

MACKENZIE MAXIMUM DIVERSIFICATION EMERGING MARKETS INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

STRATEGIC BETA 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 Maximum Diversification Emerging Markets 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 Maximum Diversification Emerging Markets Index ETF (the "ETF")

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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



Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

June 7, 2018



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STATEMENTS OF FINANCIAL POSITION

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

	2018	2017
	\$	\$
ASSETS		
Current assets		
Investments at fair value	114,017	6,467
Cash and cash equivalents	162	18
Dividends receivable	114	7
Accounts receivable for investments sold	–	–
Accounts receivable for securities issued	–	–
Due from manager	–	39
Total assets	114,293	6,531
LIABILITIES		
Current liabilities		
Accounts payable for investments purchased	–	–
Accounts payable for securities redeemed	–	–
Due to manager	138	35
Total liabilities	138	35
Net assets attributable to unitholders	114,155	6,496
Net assets attributable to unitholders per series (note 3)		
Series E	114,155	6,496
Net assets attributable to unitholders per unit (note 3)		
Series E	25.37	21.65

STATEMENTS OF COMPREHENSIVE INCOME

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

	2018	2017
	\$	\$
Income		
Dividends	964	12
Interest income	1	7
Other changes in fair value of investments		
Net realized gain (loss)	1,817	16
Net unrealized gain (loss)	5,941	475
Securities lending income	6	–
Other	441	–
Total income (loss)	9,170	510
Expenses (note 6)		
Management fees	381	8
Management fee rebates	(72)	–
Interest charges	5	2
Commissions and other portfolio transaction costs	407	42
Independent Review Committee fees	–	–
Expenses before amounts absorbed by Manager	721	52
Expenses absorbed by Manager	–	39
Net expenses	721	13
Increase (decrease) in net assets attributable to unitholders from operations before tax	8,449	497
Foreign withholding taxes	156	1
Foreign income taxes paid (recovered)	–	–
Increase (decrease) in net assets attributable to unitholders from operations	8,293	496
Increase (decrease) in net assets attributable to unitholders from operations per series		
Series E	8,293	496
Increase (decrease) in net assets attributable to unitholders from operations per unit		
Series E	3.51	1.65

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



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STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the periods ended March 31 (note 1)

	2018	2017
	Series E	
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	\$	
Beginning of period	6,496	–
Increase (decrease) in net assets from operations	8,293	496
Distributions paid to unitholders:		
Investment income	(762)	–
Capital gains	–	–
Management fee rebates	(72)	–
Total distributions paid to unitholders	(834)	–
Unit transactions:		
Proceeds from units issued	100,200	6,000
Reinvested distributions	–	–
Value of units redeemed	–	–
Total unit transactions	100,200	6,000
Total increase (decrease) in net assets	107,659	6,496
End of period	114,155	6,496
	Units	
Increase (decrease) in units (note 7):		
Units outstanding – beginning of period	300	–
Issued	4,200	300
Reinvested distributions	–	–
Redeemed	–	–
Units outstanding – end of period	4,500	300

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STATEMENTS OF CASH FLOWS

For the periods ended March 31 (note 1)

	2018	2017
	\$	\$
Cash flows from operating activities		
Net increase (decrease) in net assets attributable to unitholders from operations	8,293	496
Adjustments for:		
Net realized loss (gain) on investments	(1,817)	(16)
Change in net unrealized loss (gain) on investments	(5,941)	(475)
Purchase of investments	(121,534)	(6,517)
Proceeds from sale and maturity of investments	21,814	548
Change in dividends receivable	(107)	(7)
Change in due from manager	39	(39)
Change in due to manager	103	35
Net cash from operating activities	(99,150)	(5,975)
Cash flows from financing activities		
Proceeds from redeemable securities issued	100,200	6,000
Payments on redemption of redeemable securities	–	–
Distributions paid net of reinvestments	(834)	–
Net cash from financing activities	99,366	6,000
Net increase (decrease) in cash and cash equivalents	216	25
Cash and cash equivalents at beginning of period	18	–
Effect of exchange rate fluctuations on cash and cash equivalents	(72)	(7)
Cash and cash equivalents at end of period	162	18
Cash	162	18
Cash equivalents	–	–
Cash and cash equivalents at end of period	162	18
Supplementary disclosures on cash flow from operating activities:		
Dividends received	857	5
Foreign taxes paid	156	1
Interest received	1	7
Interest paid	5	2

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SCHEDULE OF INVESTMENTS

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES					
3SBio Inc.	China	Health Care	178,376	382	518
AAC Technologies Holdings Inc.	China	Information Technology	18,841	391	438
Adani Transmission Ltd.	India	Utilities	41,740	160	160
Advanced Info Service PCL	Thailand	Telecommunication Services	91,651	676	786
Advanced Semiconductor Engineering Inc.	Taiwan	Information Technology	90,994	150	170
Airports of Thailand PCL	Thailand	Industrials	194,156	427	540
AirTac International Group	Taiwan	Industrials	8,561	183	196
Akbank TAS	Turkey	Financials	49,792	161	155
Alfa SA Series A	Mexico	Industrials	231,742	360	381
Alibaba Pictures Group Ltd.	Hong Kong	Consumer Discretionary	666,112	109	112
Alpha Bank AE	Greece	Financials	147,950	427	406
Aluminum Corp. of China Ltd.	China	Materials	158,512	156	113
Amorepacific Corp.	South Korea	Consumer Staples	1,256	446	483
AmorePacific Group	South Korea	Consumer Staples	3,104	506	535
AngloGold Ltd.	South Africa	Materials	81,448	1,090	997
Anta Sports Products Ltd.	China	Consumer Discretionary	166,552	856	1,084
Aselsan Elektronik Sanayi Ve Ticaret AS	Turkey	Industrials	27,007	286	273
Asian Paints Ltd.	India	Materials	13,769	317	305
ASUSTeK Computer Inc.	Taiwan	Information Technology	32,905	386	395
Autohome Inc. ADR	China	Information Technology	9,443	712	1,047
Axiata Group BHD	Malaysia	Telecommunication Services	133,543	217	242
Axis Bank Ltd.	India	Financials	37,301	384	376
Ayala Corp.	Philippines	Financials	14,284	346	335
Ayala Land Inc.	Philippines	Real Estate	290,939	305	295
BAIC Motor Corp. Ltd.	China	Consumer Discretionary	235,690	353	372
Bajaj Auto Ltd.	India	Consumer Discretionary	4,923	298	267
Bajaj Finance Ltd.	India	Financials	11,969	376	418
Bajaj Finserv Ltd.	India	Financials	8,000	754	818
Balkrishna Industries Ltd.	India	Consumer Discretionary	7,245	169	153
Bangkok Bank PCL	Thailand	Financials	36,745	289	327
Bangkok Dusit Medical Services PCL	Thailand	Health Care	410,571	349	398
Bangkok Expressway and Metro PCL	Thailand	Industrials	1,243,073	370	367
Bank of Baroda	India	Financials	92,602	305	260
Bank of Philippine Islands	Philippines	Financials	153,364	411	443
Bank Tabungan Negara Persero TBK	Indonesia	Financials	514,511	181	183
Banpu PCL	Thailand	Energy	403,749	311	338
Baozun Inc.	China	Information Technology	2,851	141	169
BBMG Corp. H	China	Materials	164,657	106	96
Beauty Community PCL	Thailand	Consumer Discretionary	298,878	247	262
BeiGene Ltd.	China	Health Care	3,944	538	854
Beijing Capital International Airport Co. Ltd. H	China	Industrials	311,823	592	540
Berger Paints India Ltd.	India	Materials	56,483	290	287
Berti Jucker PCL	Thailand	Consumer Staples	210,469	431	495
BGF Retail Co. Ltd.	South Korea	Consumer Staples	873	167	179
Bharat Petroleum Corp. Ltd.	India	Energy	39,656	383	335
Bharti Airtel Ltd.	India	Telecommunication Services	27,565	235	217
Bharti Infratel Ltd.	India	Telecommunication Services	81,276	623	540
Bid Corp. Ltd.	South Africa	Consumer Staples	11,485	328	322
BIM Birllesik Magazalar AS	Turkey	Consumer Staples	24,359	599	572



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	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Biocon Ltd.	India	Health Care	27,671	260	325
BRF SA	Brazil	Consumer Staples	27,246	435	241
Brilliance China Automotive Holdings Ltd.	China	Consumer Discretionary	33,508	112	90
Britannia Industries Ltd.	India	Consumer Staples	2,904	245	285
Bumrungrad Hospital Public Co. Ltd.	Thailand	Health Care	56,789	442	499
BYD Co. Ltd. H	China	Consumer Discretionary	8,053	89	81
Cadila Healthcare Ltd.	India	Health Care	44,646	410	333
Castrol India Ltd.	India	Materials	51,021	206	207
Cathay Financial Holding Co. Ltd.	Taiwan	Financials	194,152	421	445
Celltrion Inc.	South Korea	Health Care	1,697	348	637
Celltrion Pharm Inc.	South Korea	Health Care	1,401	153	143
Central Pattana PCL	Thailand	Real Estate	89,953	265	289
China Everbright International Ltd.	China	Industrials	173,053	310	313
China Evergrande Group	China	Real Estate	165,424	628	671
China Gas Holdings Ltd.	Hong Kong	Utilities	46,455	179	218
China Huarong Asset Management Co. Ltd.	China	Financials	1,382,542	800	749
China Huishan Dairy Holdings Co. Ltd.	China	Consumer Staples	77,481	37	—
China Lodging Group Ltd.	China	Consumer Discretionary	755	119	128
China Mobile Ltd.	China	Telecommunication Services	130,986	1,741	1,548
China Molybdenum Co. Ltd. H	China	Materials	414,215	306	403
China National Building Material Co. Ltd. H	China	Materials	75,163	83	105
China Resources Enterprise Ltd.	China	Consumer Staples	75,536	293	422
China Resources Gas Group Ltd.	China	Utilities	52,116	226	233
China Southern Airlines Co. Ltd.	China	Industrials	192,057	218	256
China Steel Corp.	Taiwan	Materials	253,143	266	260
China Telecom Corp. Ltd. H	China	Telecommunication Services	925,483	581	526
China Unicom (Hong Kong) Ltd.	China	Telecommunication Services	200,980	359	327
Chunghwa Telecom Co. Ltd.	Taiwan	Telecommunication Services	51,621	235	255
CIFI Holdings (Group) Co. Ltd.	China	Real Estate	143,320	121	161
Cipla Ltd./India	India	Health Care	27,259	314	294
CJ E&M Corp.	South Korea	Consumer Discretionary	4,197	409	466
Compania de Minas Buenaventura SA ADR	Peru	Materials	17,472	304	343
COSCO SHIPPING Holdings Co. Ltd.	China	Industrials	365,918	266	234
Country Garden Holdings Co. Ltd.	China	Real Estate	271,960	528	722
Coway Co. Ltd.	South Korea	Consumer Discretionary	3,152	354	343
CP ALL PCL	Thailand	Consumer Staples	473,436	1,310	1,717
Crompton Greaves Consumer Electricals Ltd.	India	Consumer Discretionary	43,031	199	201
CSPC Pharmaceuticals Group Ltd.	China	Health Care	126,452	286	433
CTBC Financial Holding Co. Ltd.	Taiwan	Financials	282,808	242	261
Ctrip.com International Ltd. ADR	China	Consumer Discretionary	4,923	313	296
Cummins India Ltd.	India	Industrials	29,153	525	404
Dali Foods Group Co. Ltd.	China	Consumer Staples	208,238	262	221
Delta Electronics (Thailand) PCL	Thailand	Information Technology	182,133	587	511
Delta Electronics Inc.	Taiwan	Information Technology	35,312	232	203
DiGi.Com BHD	Malaysia	Telecommunication Services	331,559	505	512
Doosan Infracore Co. Ltd.	South Korea	Industrials	43,210	470	507
Eclat Textile Co. Ltd.	Taiwan	Consumer Discretionary	22,841	325	343
EFG Eurobank Ergasias	Greece	Financials	281,845	335	343
Embraer SA	Brazil	Industrials	62,068	432	517



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As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
ENN Energy Holdings Ltd.	China	Utilities	39,421	380	454
Epistar Corp.	Taiwan	Information Technology	56,000	118	103
EVA Airways Corp.	Taiwan	Industrials	544,909	350	360
Fang Holdings Ltd.	China	Information Technology	61,229	327	406
Far EasTone Telecommunications Co. Ltd.	Taiwan	Telecommunication Services	275,430	878	938
Fibria Celulose SA	Brazil	Materials	39,961	742	1,003
Fomento Economico Mexicano SA de CV UBD	Mexico	Consumer Staples	74,909	894	877
Formosa Plastics Corp.	Taiwan	Materials	87,218	355	397
Fubon Financial Holding Co. Ltd.	Taiwan	Financials	181,781	384	403
Fufeng Group Ltd.	China	Materials	208,381	177	159
Fullshare Holdings Ltd.	Hong Kong	Real Estate	1,113,836	627	796
Geely Automobile Holdings Ltd.	China	Consumer Discretionary	138,038	456	512
Genexine Co. Ltd.	South Korea	Health Care	1,454	184	187
Genting Malaysia BHD	Malaysia	Consumer Discretionary	160,073	268	261
Glenmark Pharmaceuticals Ltd.	India	Health Care	29,264	379	304
Globalwafers Co. Ltd.	Taiwan	Information Technology	26,013	454	533
Gold Fields Ltd.	South Africa	Materials	158,239	796	826
GOME Electrical Appliance Holdings Ltd.	China	Consumer Discretionary	1,885,919	305	263
Green Cross Holdings Corp.	South Korea	Health Care	2,954	129	144
Grupo Elektra SAB de CV	Mexico	Financials	14,385	622	518
Grupo Financiero Banorte SAB de CV Series O	Mexico	Financials	34,955	271	274
Grupo Televisa SAB	Mexico	Consumer Discretionary	96,552	549	394
Guangdong Investment Ltd.	China	Utilities	180,876	340	367
Hana Financial Inc.	South Korea	Financials	2,478	144	137
Hanmi Pharm Co. Ltd.	South Korea	Health Care	986	507	611
Hanmi Science Co. Ltd.	South Korea	Health Care	4,574	467	516
Hanon Systems	South Korea	Consumer Discretionary	13,694	185	190
Hanssem Co. Ltd.	South Korea	Consumer Discretionary	1,930	409	362
Hanwha Techwin Co. Ltd.	South Korea	Industrials	10,174	463	365
HCL Technologies Ltd.	India	Information Technology	33,394	590	639
Hellenic Telecommunications Organization SA (OTE)	Greece	Telecommunication Services	23,228	369	404
Hengan International Group Co. Ltd.	China	Consumer Staples	31,036	354	371
HengTen Networks Group Ltd.	China	Consumer Discretionary	2,675,971	153	147
Hero MotoCorp Ltd.	India	Consumer Discretionary	4,078	298	286
Himax Technologies Inc. ADR	Taiwan	Information Technology	13,532	168	107
Hindustan Lever Ltd.	India	Consumer Staples	64,958	1,540	1,713
HLB Inc.	South Korea	Consumer Discretionary	5,195	254	442
Home Product Center PCL	Thailand	Consumer Discretionary	644,623	332	377
Hon Hai Precision Industry Co. Ltd.	Taiwan	Information Technology	277,118	1,231	1,104
Housing Development Finance Corp. Ltd.	India	Financials	9,701	330	350
HTC Corp.	Taiwan	Information Technology	146,177	436	429
Hugel Inc.	South Korea	Health Care	235	149	169
Hyundai Heavy Industries Co. Ltd.	South Korea	Industrials	98	15	16
Hyundai Mobis	South Korea	Consumer Discretionary	1,433	405	416
Hyundai Motor Co. Ltd. Pfd.	South Korea	Consumer Discretionary	2,919	316	303
Hyundai Motor Co. Ltd. 2nd Pfd.	South Korea	Consumer Discretionary	2,404	286	271
ICICI Bank Ltd.	India	Financials	37,229	224	205
Idea Cellular Ltd.	India	Telecommunication Services	259,712	451	390
IHH Healthcare BHD	Malaysia	Health Care	116,955	216	236



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As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Indorama Ventures PCL	Thailand	Materials	235,610	415	556
Indraprastha Gas Ltd.	India	Utilities	85,152	461	470
IndusInd Bank Ltd.	India	Financials	12,951	412	460
Infosys Ltd.	India	Information Technology	59,097	1,180	1,323
Infrastructure Development Finance Co. Ltd.	India	Financials	241,384	287	233
Innolux Corp.	Taiwan	Information Technology	552,915	328	312
Inventec Corp.	Taiwan	Information Technology	330,899	333	338
IRPC PCL	Thailand	Energy	914,081	239	279
JD.com Inc. ADR	China	Consumer Discretionary	9,390	481	490
Jollibee Foods Corp.	Philippines	Consumer Discretionary	93,026	579	687
Jubilant Life Sciences Ltd.	India	Health Care	8,171	141	136
Kasikornbank PCL	Thailand	Financials	59,078	492	516
Komipharm International Co. Ltd.	South Korea	Health Care	9,081	406	429
Korea Aerospace Industries Ltd.	South Korea	Industrials	6,476	374	391
Kroton Educacional SA	Brazil	Consumer Discretionary	62,622	404	332
Kumho Petrochemical Co. Ltd.	South Korea	Materials	1,942	194	227
Largan Precision Co. Ltd.	Taiwan	Information Technology	5,264	1,103	772
LG Chem Ltd.	South Korea	Materials	561	262	262
LG Display Co. Ltd.	South Korea	Information Technology	3,010	106	95
LG Electronics Inc.	South Korea	Consumer Discretionary	1,538	177	204
LG Household & Health Care Ltd.	South Korea	Consumer Staples	291	408	426
LG Uplus Corp.	South Korea	Telecommunication Services	13,130	205	195
Li Ning Co. Ltd.	China	Consumer Discretionary	372,313	394	492
Lite-On Technology Corp.	Taiwan	Information Technology	119,575	233	215
Logan Property Holdings Co. Ltd.	China	Real Estate	65,072	90	128
Lotte Shopping Co. Ltd.	South Korea	Consumer Discretionary	638	180	181
Lupin Ltd.	India	Health Care	37,703	793	548
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	32,130	445	469
Malayan Banking BHD	Malaysia	Financials	165,843	492	585
Mando Corp.	South Korea	Consumer Discretionary	809	248	228
Maruti Suzuki India Ltd.	India	Consumer Discretionary	3,349	525	587
Max Financial Services Ltd.	India	Financials	44,790	513	401
Maxis BHD	Malaysia	Telecommunication Services	124,284	230	238
MediaTek Inc.	Taiwan	Information Technology	27,511	339	403
Medy-Tox Inc.	South Korea	Health Care	837	513	743
Mega Financial Holding Co. Ltd.	Taiwan	Financials	355,908	376	394
Micro-Star International Co. Ltd.	Taiwan	Information Technology	65,540	213	283
MOL Magyar Olaj-es Gazipari RT	Hungary	Energy	36,484	524	514
Momo Inc.	China	Information Technology	4,286	189	207
Nan Ya Plastic Corp.	Taiwan	Materials	81,984	266	297
Nanya Technology Corp.	Taiwan	Information Technology	33,759	103	138
Natco Pharma Ltd.	India	Health Care	7,389	125	110
NCsoft Corp.	South Korea	Information Technology	397	202	202
Nestle India Ltd.	India	Consumer Staples	2,396	339	389
NetEase Inc.	China	Information Technology	1,491	555	539
New Oriental Education & Technology Group Inc. ADR	China	Consumer Discretionary	3,588	373	405
Nexteer Automotive Group Ltd.	China	Consumer Discretionary	132,666	310	258
OPAP SA	Greece	Consumer Discretionary	42,397	620	625
Orion Corp./Republic of Korea	South Korea	Consumer Staples	1,975	283	306



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	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
OTP Bank NYRT	Hungary	Financials	8,737	433	507
Ottogi Corp.	South Korea	Consumer Staples	656	582	566
Phison Electronics Corp.	Taiwan	Information Technology	17,451	245	234
Piramal Enterprises Ltd.	India	Health Care	11,875	619	571
PLDT Inc.	Philippines	Telecommunication Services	4,970	212	181
Power Grid Corp. of India Ltd.	India	Utilities	53,689	221	205
President Chain Store Corp.	Taiwan	Consumer Staples	69,621	816	902
PT Adaro Energy TBK	Indonesia	Energy	3,236,025	582	645
PT Astra International TBK	Indonesia	Consumer Discretionary	522,371	413	357
PT Bank Central Asia TBK	Indonesia	Financials	232,783	448	508
PT Bank Mandiri (Persero) TBK	Indonesia	Financials	454,951	303	327
PT Bank Rakyat Indonesia (Persero) TBK	Indonesia	Financials	1,169,623	353	394
PT Matahari Department Store TBK	Indonesia	Consumer Discretionary	254,911	262	261
PT Medco Energi Internasional Tbk	Indonesia	Energy	1,453,500	172	165
PT Perusahaan Gas Negara	Indonesia	Utilities	1,118,198	226	241
PT Telekomunikasi Indonesia TBK	Indonesia	Telecommunication Services	3,078,709	1,246	1,039
PT Unilever Indonesia TBK	Indonesia	Consumer Staples	75,269	354	349
PTT Global Chemical PCL	Thailand	Materials	32,474	109	127
PTT PCL	Thailand	Energy	14,718	291	335
Public Bank BHD	Malaysia	Financials	60,094	390	481
Punjab National Bank	India	Financials	109,306	290	206
Realtek Semiconductor Corp.	Taiwan	Information Technology	37,353	180	207
Reliance Industries Ltd.	India	Energy	55,966	926	977
Richter Gedeon Nyrt	Hungary	Health Care	6,366	204	172
Samsung Engineering Co. Ltd.	South Korea	Industrials	24,048	364	528
Samsung Heavy Industries Co. Ltd. Exp. 04-13-2018	South Korea	Industrials	5,426	—	13
Samsung Heavy Industries Co. Ltd.	South Korea	Industrials	12,082	134	113
Samsung Life Insurance Co. Ltd.	South Korea	Financials	3,909	553	550
Samsung SDI Co. Ltd.	South Korea	Information Technology	659	156	154
Security Bank Corp.	Philippines	Financials	74,128	449	440
Semiconductor Manufacturing International Corp.	China	Information Technology	423,299	717	713
Shandong Weigao Group Medical Polymer Co. Ltd. Class H	China	Health Care	380,404	360	327
Shenzhou International Group Holdings Ltd.	China	Consumer Discretionary	104,156	1,087	1,415
Siam Commercial Bank PCL	Thailand	Financials	25,144	147	148
Sibanye Gold Ltd.	South Africa	Materials	181,142	292	232
Sihuan Pharmaceutical Holdings Group Ltd.	China	Health Care	771,141	387	294
Silergy Corp.	China	Information Technology	11,652	322	339
Silicon Motion Technology Corp. ADR	Taiwan	Information Technology	3,578	231	222
SillaJen Inc.	South Korea	Health Care	4,905	604	636
Sino Biopharmaceutical Ltd.	Hong Kong	Health Care	108,808	170	275
SK Hynix Inc.	South Korea	Information Technology	1,830	178	180
SK Telecom Co. Ltd.	South Korea	Telecommunication Services	634	187	180
Skyworth Digital Holdings Ltd.	Hong Kong	Consumer Discretionary	232,049	122	135
SM Prime Holdings Inc.	Philippines	Real Estate	468,845	413	390
St. Shine Optical Co. Ltd.	Taiwan	Health Care	7,620	241	288
State Bank of India	India	Financials	64,864	377	320
Steinhoff International Holdings Ltd.	Netherlands	Consumer Discretionary	377,266	169	135
STX Pan Ocean Co. Ltd.	South Korea	Industrials	21,632	143	136
Sun Pharmaceutical Industries Ltd.	India	Health Care	82,805	914	810



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SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Sunac China Holdings Ltd.	Hong Kong	Real Estate	55,305	309	275
Sunny Optical Technology Group Co. Ltd.	China	Information Technology	31,434	507	748
Surya Citra Media TBK PT	Indonesia	Consumer Discretionary	1,308,047	317	332
Suzano Papel e Celulose SA	Brazil	Materials	95,169	684	1,237
Taiwan Mobile Co. Ltd.	Taiwan	Telecommunication Services	209,037	983	1,008
Taiwan Semiconductor Manufacturing Co. Ltd.	Taiwan	Information Technology	164,113	1,599	1,772
TAL Education Group	China	Consumer Discretionary	15,274	526	730
Tata Consultancy Services Ltd.	India	Information Technology	9,452	487	532
Tatung Co. Ltd.	Taiwan	Consumer Discretionary	265,640	238	248
Tech Mahindra Ltd.	India	Information Technology	27,874	271	352
Thai Oil PCL	Thailand	Energy	87,066	321	329
Thai Union Group PCL	Thailand	Consumer Staples	346,190	274	270
Tingyi (Cayman Islands) Holding Corp.	China	Consumer Staples	318,575	631	852
Tisco Financial Group PCL	Thailand	Financials	63,592	198	235
Titan Co. Ltd.	India	Consumer Discretionary	13,316	167	248
TMB Bank PCL	Thailand	Financials	2,908,482	295	307
Travelsky Technology Ltd.	China	Information Technology	62,841	225	235
True Corp. PCL	Thailand	Telecommunication Services	1,799,019	453	527
Turk Hava Yollari AO	Turkey	Industrials	60,048	319	375
Turkiye Garanti Bankasi AS	Turkey	Financials	47,592	171	170
Uni-President China Holdings Ltd.	China	Consumer Staples	147,564	159	165
Uni-President Enterprises Corp.	Taiwan	Consumer Staples	107,383	291	324
United Breweries Ltd.	India	Consumer Staples	11,540	211	216
United Microelectronics Corp.	Taiwan	Information Technology	379,898	230	257
United Spirits Ltd.	India	Consumer Staples	10,887	572	674
United Tractors TBK PT	Indonesia	Energy	172,779	523	518
Vakrangee Ltd.	India	Information Technology	42,121	211	184
Via Varejo SA	Brazil	Consumer Discretionary	48,431	372	572
Vipshop Holdings Ltd.	China	Consumer Discretionary	7,181	102	154
ViroMed Co. Ltd.	South Korea	Health Care	1,433	331	391
Win Semiconductors Corp.	Taiwan	Information Technology	30,829	280	427
Winbond Electronics Corp.	Taiwan	Information Technology	397,832	366	344
Wipro Ltd.	India	Information Technology	64,291	364	357
Wistron Corp.	Taiwan	Information Technology	164,548	188	182
WNS (Holdings) Ltd.	India	Information Technology	3,479	212	203
Wockhardt Ltd.	India	Health Care	24,675	341	354
Yageo Corp.	Taiwan	Information Technology	6,530	125	150
YY Inc.	China	Information Technology	1,026	149	139
Total equities				107,698	113,951
EXCHANGE-TRADED FUNDS/NOTES					
Vanguard FTSE Emerging Markets ETF	Multi-Country Index Funds	Exchange-Traded Funds/Notes	1,097	68	66
Total exchange-traded funds/notes				68	66
Transaction costs				(158)	—
Total investments				107,608	114,017
Cash and cash equivalents					162
Other assets less liabilities					(24)
Total net assets					114,155



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SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2018	
Portfolio Allocation	% of NAV
Equities	99.8
Cash and short-term investments	0.1
Exchange-traded funds/notes	0.1

Regional Allocation	% of NAV
China	21.4
India	18.8
Taiwan	14.6
South Korea	12.9
Thailand	9.2
Indonesia	4.7
Brazil	3.4
Philippines	2.4
Malaysia	2.2
Mexico	2.1
South Africa	2.1
Hong Kong	1.6
Greece	1.6
Turkey	1.4
Hungary	1.0
Other	0.5
Cash and short-term investments	0.1

Sector Allocation	% of NAV
Information technology	16.6
Consumer discretionary	15.7
Financials	12.8
Consumer staples	11.7
Health care	11.1
Telecommunication services	8.8
Materials	7.4
Industrials	6.4
Energy	3.9
Real estate	3.3
Utilities	2.1
Cash and short-term investments	0.1
Exchange-traded funds/notes	0.1

March 31, 2017	
Portfolio Allocation	% of NAV
Equities	97.5
Exchange-traded funds/notes	2.0
Cash and short-term investments	0.3
Other assets (liabilities)	0.2

Regional Allocation	% of NAV
India	21.2
Taiwan	18.7
China	15.2
Thailand	9.9
South Korea	9.0
Indonesia	4.6
Brazil	3.9
Other	3.9
Hong Kong	2.4
Philippines	2.4
South Africa	2.2
Malaysia	2.2
Greece	1.5
Mexico	1.4
Hungary	1.0
Cash and short-term investments	0.3
Other assets (liabilities)	0.2

Sector Allocation	% of NAV
Information technology	17.3
Financials	13.1
Consumer discretionary	12.7
Consumer staples	12.0
Telecommunication services	10.5
Health care	9.9
Materials	8.1
Industrials	6.5
Energy	3.5
Utilities	2.1
Exchange-traded funds/notes	2.0
Real estate	1.8
Cash and short-term investments	0.3
Other assets (liabilities)	0.2



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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.

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STRATEGIC BETA INDEX ETF

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.

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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.



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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.



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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.



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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.



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10. ETF Specific Information

(a) ETF Formation and Series Information

Date of Formation June 3, 2016

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

Series E units were listed on the TSX under the symbol MEE on January 23, 2017. 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 \$25.76 (2017 – \$21.72).

The management fee rate for Series E units is 0.60%.

As at March 31, 2018 and 2017, the ETF's NAV per unit was \$25.76 (2017 – \$21.72) and its Net Assets per unit calculated in accordance with IFRS was \$25.37 (2017 – \$21.65).

(b) Investments by Mackenzie and Affiliates

As at March 31, 2018, Mackenzie and other funds managed by Mackenzie had an investment of \$Nil and \$36,926 (2017 – \$3,128 and \$1,040), respectively, in the ETF.

(c) Loss Carryforwards

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

(d) Securities Lending

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

	March 31, 2018	March 31, 2017
	(\$)	(\$)
Value of securities loaned	1,526	–
Value of collateral received	1,616	–

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

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

	2018		2017	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	8	100.0	–	–
Tax withheld	–	–	–	–
	8	100.0	–	–
Payments to Securities Lending Agent	(2)	(25.0)	–	–
Securities lending income	6	75.0	–	–

(e) Offsetting of Financial Assets and Liabilities

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

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

(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 TOBAM Maximum Diversification Emerging Index, or any successor thereto. It invests primarily in equity securities of emerging markets.

ii. Currency risk

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

Currency	March 31, 2018			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
Indian rupee	21,204	18	–	21,222
Hong Kong dollar	20,367	–	–	20,367
Taiwanese dollar	16,629	–	–	16,629
South Korean won	14,758	–	–	14,758
Thai baht	10,535	–	–	10,535
U.S. dollar	6,505	1	–	6,506
Indonesian rupiah	5,319	–	–	5,319
Brazilian real	3,902	–	–	3,902
Philippine peso	2,771	–	–	2,771
Malaysian ringgit	2,555	5	–	2,560
South African rand	2,512	–	–	2,512
Mexican peso	2,444	4	–	2,448
Euro	1,778	–	–	1,778
Turkish lira	1,545	–	–	1,545
Hungarian forint	1,193	–	–	1,193
Total	114,017	28	–	114,045
% of Net Assets	99.9	–	–	99.9



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

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

ii. Currency risk (cont'd)

Currency	March 31, 2017			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
Indian rupee	1,379	–	–	1,379
Taiwanese dollar	1,202	–	–	1,202
Hong Kong dollar	995	–	–	995
Thai baht	640	–	–	640
South Korean won	586	–	–	586
U.S. dollar	356	–	–	356
Indonesian rupiah	299	–	–	299
Brazilian real	256	–	–	256
Philippine peso	159	–	–	159
Malaysian ringgit	142	1	–	143
South African rand	141	–	–	141
Euro	100	–	–	100
Mexican peso	91	–	–	91
Hungarian forint	65	–	–	65
Turkish lira	30	–	–	30
Czech koruna	26	–	–	26
Total	6,467	1	–	6,468
% of Net Assets	99.6	–	–	99.6

* Includes both monetary and non-monetary financial instruments

As at March 31, 2018, had the Canadian dollar increased or decreased by 5% relative to all foreign currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$5,702 or 5.0% of total net assets (2017 – \$323 or 5.0%). In practice, the actual trading results may differ and the difference could be material.

iii. Interest rate risk

As at March 31, 2018 and 2017, the 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 and exchange-traded funds/notes. 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 \$11,402 or 10.0% of total net assets (2017 – \$647 or 10.0%). In practice, the actual trading results may differ and the difference could be material.

v. Credit risk

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

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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				March 31, 2017			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	104,259	9,692	–	113,951	6,340	–	–	6,340
Exchange-traded funds/notes	66	–	–	66	127	–	–	127
Total	104,325	9,692	–	114,017	6,467	–	–	6,467

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.

Financial instruments classified as Level 2 investments are valued through incorporating observable market data and using standard market convention prices.

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



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