

## ***Interim Unaudited Financial Statements***

*For the Six-Month Period Ended September 30, 2011*

*These Interim Unaudited Financial Statements do not contain the Interim Management Report of Fund Performance ("MRFP") of the investment fund. You may obtain a copy of the Interim MRFP, at no cost, by calling the toll-free number 1-800-387-0614, by writing to us at Mackenzie Financial Corporation, 180 Queen Street West, Toronto, Ontario M5V 3K1, by visiting our website at [www.mackenziefinancial.com](http://www.mackenziefinancial.com) or by visiting the SEDAR website at [www.sedar.com](http://www.sedar.com). Copies of the Annual Financial Statements or Annual MRFP may also be obtained, at no cost, using any of the methods outlined above.*

*Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.*

### **NOTICE OF NO AUDITOR REVIEW OF THE INTERIM FINANCIAL STATEMENTS**

*Mackenzie Financial Corporation, the Manager of the Fund, appoints independent auditors to audit the Fund's Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Interim Financial Statements, this must be disclosed in an accompanying notice.*

*The Fund's independent auditors have not performed a review of these Interim Financial Statements in accordance with standards established by the Canadian Institute of Chartered Accountants.*

# MACKENZIE CUNDILL WORLD FUND



INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2011

GLOBAL EQUITY

## STATEMENTS OF NET ASSETS

In thousands (except per security figures)

	September 30 2011	March 31 2011 (Audited)
	\$	\$
<b>Assets</b>		
Investments at fair value	115,587	168,584
Cash and short-term investments	10,255	23,399
Accrued interest and dividends receivable	304	237
Receivables for securities sold	104	33
Subscriptions receivable	2	2
Amounts receivable – derivative transactions	621	–
	126,873	192,255
<b>Liabilities</b>		
Payables for securities purchased	72	104
Redemptions payable	166	286
Operating expenses payable	–	–
Amount payable – derivative transactions	2,840	–
	3,078	390
<b>Net assets</b>	<b>123,795</b>	<b>191,865</b>
<b>Series net assets (note 2)</b>		
Series A	283	320
Series F	335	497
Series I	5	6
Series O	16	20
Series R	34,729	50,024
Investor Series	73,906	118,622
B-Series	14,521	22,376
<b>Net assets per security (note 2)</b>		
Series A	9.24	12.50
Series F	9.44	12.71
Series I	8.31	11.20
Series O	7.60	10.15
Series R	9.94	13.27
Investor Series	9.49	12.81
B-Series	10.48	14.00

## STATEMENTS OF OPERATIONS

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

	2011 \$	2010 \$
<b>Income</b>		
Dividends	5,569	1,837
Interest	91	46
Less withholding taxes	(72)	(231)
Revenue from securities lending	–	–
	5,588	1,652
<b>Expenses (note 4)</b>		
Management fees	873	1,273
Administration fees	169	247
Securityholder servicing fees	8	19
Filing fees	1	2
Audit fees	1	1
Securityholder reporting costs	1	1
Custody and valuation fees	–	–
Legal fees	–	–
Independent Review Committee fees	–	1
Interest charges	–	–
	1,053	1,544
Net investment income (loss) before absorbed expenses	4,535	108
Expenses absorbed by Manager	11	23
<b>Net investment income (loss) for the period</b>	<b>4,546</b>	<b>131</b>
Realized gain (loss) on sale of investments	3,591	(21,806)
Change in unrealized appreciation (depreciation)	(52,947)	20,773
Transaction costs	(92)	(318)
<b>Net gain (loss) on investments</b>	<b>(49,448)</b>	<b>(1,351)</b>
<b>Increase (decrease) in net assets from operations</b>	<b>(44,902)</b>	<b>(1,220)</b>
<b>Increase (decrease) in net assets from operations per series</b>		
Series A	(98)	–
Series F	(125)	1
Series I	(1)	–
Series O	(5)	–
Series R	(11,411)	308
Investor Series	(27,679)	(834)
B-Series	(5,583)	(695)
<b>Increase (decrease) from operations per security</b>		
Series A	(3.45)	0.02
Series F	(3.26)	0.02
Series I	(2.89)	0.38
Series O	(2.56)	–
Series R	(3.28)	0.08
Investor Series	(3.26)	(0.07)
B-Series	(3.54)	(0.20)

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

# MACKENZIE CUNDILL WORLD FUND



INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2011

GLOBAL EQUITY

## STATEMENTS OF CHANGES IN NET ASSETS

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

	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Series A		Series F		Series I		Series O		Series R	
	\$		\$		\$		\$		\$	
<b>Net assets – beginning of period</b>	<b>320</b>	<b>209</b>	<b>497</b>	<b>1,143</b>	<b>6</b>	<b>–</b>	<b>20</b>	<b>–</b>	<b>50,024</b>	<b>40,999</b>
Increase (decrease) in net assets from operations	(98)	–	(125)	1	(1)	–	(5)	–	(11,411)	308
Distributions paid to securityholders:										
Investment income	–	–	–	–	–	–	–	–	–	–
Capital gains	–	–	–	–	–	–	–	–	–	–
Total distributions paid to securityholders	–	–	–	–	–	–	–	–	–	–
Security transactions:										
Proceeds from securities issued	89	62	34	121	–	17	1	–	5,560	6,288
Reinvested distributions	–	–	–	–	–	–	–	–	–	–
Value of securities redeemed	(28)	(11)	(71)	(284)	–	(11)	–	–	(9,444)	(1,584)
Total security transactions	61	51	(37)	(163)	–	6	1	–	(3,884)	4,704
<b>Total increase (decrease) in net assets</b>	<b>(37)</b>	<b>51</b>	<b>(162)</b>	<b>(162)</b>	<b>(1)</b>	<b>6</b>	<b>(4)</b>	<b>–</b>	<b>(15,295)</b>	<b>5,012</b>
<b>Net assets – end of period</b>	<b>283</b>	<b>260</b>	<b>335</b>	<b>981</b>	<b>5</b>	<b>6</b>	<b>16</b>	<b>–</b>	<b>34,729</b>	<b>46,011</b>

Increase (decrease) in fund securities (note 5):	Securities		Securities		Securities		Securities		Securities	
<b>Securities outstanding – beginning of period</b>	<b>26</b>	<b>18</b>	<b>39</b>	<b>96</b>	<b>1</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>3,769</b>	<b>3,354</b>
Issued	8	5	3	11	–	2	–	–	513	507
Reinvested distributions	–	–	–	–	–	–	–	–	–	–
Redeemed	(3)	(1)	(7)	(24)	–	(1)	–	–	(787)	(131)
<b>Securities outstanding – end of period</b>	<b>31</b>	<b>22</b>	<b>35</b>	<b>83</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>–</b>	<b>3,495</b>	<b>3,730</b>

	Investor Series		B-Series		Total	
	\$		\$		\$	
<b>Net assets – beginning of period</b>	<b>118,622</b>	<b>163,899</b>	<b>22,376</b>	<b>56,327</b>	<b>191,865</b>	<b>262,577</b>
Increase (decrease) in net assets from operations	(27,679)	(834)	(5,583)	(695)	(44,902)	(1,220)
Distributions paid to securityholders:						
Investment income	–	–	–	–	–	–
Capital gains	–	–	–	–	–	–
Total distributions paid to securityholders	–	–	–	–	–	–
Security transactions:						
Proceeds from securities issued	927	1,533	1,339	1,158	7,950	9,179
Reinvested distributions	–	–	–	–	–	–
Value of securities redeemed	(17,964)	(28,973)	(3,611)	(28,758)	(31,118)	(59,621)
Total security transactions	(17,037)	(27,440)	(2,272)	(27,600)	(23,168)	(50,442)
<b>Total increase (decrease) in net assets</b>	<b>(44,716)</b>	<b>(28,274)</b>	<b>(7,855)</b>	<b>(28,295)</b>	<b>(68,070)</b>	<b>(51,662)</b>
<b>Net assets – end of period</b>	<b>73,906</b>	<b>135,625</b>	<b>14,521</b>	<b>28,032</b>	<b>123,795</b>	<b>210,915</b>

Increase (decrease) in fund securities (note 5):	Securities		Securities	
<b>Securities outstanding – beginning of period</b>	<b>9,264</b>	<b>13,635</b>	<b>1,598</b>	<b>4,363</b>
Issued	79	131	109	91
Reinvested distributions	–	–	–	–
Redeemed	(1,552)	(2,470)	(322)	(2,303)
<b>Securities outstanding – end of period</b>	<b>7,791</b>	<b>11,296</b>	<b>1,385</b>	<b>2,151</b>

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

# MACKENZIE CUNDILL WORLD FUND



INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2011

GLOBAL EQUITY

## STATEMENT OF INVESTMENTS

As at September 30, 2011

	Country	Sector	No. of Shares	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>EQUITIES</b>					
Actelion Ltd.	Switzerland	Health Care	145,728	5,871	5,076
Alliant Techsystems Inc.	United States	Industrials	92,960	5,377	5,305
Bank of America Corp. Purchase Warrants Exp. 01-16-2019	United States	Financials	873,242	6,044	2,460
Bovis Homes Group PLC	United Kingdom	Consumer Discretionary	1,153,395	6,706	7,571
Celestica Inc. Sub. Voting	Canada	Information Technology	1,050,702	9,201	7,944
Comstock Resources Inc.	United States	Energy	333,636	9,653	5,401
Convergys Corp.	United States	Information Technology	588,565	6,821	5,781
GameStop Corp. Class A	United States	Consumer Discretionary	322,372	6,614	7,798
Intralot SA Integrated Lottery Systems & Services	Greece	Consumer Discretionary	1,438,118	6,072	1,746
IP Group PLC	United Kingdom	Financials	6,055,412	11,662	4,641
JPMorgan Chase & Co. TARP Warrants Exp. 10-28-2018	United States	Financials	417,100	5,467	4,066
Masco Corp.	United States	Industrials	543,342	7,747	4,045
PostNL NV	Netherlands	Industrials	891,126	13,872	4,087
Premier Foods PLC	United Kingdom	Consumer Staples	17,159,913	5,232	2,875
Primary Health Care Ltd.	Australia	Health Care	2,079,033	6,955	6,177
Reliance Communications Ltd.	India	Telecommunication Services	3,166,931	12,253	4,814
Sega Sammy Holdings Inc.	Japan	Consumer Discretionary	307,200	4,844	7,513
StanCorp Financial Group Inc.	United States	Financials	228,698	9,048	6,602
Transat A.T. Inc. Class B	Canada	Consumer Discretionary	348,637	5,555	2,221
The Washington Post Co. Class B	United States	Consumer Discretionary	21,186	8,457	7,200
Wells Fargo & Co. Purchase Warrants Exp.10-28-2018	United States	Financials	567,406	4,944	4,575
Willis Group Holdings PLC	United States	Financials	214,014	6,783	7,689
<b>Total equities</b>				<b>165,178</b>	<b>115,587</b>
Transaction costs				(425)	–
<b>Total investments</b>				<b>164,753</b>	<b>115,587</b>
Derivative instruments (see schedule of derivative instruments)					(2,219)
Cash and short-term investments					10,255
Other assets less liabilities					172
<b>Total net assets</b>					<b>123,795</b>

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

## SCHEDULE OF DERIVATIVE INSTRUMENTS

As at September 30, 2011

### Unrealized Gains/Losses on Forward Currency Contracts

	Bought (\$ 000s)		Sold (\$ 000s)		Number of Contracts	Settlement Date	Contract Cost (\$ 000s)	Current Fair Value (\$ 000s)	Unrealized Gains (Losses) (\$ 000s)
	4,700	Australian dollar	(4,744)	Canadian dollar	2	Oct. 5, 2011	4,744	4,764	20
	4,270	British pound	(6,867)	Canadian dollar	3	Oct. 21, 2011	6,867	6,979	112
	448	Canadian dollar	(500,000)	South Korean won	1	Oct. 21, 2011	(448)	(440)	8
	288,000	Japanese yen	(3,762)	Canadian dollar	2	Oct. 26, 2011	3,762	3,921	159
	674	Canadian dollar	(550)	Swiss franc	1	Dec. 16, 2011	(674)	(638)	36
	3,080	Canadian dollar	(2,410)	Swiss franc	3	Jan. 13, 2012	(3,080)	(2,800)	280
	580	Euro	(811)	Canadian dollar	1	Mar. 16, 2012	811	817	6
<b>Unrealized Gains</b>									<b>621</b>
	4,528	Canadian dollar	(4,700)	Australian dollar	8	Oct. 5, 2011	(4,528)	(4,765)	(237)
	18,125	Canadian dollar	(11,820)	British pound	1	Oct. 21, 2011	(18,125)	(19,322)	(1,197)
	500,000	South Korean won	(459)	Canadian dollar	3	Oct. 21, 2011	459	440	(19)
	5,424	Canadian dollar	(450,000)	Japanese yen	1	Oct. 26, 2011	(5,424)	(6,126)	(702)
	989	Canadian dollar	(82,000)	Japanese yen	1	Dec. 7, 2011	(989)	(1,118)	(129)
	606	Canadian dollar	(435)	Euro	1	Dec. 9, 2011	(606)	(611)	(5)
	2,149	Canadian dollar	(178,000)	Japanese yen	1	Dec. 14, 2011	(2,149)	(2,427)	(278)
	477	Canadian dollar	(420)	Swiss franc	1	Dec. 16, 2011	(477)	(487)	(10)
	977	Canadian dollar	(600)	British pound	1	Jan. 13, 2012	(977)	(982)	(5)
	862	Canadian dollar	(765)	Swiss franc	1	Jan. 13, 2012	(862)	(889)	(27)
	702	Canadian dollar	(54,000)	Japanese yen	1	Mar. 14, 2012	(702)	(739)	(37)
	5,541	Canadian dollar	(4,070)	Euro	1	Mar. 16, 2012	(5,541)	(5,728)	(187)
	5,624	Canadian dollar	(5,645)	Australian dollar	1	Mar. 28, 2012	(5,624)	(5,631)	(7)
<b>Unrealized (Losses)</b>									<b>(2,840)</b>
<b>Total forward currency contracts</b>									<b>(2,219)</b>
<b>Total derivative instruments at fair value</b>									<b>(2,219)</b>

**NOTES TO FINANCIAL STATEMENTS**

1. The information provided in these financial statements and notes thereto is for the six-month periods ended or as at September 30, 2011 and 2010, except for the comparative information presented in the Statements of Net Assets and notes thereto, which is as at March 31, 2011, as applicable. In the year a Fund or series is established or reinstated, 'period' represents the period from inception or reinstatement to the period end of that fiscal year. Refer to Note 8 for the formation date of the Fund and the inception date of each series.

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 Statement of Investments.

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.

2. **Significant Accounting Policies**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods as those used in preparing the annual financial statements. GAAP requires management to make estimates and assumptions that affect the amounts, primarily valuation of investments, reported in the financial statements. Actual results may differ from such estimates.

- (a) Valuation

In accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862, Financial Instruments – Disclosures ("Section 3862") all financial instruments measured and reported at fair value are classified into one of three levels that distinguish fair value measurements by the inputs used for valuation. These classifications have been disclosed in Note 8.

The fair value of investments as at the financial reporting period end is determined as follows:

Investments listed on a public securities exchange or traded on an over-the-counter market are valued at the closing bid price. Where no closing bid price is available, the last sale or close price is used. 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 bid, 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.

Short-term notes are valued at the closing bid price. If the closing bid price is not available, such short-term notes are valued at cost plus accrued interest, which approximates fair value. Short-term notes held by the Fund are included in the Statements of Net Assets – Cash and short-term investments.

Other assets and liabilities are recorded at cost as they are short-term in nature and cost approximates fair value.

- (b) Investment transactions and income recognition

Investment transactions are accounted for on a trade date basis. Income from investments is recognized on an accrual basis. Interest income is accrued based on the number of days the investment is held during the period. Dividends are accrued as of the ex-dividend date. 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 or realized gains (losses) on sale of investments, as appropriate.

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

Transaction costs related to purchases and sales of investments are expensed and included in the Statements of Operations – Transaction costs.

- (c) Derivative transactions

Certain funds may use derivatives (such as options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest rates or exchange rates. Certain funds 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 each Fund's portfolio manager(s), provided that the use of the derivative is consistent with each Fund's investment objectives. Any use of derivatives will comply with Canadian mutual fund laws, subject to the regulatory exemptions granted to the funds, as applicable. Refer to "Exemptions from National Instrument 81-102" in the Annual Information Form of each Fund for further details, including the complete conditions of these exemptions.

**NOTES TO FINANCIAL STATEMENTS****2. Significant Accounting Policies (cont'd)****(c) Derivative transactions (cont'd)**

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 Statements of Operations – Change in unrealized appreciation (depreciation).

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 Statements of Net Assets – 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 Statements of Net Assets 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.

Realized gains and losses from derivative instruments that are specific economic hedges are accounted for in the same manner as the underlying investments being hedged. Realized gains and losses from derivative instruments that are not specific economic hedges, but rather are used to gain exposure to a particular market, are included in the Statements of Operations – Income (loss) from derivative contracts.

Refer to the Schedule of Derivative Instruments and Schedule of Options on Equities, as applicable, included in the Statement of Investments for a listing of derivative and options positions as at September 30, 2011.

**(d) Securities lending, repurchase and reverse repurchase transactions**

Certain funds are permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in each 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. 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 recognized on an accrual basis and included in the Statements of Operations – Revenue from securities lending.

**(e) Foreign exchange**

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 Statements of Operations – Realized gain (loss) on sale of investments.

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.

**(f) Net assets per security**

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

**(g) Net asset value per security**

The Canadian Securities Administrators (“CSA”) amended its regulations effective September 8, 2008 such that the daily Net Asset Value (“NAV”) of an investment fund may be calculated without reference to GAAP. The difference between NAV and Net Assets (as reported in the financial statements) is mainly due to valuing securities at bid for financial statement purposes while NAV typically utilizes closing price to determine fair value. Refer to Note 8 for the Fund's NAV per security.

**(h) Increase (decrease) from operations per security**

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

## NOTES TO FINANCIAL STATEMENTS

### 3. 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 incurred in 2006 and later may be carried forward up to 20 years, and non-capital losses incurred prior to 2006 may be carried forward up to 10 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 8 for the Fund's loss carryforwards.

### 4. 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, including any implementation period adjustments, ("Administration Fee"), as applicable, 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, fees and expenses of the Mackenzie Funds' Independent Review Committee (IRC), any new fees related to external services that were not commonly charged in the Canadian mutual fund industry as of June 15, 2007 and the costs of complying with any new regulatory requirements after June 15, 2007.

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 8 for the management fee and Administration Fee rates charged to each series of securities.

### 5. Fund's Capital

The capital of the Fund is divided into different series with each series having an unlimited number of securities. The securities outstanding for the Fund as at September 30, 2011 and 2010 and securities issued, reinvested and redeemed for the period are presented in the Statements of Changes in Net Assets. Mackenzie manages the capital of the Fund in accordance with the investment objectives as discussed in Note 8.

### 6. Financial Instruments Risk

#### *i. Risk exposure and management*

The Fund's investment activities expose it to a variety of financial risks, as defined in Section 3862. The Fund's exposure to financial risks is concentrated in its investments, which are presented in the Statement of Investments, as at September 30, 2011, 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.

**NOTES TO FINANCIAL STATEMENTS****6. Financial Instruments Risk (cont'd)***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 8 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 short-term investments do not expose the Fund to significant amounts of interest rate risk. Note 8 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 strategy. Except for options written and futures contracts, the maximum risk resulting from financial instruments is equivalent to their fair value. The maximum risk of loss on options written and futures contracts is equal to their notional values. However, options written are 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. In addition, in the case of short futures contracts, the loss to the Fund continues to increase, without limit, as the fair value of the underlying interest increases. Note 8 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 8 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 September 30 and March 31, 2011.

Certain funds may enter into securities lending transactions with counterparties and certain funds may be exposed to credit risk from the counterparties to the derivative instruments used by the funds. Credit risk associated with these transactions is considered minimal as all counterparties have an approved credit rating equivalent to a Standard & Poor's credit rating of not less than A-1 (low) on their short-term debt and of A on their long-term debt.

*vii. Underlying funds*

Certain funds that invest in underlying funds 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 8 summarizes the Fund's exposure, if applicable and significant, to these risks from underlying funds.

**7. Future Accounting Standards**

As previously confirmed by the Canadian Accounting Standards Board ("AcSB"), most Canadian publicly accountable entities adopted International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board, on January 1, 2011. However, the AcSB has allowed most investment funds to defer adoption of IFRS until fiscal years beginning on or after January 1, 2013. Accordingly, the Fund will adopt IFRS for its fiscal period beginning April 1, 2013, and will issue its initial financial statements in accordance with IFRS, including comparative information, for the interim period ending September 30, 2013.

## NOTES TO FINANCIAL STATEMENTS

### 8. 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 Net Assets.

Series A securities are offered to retail investors investing a minimum of \$500.

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. Before September 25, 2009, Series F securities were known as F-Series.

Series I securities are no longer available for sale.

Series O securities are offered to investors investing a minimum of \$500,000 who have entered into a Series O account agreement with Mackenzie, and also available to certain qualifying employees of Mackenzie and its subsidiaries.

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

Investor Series securities are offered to retail investors investing a minimum of \$5,000 whose dealer has agreed to accept a reduced trailing commission.

B-Series securities are offered primarily to certain high net worth and institutional investors, including other investment funds, who invest a minimum of \$1,000,000; they are also available to certain qualifying employees of Mackenzie and its subsidiaries. Mackenzie may waive the minimum investment amount for certain employees of Mackenzie and its subsidiaries.

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 a low-load purchase option. 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.

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees	Net Asset Value per Security (\$)	
				Sep. 30, 2011	Mar. 31, 2011
Series A*	January 30, 2009	2.00%	0.31%	9.25	12.52
Series F	May 15, 2006	1.00% <sup>(1)</sup>	0.31% <sup>(2)</sup>	9.46	12.72
Series I	June 22, 2010	1.35%	0.31%	8.32	11.21
Series O	March 3, 2011	— <sup>(3)</sup>	— <sup>(3)</sup>	7.61	10.17
Series R	April 1, 2009	— <sup>(4)</sup>	— <sup>(4)</sup>	9.95	13.29
Investor Series	December 10, 1985	1.60% <sup>(1)</sup>	0.31% <sup>(2)</sup>	9.50	12.82
B-Series	January 16, 2001	— <sup>(5)</sup>	— **	10.49	14.02

\* Effective September 25, 2009, Advisor Series securities of the Fund were redesignated to Series A securities.

\*\* Not applicable.

(1) Effective September 25, 2009, the management fee was changed from 1.75% to 1.60% for Investor Series and from 1.25% to 1.00% for Series F (formerly F-Series).

(2) Effective September 25, 2009.

(3) The management and administration fees for Series O securities are negotiable and are payable directly to Mackenzie by Series O investors, not by the Fund.

(4) No management fees or administration fees are charged to the investor or the Fund in respect of the Series R securities.

(5) Investors in B-Series securities pay a discretionary management fee directly to Mackenzie.

#### (b) Investments by Mackenzie and Other Funds

As at September 30, 2011, Mackenzie and other funds managed by Mackenzie had an investment of \$2 and \$34,729 (March 31, 2011 – \$2 and \$50,024), respectively, in the Fund.

## NOTES TO FINANCIAL STATEMENTS

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

#### (c) Loss Carryforwards

As at the last taxation year-end, the Fund has capital losses of \$158,353 which may be carried forward indefinitely to reduce future realized capital gains. There were no non-capital losses available to carry forward for tax purposes.

#### (d) Securities Lending

As at September 30, 2011 and March 31, 2011, the Fund did not enter into securities lending, repurchase or reverse repurchase transactions.

#### (e) Change in Portfolio Manager

Effective October 1, 2010, the Mackenzie Cundill team was appointed the portfolio managers of the Fund. Concurrent with this change, there were modifications to the investment strategies of the Fund to align with the Mackenzie Cundill investment approach. In addition, the Fund was renamed from Mackenzie Saxon World Fund to Mackenzie Cundill World Fund.

Effective September 1, 2010, the Fund's portfolio adviser, Howson Tattersall Investment Counsel Limited, previously a subsidiary of Mackenzie, was amalgamated with Mackenzie. The amalgamation had no material effect on the management of the Fund as the portfolio management team continued with their existing mandate.

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

##### i. Risk exposure and management

The Fund seeks long-term capital growth, while trying to protect capital, by investing primarily in equities of non-Canadian companies. The Fund uses a value style of investing and usually invests in fewer companies than many other funds. It often uses derivatives to reduce the impact of fluctuations in the value of foreign currencies compared to the Canadian dollar.

##### 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 forward currency contracts. Other financial assets and liabilities (including accrued interest and dividends receivable, and receivables/payables for securities sold/purchased) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

Currency	September 30, 2011				Currency	March 31, 2011			
	Investments (\$)	Cash and Short-Term Investments (\$)	Forward Currency Contracts (\$)	Net Exposure* (\$)		Investments (\$)	Cash and Short-Term Investments (\$)	Forward Currency Contracts (\$)	Net Exposure* (\$)
U.S. dollar	68,866	–	–	68,866	U.S. dollar	104,638	4,577	–	109,215
Indian rupee	4,814	–	–	4,814	British pound	21,766	–	–	21,766
British pound	15,087	–	(13,325)	1,762	Euro	19,162	–	–	19,162
Japanese yen	7,513	–	(6,489)	1,024	Australian dollar	11,177	–	–	11,177
Australian dollar	6,177	–	(5,632)	545	Indian rupee	7,418	–	–	7,418
Euro	5,833	–	(5,522)	311	<b>Total</b>	<b>164,161</b>	<b>4,577</b>	<b>–</b>	<b>168,738</b>
Swiss franc	5,076	–	(4,814)	262	As Percent of				
<b>Total</b>	<b>113,366</b>	<b>–</b>	<b>(35,782)</b>	<b>77,584</b>	Net Assets (%)	85.6	2.4	–	88.0
As Percent of									
Net Assets (%)	91.6	–	(28.9)	62.7					

\* Includes both monetary and non-monetary financial instruments

As of September 30, 2011, 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, respectively, by approximately \$3,879 or 3.1% of total net assets (March 31, 2011 – \$8,437 or 4.4% ). In practice, the actual trading results may differ and the difference could be material.

##### iii. Interest rate risk

As of September 30, 2011 and March 31, 2011, the Fund did not have a significant exposure to interest rate risk.

**NOTES TO FINANCIAL STATEMENTS**

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

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

*iv. Other price risk*

The Fund's most significant exposure to price risk arises from its investment in equity securities. As of September 30, 2011, 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 \$11,559 or 9.3% of total net assets (March 31, 2011 – \$16,858 or 8.8%). In practice, the actual trading results may differ and the difference could be material.

*v. Credit risk*

As of September 30, 2011 and March 31, 2011, the Fund did not have a significant exposure to credit risk.

(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.

	September 30, 2011				March 31, 2011			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	71,087	44,500	–	115,587	168,584	–	–	168,584
Total investments	71,087	44,500	–	115,587	168,584	–	–	168,584
Derivative assets	–	621	–	621	–	–	–	–
Derivative liabilities	–	(2,840)	–	(2,840)	–	–	–	–
Short-term investments	–	10,255	–	10,255	–	23,256	–	23,256
Total	71,087	52,536	–	123,623	168,584	23,256	–	191,840

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 September 30, 2011, non-North American equities frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As of September 30, 2011, these securities were classified as Level 2 (March 31, 2011 – Level 1).