, 2018	8
March 31, 2017	16

#### (e) Offsetting of Financial Assets and Liabilities

The table below presents financial assets and financial liabilities that are subject to master netting arrangements or other similar agreements and the net impact on the Fund's Statements of Financial Position if all set-off rights were exercised as part of future events such as bankruptcy or termination of contracts. No amounts were offset in the financial statements.

	March 31, 2018			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	13	–	–	13
Unrealized losses on derivative contracts	(27)	–	–	(27)
Liability for options written	–	–	–	–
Total	(14)	–	–	(14)

	March 31, 2017			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	10	–	–	10
Unrealized losses on derivative contracts	–	–	–	–
Liability for options written	–	–	–	–
Total	10	–	–	10

#### (f) Risks Associated with Financial Instruments

##### i. Risk exposure and management

The Fund seeks long-term capital growth by investing primarily in Canadian equities and fixed income securities. The Fund uses a value style of investing and may hold up to 49% of its assets in foreign investments.

# MACKENZIE CUNDILL CANADIAN SECURITY CLASS

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CANADIAN EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS

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

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

##### ii. Currency risk

The table below indicates currencies to which the Fund had significant exposure as at period end in Canadian dollar terms, including the underlying principal amount of any derivative instruments. Other financial assets and liabilities (including accrued interest and dividends receivable, and receivables/payables for investments sold/purchased) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

March 31, 2018				
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	71,984	42	(15,593)	56,433
British pound	7,496	–	–	7,496
Euro	3,709	–	–	3,709
South Korean won	3,301	–	–	3,301
Japanese yen	2,072	–	–	2,072
Swiss franc	1,601	–	–	1,601
Total	90,163	42	(15,593)	74,612
% of Net Assets	46.6	–	(8.1)	38.5

March 31, 2017				
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	83,894	2,008	(8,267)	77,635
South Korean won	7,005	–	–	7,005
British pound	4,850	–	–	4,850
Euro	2,283	–	–	2,283
Swiss franc	1,651	–	–	1,651
Japanese yen	1,548	–	–	1,548
Total	101,231	2,008	(8,267)	94,972
% of Net Assets	45.6	0.9	(3.7)	42.8

\* Includes both monetary and non-monetary financial instruments

As at March 31, 2018, had the Canadian dollar increased or decreased by 5% relative to all foreign currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$3,731 or 1.9% of total net assets (2017 – \$4,749 or 2.1%). In practice, the actual trading results may differ and the difference could be material.

##### 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, exchange-traded funds/notes and mutual 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 \$19,230 or 9.9% of total net assets (2017 – \$21,496 or 9.7%). 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.

# MACKENZIE CUNDILL CANADIAN SECURITY CLASS

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## NOTES TO FINANCIAL STATEMENTS

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

#### (g) 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	174,960	12,806	–	187,766	209,734	–	–	209,734
Exchange-traded funds/notes	874	–	–	874	1,739	–	–	1,739
Mutual funds	3,657	–	–	3,657	3,487	–	–	3,487
Derivative assets	–	79	–	79	–	19	–	19
Derivative liabilities	–	(133)	–	(133)	–	–	–	–
Short-term investments	–	–	–	–	–	6,956	–	6,956
Total	179,491	12,752	–	192,243	214,960	6,975	–	221,935

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.

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for non-North American equities when North American intraday stock market movements exceed pre-determined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, during the period ended March 31, 2018, non-North American equities frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices).

As at March 31, 2018, fair value adjustments were applied to the majority of securities in non-North American markets (Level 2) that were closed on the last business day. The remaining non-North American securities were classified as Level 1. As at March 31, 2017, all non-North American equities were classified as Level 1. Other than as described above, there were no significant transfers between Level 1 and Level 2.

Other 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.

#### (h) Comparative Amounts

Certain prior period comparative amounts have been reclassified to conform to the current period's presentation.