

MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

TRADITIONAL EQUITY INDEX ETF

MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

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

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

Deloitte LLP is the external auditor of the ETF. 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 ETF



Barry McInerney
President and Chief Executive Officer



Terry Rountes
Chief Financial Officer, Funds

June 7, 2018

INDEPENDENT AUDITOR'S REPORT

To the Securityholders of Mackenzie Canadian Equity Index ETF (the "ETF")

We have audited the accompanying financial statements of the ETF which comprise the statement of financial position as at March 31, 2018, and the statement of comprehensive income, statement of changes in financial position and statement of cash flows for the period 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 audit. We conducted our audit 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 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 ETF as at March 31, 2018, and its financial performance and its cash flows for the period 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



MACKENZIE
Investments

MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

TRADITIONAL EQUITY INDEX ETF

STATEMENT OF FINANCIAL POSITION

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

	2018 \$
ASSETS	
Current assets	
Investments at fair value	7,517
Cash and cash equivalents	10
Dividends receivable	18
Accounts receivable for investments sold	-
Accounts receivable for securities issued	-
Due from manager	3
Total assets	7,548
LIABILITIES	
Current liabilities	
Accounts payable for investments purchased	12
Accounts payable for securities redeemed	-
Due to manager	5
Total liabilities	17
Net assets attributable to unitholders	7,531
Net assets attributable to unitholders per series (note 3)	
Series E	7,531
Net assets attributable to unitholders per unit (note 3)	
Series E	94.14

STATEMENT OF COMPREHENSIVE INCOME

*For the period ended March 31 (note 1)
In thousands (except per unit figures)*

	2018 \$
Income	
Dividends	40
Other changes in fair value of investments	
Net realized gain (loss)	(2)
Net unrealized gain (loss)	(361)
Total income (loss)	(323)
Expenses (note 6)	
Management fees	1
Commissions and other portfolio transaction costs	4
Independent Review Committee fees	-
Expenses before amounts absorbed by Manager	5
Expenses absorbed by Manager	3
Net expenses	2
Increase (decrease) in net assets attributable to unitholders from operations before tax	(325)
Foreign withholding taxes	-
Foreign income taxes paid (recovered)	-
Increase (decrease) in net assets attributable to unitholders from operations	(325)
Increase (decrease) in net assets attributable to unitholders from operations per series	
Series E	(325)
Increase (decrease) in net assets attributable to unitholders from operations per unit	
Series E	(4.86)

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



MACKENZIE
Investments

MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

TRADITIONAL EQUITY INDEX ETF

STATEMENT OF CHANGES IN FINANCIAL POSITION

*For the period ended March 31 (note 1)
In thousands*

	2018
	Series E
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	\$
Beginning of period	–
Increase (decrease) in net assets from operations	(325)
Distributions paid to unitholders:	
Investment income	(14)
Capital gains	–
Total distributions paid to unitholders	(14)
Unit transactions:	
Proceeds from units issued	7,870
Reinvested distributions	–
Value of units redeemed	–
Total unit transactions	7,870
Total increase (decrease) in net assets	7,531
End of period	7,531
Increase (decrease) in units (note 7):	Units
Units outstanding – beginning of period	–
Issued	80
Reinvested distributions	–
Redeemed	–
Units outstanding – end of period	80

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MACKENZIE
Investments

MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

TRADITIONAL EQUITY INDEX ETF

STATEMENT OF CASH FLOWS

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

	2018
	\$
Cash flows from operating activities	
Net increase (decrease) in net assets attributable to unitholders from operations	(325)
Adjustments for:	
Net realized loss (gain) on investments	2
Change in net unrealized loss (gain) on investments	361
Purchase of investments	(61)
Proceeds from sale and maturity of investments	36
Change in dividends receivable	(18)
Change in due from manager	(3)
Change in due to manager	5
Net cash from operating activities	(3)
Cash flows from financing activities	
Proceeds from redeemable securities issued	27
Payments on redemption of redeemable securities	–
Distributions paid net of reinvestments	(14)
Net cash from financing activities	13
Net increase (decrease) in cash and cash equivalents	10
Cash and cash equivalents at beginning of period	–
Effect of exchange rate fluctuations on cash and cash equivalents	–
Cash and cash equivalents at end of period	10
Cash	10
Cash equivalents	–
Cash and cash equivalents at end of period	10
Supplementary disclosures on cash flow from operating activities:	
Dividends received	22
Foreign taxes paid	–
Interest received	–
Interest paid	–

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MACKENZIE
Investments

MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

TRADITIONAL EQUITY INDEX ETF

SCHEDULE OF INVESTMENTS

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES					
Advantage Oil & Gas Ltd.	Canada	Energy	658	3	3
Aecon Group Inc.	Canada	Industrials	206	4	4
AG Growth International Inc.	Canada	Industrials	55	3	3
Agnico-Eagle Mines Ltd.	Canada	Materials	829	47	45
AGT Food and Ingredients Inc.	Canada	Consumer Staples	59	1	1
Aimia Inc.	Canada	Consumer Discretionary	545	2	1
Air Canada	Canada	Industrials	973	23	26
Alacer Gold Corp.	United States	Materials	1,040	2	2
Alamos Gold Inc.	Canada	Materials	1,390	10	9
Alaris Royalty Corp.	Canada	Financials	126	2	2
Algonquin Power & Utilities Corp.	Canada	Utilities	1,510	20	19
Alimentation Couche-Tard Inc. Class B Sub. voting	Canada	Consumer Staples	1,493	98	86
AltaGas Ltd.	Canada	Energy	614	17	15
Altus Group Ltd.	Canada	Real Estate	138	5	5
Aphria Inc.	Canada	Health Care	493	9	6
ARC Resources Ltd.	Canada	Energy	1,262	17	18
Argonaut Gold Inc.	United States	Materials	626	2	2
Aritzia Inc.	Canada	Consumer Discretionary	110	1	1
Arizona Mining Inc.	Canada	Materials	618	3	3
Asanko Gold Inc.	Canada	Materials	710	1	1
ATCO Ltd. Class I non-voting	Canada	Utilities	268	12	11
Athabasca Oil Corp.	Canada	Energy	1,462	2	2
ATS Automation Tooling Systems Inc.	Canada	Industrials	333	6	6
Aurora Cannabis Inc.	Canada	Health Care	1,486	18	14
AutoCanada Inc.	Canada	Consumer Discretionary	98	2	2
Avigilon Corp.	Canada	Information Technology	112	3	3
B2Gold Corp.	Canada	Materials	3,434	13	12
Badger Daylighting Inc.	Canada	Industrials	130	3	3
Ballard Power Systems Inc.	Canada	Industrials	569	3	3
Bank of Montreal	Canada	Financials	2,320	237	225
The Bank of Nova Scotia	Canada	Financials	4,297	349	340
Barrick Gold Corp.	Canada	Materials	4,168	72	67
Baytex Energy Corp.	Canada	Energy	836	3	3
BCE Inc.	Canada	Telecommunication Services	3,225	185	178
Birchcliff Energy Ltd.	Canada	Energy	786	3	3
Blackberry Ltd.	Canada	Information Technology	1,921	31	28
Boardwalk Real Estate Investment Trust	Canada	Real Estate	132	6	6
Bombardier Inc. Class B Sub. voting	Canada	Industrials	6,778	23	25
Bonavista Energy Corp.	Canada	Energy	831	1	1
Bonterra Energy Corp.	Canada	Energy	90	1	1
Boralex Inc. Class A	Canada	Utilities	272	7	6
Brookfield Asset Management Inc. Class A limited voting	Canada	Financials	3,125	162	157
BRP Inc.	Canada	Consumer Discretionary	130	6	6
CAE Inc.	Canada	Industrials	960	22	23
Calfrac Well Services Ltd.	Canada	Energy	394	3	2
Cameco Corp.	Canada	Energy	1,416	17	17
Canadian Apartment Properties Real Estate Investment Trust	Canada	Real Estate	477	17	18
Canadian Imperial Bank of Commerce	Canada	Financials	1,562	189	177
Canadian National Railway Co.	Canada	Industrials	2,658	264	249



MACKENZIE
Investments

MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

TRADITIONAL EQUITY INDEX ETF

SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Canadian Natural Resources Ltd.	Canada	Energy	3,916	171	159
Canadian Pacific Railway Ltd.	Canada	Industrials	525	121	119
Canadian Tire Corp. Ltd. Class A non-voting	Canada	Consumer Discretionary	224	39	38
Canadian Utilities Ltd. Class A non-voting	Canada	Utilities	154	5	5
Canadian Western Bank	Canada	Financials	308	12	10
Canfor Corp.	Canada	Materials	236	7	7
Canopy Growth Corp.	Canada	Health Care	666	23	22
CanWel Building Materials Group Ltd.	Canada	Industrials	229	2	1
Capital Power Corp.	Canada	Utilities	376	9	9
Cardinal Energy Ltd.	Canada	Energy	390	2	2
Cargojet Inc.	Canada	Industrials	40	2	3
Cascades Inc.	Canada	Materials	237	3	3
CCL Industries Inc. Class B non-voting	Canada	Materials	501	31	33
Celestica Inc. Sub. voting	Canada	Information Technology	445	6	6
Cenovus Energy Inc.	Canada	Energy	3,649	44	40
Centerra Gold Inc.	Canada	Materials	766	5	6
CES Energy Solutions Corp.	Canada	Energy	917	6	5
CGI Group Inc. Class A Sub. voting	Canada	Information Technology	905	63	67
Chartwell Retirement Residences	Canada	Health Care	752	12	12
Chorus Aviation Inc.	Canada	Industrials	442	4	4
CI Financial Corp.	Canada	Financials	934	27	26
Cineplex Inc.	Canada	Consumer Discretionary	225	7	7
Cogeco Communications Inc.	Canada	Consumer Discretionary	68	5	5
Cogeco Inc. Sub. voting	Canada	Consumer Discretionary	29	2	2
Colliers International Group Inc.	Canada	Real Estate	120	9	11
Cominar Real Estate Investment Trust	Canada	Real Estate	629	9	8
Constellation Software Inc.	Canada	Information Technology	72	58	63
Continental Gold Inc.	Canada	Materials	532	2	2
Corus Entertainment Inc. Class B non-voting	Canada	Consumer Discretionary	417	3	3
Cott Corp.	Canada	Consumer Staples	489	10	9
Crescent Point Energy Corp.	Canada	Energy	1,950	20	17
Crew Energy Inc.	Canada	Energy	518	1	1
CRH Medical Corp.	Canada	Health Care	256	1	1
Crius Energy Trust	Canada	Utilities	170	2	1
Crombie Real Estate Investment Trust	Canada	Real Estate	314	4	4
The Descartes Systems Group Inc.	Canada	Information Technology	274	10	10
Detour Gold Corp.	Canada	Materials	625	8	8
DHX Media Ltd.	Canada	Consumer Discretionary	337	1	1
DIRTT Environmental Solutions Ltd.	Canada	Industrials	291	2	1
Dollarama Inc.	Canada	Consumer Discretionary	369	59	58
Dorel Industries Inc. Class B Sub. voting	Canada	Consumer Discretionary	93	3	3
Dream Global Real Estate Investment Trust	Canada	Real Estate	618	8	8
Dream Office Real Estate Investment Trust	Canada	Real Estate	212	5	5
ECN Capital Corp.	Canada	Financials	1,288	5	4
Eldorado Gold Corp.	Canada	Materials	2,838	5	3
Element Fleet Management Corp.	Canada	Financials	1,350	10	6
Emera Inc.	Canada	Utilities	817	37	33
Empire Co. Ltd. Class A non-voting	Canada	Consumer Staples	550	14	14
Enbridge Inc.	Canada	Energy	5,908	275	238



MACKENZIE
Investments

MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

TRADITIONAL EQUITY INDEX ETF

SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

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EQUITIES (cont'd)					
EnCana Corp.	Canada	Energy	3,485	56	49
Energcare Inc.	Canada	Consumer Discretionary	376	7	7
Enerflex Ltd.	Canada	Energy	314	5	5
Enerplus Corp.	Canada	Energy	866	12	13
Enghouse Systems Ltd.	Canada	Information Technology	68	4	5
Ensign Energy Services Inc.	Canada	Energy	454	3	3
Equitable Group Inc.	Canada	Financials	39	2	2
Exchange Income Corp.	Canada	Industrials	102	3	3
Extendicare Inc.	Canada	Health Care	314	3	3
Fairfax Financial Holdings Ltd. Sub. voting	Canada	Financials	100	66	65
Fiera Capital Corp.	Canada	Financials	184	2	2
Finning International Inc.	Canada	Industrials	601	20	19
First Capital Realty Inc.	Canada	Real Estate	581	12	12
First Majestic Silver Corp.	Canada	Materials	580	5	5
First Quantum Minerals Ltd.	Zambia	Materials	2,436	47	44
FirstService Corp.	Canada	Real Estate	112	10	11
Fortis Inc.	Canada	Utilities	1,493	65	65
Fortuna Silver Mines Inc.	Canada	Materials	566	3	4
Franco-Nevada Corp.	Canada	Materials	650	62	57
Freehold Royalties Ltd.	Canada	Energy	422	6	5
Genworth MI Canada Inc.	Canada	Financials	137	6	6
George Weston Ltd.	Canada	Consumer Staples	168	18	17
Gibson Energy Inc.	Canada	Energy	510	9	8
Gildan Activewear Inc.	Canada	Consumer Discretionary	785	32	29
Gluskin Sheff + Associates Inc.	Canada	Financials	106	2	2
Goldcorp Inc.	Canada	Materials	3,092	54	55
Granite Real Estate Investment Trust	Canada	Real Estate	168	8	9
Great Canadian Gaming Corp.	Canada	Consumer Discretionary	206	7	7
Great-West Lifeco Inc.*	Canada	Financials	998	35	33
Guyana Goldfields Inc.	Canada	Materials	591	3	3
H&R Real Estate Investment Trust	Canada	Real Estate	997	21	21
Home Capital Group Inc.	Canada	Financials	286	5	4
HudBay Minerals Inc.	Canada	Materials	934	10	9
Hudson's Bay Co.	Canada	Consumer Discretionary	322	4	3
Husky Energy Inc.	Canada	Energy	1,094	19	20
Hydro One Inc.	Canada	Utilities	1,121	24	23
IAMGOLD Corp.	Canada	Materials	1,664	12	11
IGM Financial Inc.	Canada	Financials	298	13	11
Imperial Oil Ltd.	Canada	Energy	3,001	114	102
Industrial Alliance Insurance and Financial Services Inc.	Canada	Financials	380	23	20
Innervex Renewable Energy Inc.	Canada	Utilities	382	5	5
Intact Financial Corp.	Canada	Financials	497	50	48
Inter Pipeline Ltd.	Canada	Energy	1,354	33	30
Interfor Corp.	Canada	Materials	248	6	6
Intertape Polymer Group Inc.	Canada	Materials	200	4	4
Ivanhoe Mines Ltd.	Canada	Materials	2,217	9	6
Jamieson Wellness Inc.	Canada	Consumer Staples	134	3	3
The Jean Coutu Group (PJC) Inc. Class A Sub. voting	Canada	Consumer Staples	273	7	7
Just Energy Group Inc.	Canada	Utilities	342	2	2



MACKENZIE
Investments

MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

TRADITIONAL EQUITY INDEX ETF

SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Katanga Mining Ltd.	Canada	Materials	933	2	2
Kelt Exploration Ltd.	Canada	Energy	544	4	4
Keyera Corp.	Canada	Energy	725	25	24
Killam Apartment Real Estate Investment Trust	Canada	Real Estate	284	4	4
Kinaxis Inc.	Canada	Information Technology	88	7	7
Kinross Gold Corp.	Canada	Materials	4,464	23	23
Kirkland Lake Gold Ltd.	Canada	Materials	665	13	13
Klondex Mines Ltd.	Canada	Materials	631	2	2
Knight Therapeutics Inc.	Canada	Health Care	393	3	3
Labrador Iron Ore Royalty Corp.	Canada	Materials	229	6	5
Laurentian Bank of Canada	Canada	Financials	149	8	7
Linamar Corp.	Canada	Consumer Discretionary	165	12	12
Lithium Americas Corp.	Canada	Materials	202	2	1
Loblaw Companies Ltd.	Canada	Consumer Staples	693	47	45
Lundin Mining Corp.	Canada	Materials	2,265	20	19
Mag Silver Corp.	Canada	Materials	268	4	3
Magna International Inc.	Canada	Consumer Discretionary	1,208	87	88
Manulife Financial Corp.	Canada	Financials	7,088	188	169
Maple Leaf Foods Inc.	Canada	Consumer Staples	286	10	9
Martinrea International Inc.	Canada	Consumer Discretionary	308	5	5
Maxar Technologies Ltd.	Canada	Industrials	200	15	12
Medical Facilities Corp.	Canada	Health Care	110	2	2
MedReleaf Corp.	Canada	Health Care	160	4	3
MEG Energy Corp.	Canada	Energy	1,046	6	5
Methanex Corp.	Canada	Materials	308	23	24
Metro Inc.	Canada	Consumer Staples	813	33	33
Morneau Shepell Inc.	Canada	Industrials	192	4	5
MTY Food Group Inc.	Canada	Consumer Discretionary	55	3	3
Mullen Group Ltd.	Canada	Energy	357	5	5
National Bank of Canada	Canada	Financials	1,222	79	74
Nemaska Lithium Inc.	Canada	Materials	1,352	2	2
Nevsun Resources Ltd.	Canada	Materials	1,057	3	3
New Flyer Industries Inc.	Canada	Industrials	198	11	12
New Gold Inc.	Canada	Materials	2,036	8	7
NexGen Energy Ltd.	Canada	Energy	1,028	3	2
Norbord Inc.	Canada	Materials	184	8	9
The North West Co. Inc.	Canada	Consumer Staples	173	5	5
Northern Dynasty Minerals Ltd.	Canada	Materials	939	2	1
Northland Power Inc.	Canada	Utilities	413	10	10
Northview Apartment Real Estate Investment Trust	Canada	Real Estate	156	4	4
NorthWest Healthcare Properties Real Estate Investment Trust	Canada	Real Estate	344	4	4
NovaGold Resources Inc.	Canada	Materials	836	4	5
Nutrien Ltd.	Canada	Materials	2,308	151	141
NuVista Energy Ltd.	Canada	Energy	597	5	4
Obsidian Energy Ltd.	Canada	Energy	1,570	2	2
OceanaGold Corp.	Australia	Materials	2,200	8	8
Onex Corp. Sub. voting	Canada	Financials	304	28	28
Open Text Corp.	Canada	Information Technology	926	40	42
Osisko Gold Royalties Ltd.	Canada	Materials	446	6	6



MACKENZIE
Investments

MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

TRADITIONAL EQUITY INDEX ETF

SCHEDULE OF INVESTMENTS (cont'd)

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	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Osisko Mining Inc.	Canada	Materials	611	2	2
Painted Pony Energy Ltd.	Canada	Energy	531	1	1
Pan American Silver Corp.	Canada	Materials	537	11	11
Paramount Resources Ltd. Class A	Canada	Energy	300	6	4
Parex Resources Inc.	Canada	Energy	529	10	10
Parkland Fuel Corp.	Canada	Energy	468	13	14
Pason Systems Inc.	Canada	Energy	264	5	5
Pembina Pipeline Corp.	Canada	Energy	1,797	77	72
Pengrowth Energy Corp.	Canada	Energy	1,589	2	1
Peyto Exploration & Development Corp.	Canada	Energy	573	7	6
Power Corp. of Canada Sub. Voting*	Canada	Financials	1,206	38	35
Power Financial Corp.*	Canada	Financials	880	30	28
PrairieSky Royalty Ltd.	Canada	Energy	756	23	21
Precision Drilling Corp.	Canada	Energy	1,046	5	4
Premier Gold Mines Ltd.	Canada	Materials	645	2	2
Premium Brands Holdings Corp.	Canada	Consumer Staples	106	11	13
Pretium Resources Inc.	Canada	Materials	576	6	5
ProMetic Life Sciences Inc.	Canada	Health Care	2,409	4	2
Pure Industrial Real Estate Trust	Canada	Real Estate	1,089	9	9
Quebecor Inc. Class B Sub. voting	Canada	Consumer Discretionary	570	14	14
Raging River Exploration Inc.	Canada	Energy	774	6	5
Restaurant Brands International Inc.	Canada	Consumer Discretionary	822	63	60
Richelieu Hardware Ltd.	Canada	Industrials	190	6	6
RioCan Real Estate Investment Trust	Canada	Real Estate	1,153	28	27
Ritchie Bros. Auctioneers Inc.	Canada	Industrials	384	15	16
Rogers Communications Inc. Class B non-voting	Canada	Telecommunication Services	1,285	78	74
Rogers Sugar Inc.	Canada	Consumer Staples	335	2	2
Roots Corp.	Canada	Consumer Discretionary	131	1	1
Royal Bank of Canada	Canada	Financials	5,206	549	517
Russel Metals Inc.	Canada	Industrials	220	7	6
Sandstorm Gold Ltd.	Canada	Materials	637	4	4
Saputo Inc.	Canada	Consumer Staples	786	33	33
Savaria Corp.	Canada	Industrials	89	2	2
Seabridge Gold Inc.	Canada	Materials	141	2	2
Secure Energy Services Inc.	Canada	Energy	560	5	4
Semafo Inc.	Canada	Materials	1,162	4	4
Seven Generations Energy Ltd.	Canada	Energy	1,250	22	20
Shaw Communications Inc. Class B non-voting	Canada	Consumer Discretionary	1,557	41	39
ShawCor Ltd.	Canada	Energy	250	7	6
Sherritt International Corp.	Canada	Materials	1,079	1	1
Sienna Senior Living Inc.	Canada	Health Care	188	3	3
Sierra Wireless Inc.	Canada	Information Technology	126	3	3
Silvercorp Metals Inc.	Canada	Materials	582	2	2
Slate Office REIT	Canada	Real Estate	197	2	2
Sleep Country Canada Holdings Inc.	Canada	Consumer Discretionary	126	4	4
Smart Real Estate Investment Trust	Canada	Real Estate	425	13	12
SNC-Lavalin Group Inc.	Canada	Industrials	629	35	36
Spartan Energy Corp.	Canada	Energy	617	4	4
Spin Master Corp.	Canada	Consumer Discretionary	92	5	5



MACKENZIE
Investments

MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

TRADITIONAL EQUITY INDEX ETF

SCHEDULE OF INVESTMENTS (cont'd)

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	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
SSR Mining Inc.	Canada	Materials	428	5	5
Stantec Inc.	Canada	Industrials	404	14	13
The Stars Group Inc.	Canada	Consumer Discretionary	416	14	15
Stella-Jones Inc.	Canada	Materials	152	8	7
Student Transportation of America Ltd.	Canada	Industrials	331	3	3
Sun Life Financial Inc.	Canada	Financials	2,193	119	116
Suncor Energy Inc.	Canada	Energy	5,945	269	263
Superior Plus Corp.	Canada	Utilities	509	6	6
Surge Energy Inc.	Canada	Energy	810	2	2
Tahoe Resources Inc.	United States	Materials	1,101	6	7
Tamarack Valley Energy Ltd.	Canada	Energy	804	2	2
Teck Resources Ltd. Class B	Canada	Materials	2,038	75	68
TELUS Corp.	Canada	Telecommunication Services	2,128	99	96
TFI International Inc.	Canada	Industrials	304	10	10
TMX Group Ltd.	Canada	Financials	196	15	15
TORC Oil & Gas Ltd.	Canada	Energy	685	5	5
Torex Gold Resources Inc.	Canada	Materials	284	3	2
Toromont Industries Ltd.	Canada	Industrials	280	16	16
The Toronto-Dominion Bank	Canada	Financials	6,597	490	481
Tourmaline Oil Corp.	Canada	Energy	905	18	20
TransAlta Corp.	Canada	Utilities	1,029	7	7
TransAlta Renewables Inc.	Canada	Utilities	416	5	5
TransCanada Corp.	Canada	Energy	3,142	183	166
Transcontinental Inc. Class A Sub. voting	Canada	Industrials	228	6	6
Trevali Mining Corp.	Canada	Materials	2,186	3	3
Trican Well Service Ltd.	Canada	Energy	1,199	5	4
Tricon Capital Group Inc.	Canada	Real Estate	454	5	4
Trinidad Drilling Ltd.	Canada	Energy	977	2	2
Turquoise Hill Resources Ltd.	Canada	Materials	3,548	14	14
Uni-Select Inc.	Canada	Consumer Discretionary	145	4	3
Valener Inc.	Canada	Utilities	139	3	3
Valeura Energy Inc.	Canada	Energy	223	1	1
Vermilion Energy Inc.	Canada	Energy	422	20	18
Village Farms International Inc.	Canada	Consumer Staples	114	1	1
Waste Connections Inc.	United States	Industrials	938	85	87
West Fraser Timber Co. Ltd.	Canada	Materials	244	21	21
Western Forest Products Inc.	Canada	Materials	1,413	4	4
WestJet Airlines Ltd.	Canada	Industrials	404	10	10
Westshore Terminals Investment Corp.	Canada	Industrials	99	3	2
Wheaton Precious Metals Corp.	Canada	Materials	1,582	42	42
Whitecap Resources Inc.	Canada	Energy	1,482	13	12
Winpak Ltd.	Canada	Materials	110	5	5
WSP Global Inc.	Canada	Industrials	365	22	22
Yamana Gold Inc.	Canada	Materials	3,390	14	12
Total equities				7,860	7,497



MACKENZIE
Investments

MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

TRADITIONAL EQUITY INDEX ETF

SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EXCHANGE-TRADED FUNDS/NOTES					
iShares S&P/TSX 60 Capped Composite Index Fund	Canada	Exchange-Traded Funds/Notes	829	20	20
Total exchange-traded funds/notes				20	20
Transaction costs				—	—
Total investments				7,880	7,517
Cash and cash equivalents					10
Other assets less liabilities					4
Total net assets					7,531

* Related to Mackenzie. See Note 1.



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Investments

MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

TRADITIONAL EQUITY INDEX ETF

SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2018

Portfolio Allocation	% of NAV
Equities	99.5
Exchange-traded funds/notes	0.3
Cash and short-term investments	0.1
Other assets (liabilities)	0.1

Regional Allocation	% of NAV
Canada	97.8
United States	1.3
Zambia	0.6
Cash and short-term investments	0.1
Australia	0.1
Other assets (liabilities)	0.1

Sector Allocation	% of NAV
Financials	34.7
Energy	19.8
Materials	11.9
Industrials	10.0
Consumer discretionary	5.6
Telecommunication services	4.6
Consumer staples	3.7
Information technology	3.1
Utilities	2.8
Real estate	2.4
Health care	0.9
Exchange-traded funds/notes	0.3
Cash and short-term investments	0.1
Other assets (liabilities)	0.1



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 an exchange-traded fund (“the ETF”) is established, ‘period’ represents the period from inception to the period end of that fiscal year. Refer to Note 10 for the formation date of the ETF.

The ETF is organized as an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust as amended and restated from time to time. The address of the ETF’s registered office is 180 Queen Street West, Toronto, Ontario, Canada. The ETF is authorized to issue an unlimited number of units for sale under a Prospectus. The units of the ETF are listed on the Toronto Stock Exchange/Aequitas NEO Exchange (“the Exchange”).

Mackenzie Financial Corporation (“Mackenzie”) is the manager of the ETF and is wholly owned by IGM Financial Inc., a subsidiary of Power Financial Corporation, which itself is a subsidiary of Power Corporation of Canada. Investments in companies within the Power Group of companies held by the ETF 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 ETF’s significant accounting policies under IFRS is presented in Note 3.

These financial statements are presented in Canadian dollars, which is the ETF’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 ETF 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 ETF 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 ETF 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 ETF’s redeemable units are held by different types of unitholders that are entitled to different redemption rights. Unitholders may redeem units of the ETF at a redemption price per unit equal to 95% of the closing price of the units on the Exchange on the effective day of the redemption, subject to a maximum redemption price of the applicable NAV per unit. These different redemption features create equally subordinate but not identical units of the ETF which therefore meet the criteria for classification as financial liabilities under IAS 32, *Financial Instruments: Presentation*. The ETF’s obligation for net assets attributable to unitholders is presented at the redemption amount. Refer to Note 7 for details of subscriptions and redemptions of the ETF’s units.

IAS 7, *Statement of Cash Flows*, requires disclosures related to changes in liabilities and assets, such as the units of the ETF, arising from financing activities. Changes in units of the ETF, including both changes from cash flows and non-cash changes, are included in the Statement of Changes in Financial Position. Any changes in the units not settled in cash as at the end of the period are presented as either Accounts receivable for units issued or Accounts payable for units redeemed in the Statement of Financial Position. These accounts receivable and accounts payable amounts typically settle shortly after year-end.

Realized and unrealized gains and losses on investments are calculated based on the weighted average cost of investments and exclude commissions and other portfolio transaction costs, which are separately reported in the Statement of Comprehensive Income – Commissions and other portfolio transaction costs.

Gains and losses arising from changes in the fair value of the investments are included in the Statement of Comprehensive Income for the period in which they arise.

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(a) Financial instruments (cont'd)

The ETF accounts for its holdings in unlisted open-ended investment funds and exchange-traded funds, if any, at fair value through profit and loss. Mackenzie has concluded that any unlisted open-ended investment fund and exchange-traded funds in which the ETF invests, does 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 ETF 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 ETF 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 ETF 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 ETF's portfolio manager(s), provided that the use of the derivative is consistent with the ETF's investment objectives. Any use of derivatives will comply with Canadian mutual fund laws, subject to the regulatory exemptions granted to the ETF, 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 ETF 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 ETF 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.

(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 or realized gains (losses) on sale of investments, as appropriate.

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(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 10. The value of certain proprietary services provided by brokers cannot be reasonably estimated. Mackenzie may reimburse the ETF for certain commissions and other portfolio transaction costs. Mackenzie may make these reimbursements at its discretion and stop these reimbursements at any time without notice. Any such reimbursements are included in expenses absorbed by Manager in the Statement of Comprehensive Income.

(e) Securities lending, repurchase and reverse repurchase transactions

The ETF is permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in the ETF's 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 10 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 ETF 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 10 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 ETF.

(g) Foreign currency

The functional and presentation currency of the ETF 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 unitholders per unit

Net assets attributable to unitholders per unit is computed by dividing the net assets attributable to unitholders on a business day by the total number of units outstanding on that day.

(i) Net asset value per unit

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 unitholders (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 10 for the ETF's NAV per unit.

(j) Increase (decrease) in net assets attributable to unitholders from operations per unit

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

NOTES TO FINANCIAL STATEMENTS

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 ETF 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 ETF.

Use of Judgments

Classification and measurement of investments and application of the fair value option

In classifying and measuring financial instruments held by the ETF, Mackenzie is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. Mackenzie has assessed the ETF'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 ETF's financial instruments.

Functional currency

The ETF's functional and presentation currency is the Canadian dollar, which is the currency considered to best represent the economic effects of the ETF's underlying transactions, events and conditions taking into consideration the manner in which units are issued and redeemed and how returns and performance by the ETF are measured.

Structured entities and associates

In determining whether an unlisted open-ended investment fund or an exchange-traded fund in which the ETF 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 ETF does not have contracts or financing arrangements with these underlying funds and the ETF does not have an ability to influence the activities of these underlying funds or the returns it receives from investing in these underlying funds.

5. Income Taxes

The ETF 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 unitholders as at the end of the taxation year. It is the intention of the ETF to distribute all of its net income and sufficient net realized capital gains so that the ETF will not be subject to income taxes other than foreign withholding taxes, if applicable.

Losses of the ETF cannot be allocated to investors and are retained in the ETF for use in future years. Non-capital losses may be carried forward up to 20 years to reduce taxable income and realized capital gains of future years. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Refer to Note 10 for the ETF's loss carryforwards.

6. Management Fees and Operating Expenses

Mackenzie is paid a management fee for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions and making brokerage arrangements relating to the purchase and sale of the investment portfolio. The management fee is calculated as a fixed annual percentage of the daily net asset value of the units of the ETF.

In addition to the applicable management fee, the operating expenses payable by the ETF include interest and borrowing costs, brokerage expenses and related transaction fees, fees and expenses relating to the operation of the Mackenzie ETFs' Independent Review Committee (IRC), fees under any derivative instrument used by the ETF, cost of complying with the regulatory requirement to produce summary documents, ETF facts or other similar disclosure documents, the costs of complying with governmental or regulatory requirements introduced after the date of the most recently filed prospectus, including, without limitation, any new fees or increases in fees, the fees related to external services that are not commonly charged in the Canadian exchange-traded fund industry after the date of the most recently filed prospectus, fees paid to external service providers associated with tax reclaims, refunds or the preparation of foreign tax reports on behalf of the ETFs, fees paid to external legal counsel and/or others in connection with corporate or other actions affecting the portfolio holdings of the ETF, and any applicable taxes, including income, withholding or other taxes and also including G.S.T. or H.S.T. on expenses.



NOTES TO FINANCIAL STATEMENTS

6. Management Fees and Operating Expenses (cont'd)

Mackenzie may waive or absorb management fees and operating expenses at its discretion and stop waiving or absorbing such fees at any time without notice. Mackenzie may charge a reduced management fee rate with respect to investments in the ETF by large investors, including other funds managed by Mackenzie or affiliates of Mackenzie. An amount equal to the difference between the fee otherwise chargeable and the reduced fee will be distributed in cash to those unitholders by the ETF as a management fee distribution. Refer to Note 10 for the management fee rates charged to units of the ETF.

7. Units and Unit Transactions

Mackenzie, on behalf of the ETF, has entered into a designated broker agreement with one or more designated brokers pursuant to which the designated broker has agreed to perform certain duties relating to the ETF including, without limitation: (i) to subscribe for a sufficient number of units to satisfy the Exchange's original listing requirements; (ii) to subscribe for units on an ongoing basis in connection with any rebalancing event, as applicable, and when cash redemptions of units occur; and (iii) to post a liquid two-way market for the trading of units on the Exchange. In accordance with the designated broker agreement, Mackenzie may from time to time require the designated broker to subscribe for units of the ETF for cash.

The number of units issued for subscription orders (the "Prescribed Number of Units") is determined by Mackenzie. On any trading day, a designated broker may place a subscription or redemption order for an integral multiple of the Prescribed Number of Units of the ETF based on the NAV per unit determined on the applicable trading day. A trading day is each day on which the Exchange is opened for business.

Generally, all orders to purchase units directly from an ETF must be placed by a designated broker or a dealer. The ETF reserves the absolute right to reject any subscription order placed by a designated broker or a dealer. No fees will be payable by the ETF to a designated broker or a dealer in connection with the issuance of units. On the issuance of units, an amount may be charged to a designated broker or a dealer to offset the expenses incurred in issuing the units.

For each Prescribed Number of Units issued, a dealer must deliver payment consisting of: (i) a basket of securities and cash equal to the aggregate NAV per unit of the Prescribed Number of Units next determined following the receipt of the subscription order; (ii) cash in an amount equal to the aggregate NAV per unit of the Prescribed Number of Units next determined following the receipt of the subscription order; or (iii) a combination of securities and cash, as determined by Mackenzie, in an amount sufficient so that the value of the securities and cash received is equal to the aggregate NAV per unit of the Prescribed Number of Units next determined following the receipt of the subscription order.

8. ETF's Capital

The capital of the ETF is comprised of the net assets attributable to unitholders. The units outstanding for the ETF as at March 31, 2018 and 2017 and units issued, reinvested and redeemed for the periods are presented in the Statement of Changes in Financial Position. Mackenzie manages the capital of the ETF in accordance with the investment objectives as discussed in Note 10.

9. Financial Instruments Risk

i. Risk exposure and management

The ETF's investment activities expose it to a variety of financial risks, as defined in IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7"). The ETF's exposure to financial risks is concentrated in its investments, which are presented in the Schedule of Investments, as at March 31, 2018, grouped by asset type, with geographic and sector information.

Mackenzie seeks to minimize potential adverse effects of financial risks on the ETF's performance by employing professional, experienced portfolio advisors, by monitoring the ETF's positions and market events daily, by diversifying the investment portfolio within the constraints of the ETF'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 ETF's investment activities and monitors compliance with the ETF's stated investment strategy, internal guidelines, and securities regulations.

ii. Liquidity risk

Liquidity risk arises when the ETF encounters difficulty in meeting its financial obligations as they come due. The ETF is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. In accordance with securities regulations, the ETF must maintain at least 90% of its assets in liquid investments (i.e., investments that can be readily sold). The ETF also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions and an additional 5% of its net assets for the purpose of funding distributions paid to its investors.

NOTES TO FINANCIAL STATEMENTS

9. 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 ETF's reporting currency, fluctuates due to changes in exchange rates. Note 10 summarizes the ETF'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 ETF to significant amounts of interest rate risk. Note 10 summarizes the ETF'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 ETF 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 ETF. This risk is mitigated by ensuring that the ETF 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 10 summarizes the ETF'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 ETF. Note 10 summarizes the ETF'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 ETF 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 ETFs

The ETF may invest in underlying ETFs 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 ETFs. Note 10 summarizes the ETF's exposure, if applicable and significant, to these risks from underlying ETF.

MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

TRADITIONAL EQUITY INDEX ETF

NOTES TO FINANCIAL STATEMENTS

10. ETF Specific Information *(in '000s, except for (a))*

(a) ETF Formation and Series Information

Date of Formation January 9, 2018

The ETF may issue an unlimited number of units. The number of issued and outstanding units is disclosed in the Statement of Changes in Financial Position.

Series E units were listed on the TSX under the symbol QCN on January 24, 2018. The closing market price, or the midpoint of the bid and ask prices in the absence of a closing market price, at March 31, 2018 was \$94.24.

The management fee rate for Series E units is 0.05%.

As at March 31, 2018, the ETF's NAV per unit was \$94.24 and its Net Assets per unit calculated in accordance with IFRS was \$94.14.

(b) Investments by Mackenzie and Affiliates

As at March 31, 2018, other funds managed by Mackenzie had an investment of \$5,414 in the ETF.

(c) Loss Carryforwards

As the ETF was launched January 9, 2018, it has not had a taxation year end and does not have any capital and non-capital losses available to carry forward for tax purposes.

(d) Securities Lending

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

	<u>March 31, 2018</u>
	(\$)
Value of securities loaned	36
Value of collateral received	37

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

(e) Offsetting of Financial Assets and Liabilities

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

(f) Risks Associated with Financial Instruments

i. Risk exposure and management

The ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Solactive Canada Broad Market Index, or any successor thereto. It invests primarily in Canadian equity securities.

ii. Currency risk

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

iii. Interest rate risk

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

iv. Other price risk

The ETF's most significant exposure to price risk arises from its investment in equity securities. 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 \$752 or 10.0% of total net assets. In practice, the actual trading results may differ and the difference could be material.

v. Credit risk

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

MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

TRADITIONAL EQUITY INDEX ETF

NOTES TO FINANCIAL STATEMENTS

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

(g) Fair Value Classification

The table below summarizes the fair value of the ETF'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			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	7,497	–	–	7,497
Exchange-traded funds/notes	20	–	–	20
Total	7,517	–	–	7,517

The ETF's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

During the period, there were no significant transfers between Level 1 and Level 2.



MACKENZIE
Investments