

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

GLOBAL EQUITY FUND

## MANAGEMENT REPORT

### Management's Responsibility for Financial Reporting

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

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

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

On behalf of Mackenzie Financial Corporation,  
Manager of the Fund



Barry McInerney  
President and Chief Executive Officer



Terry Rountes  
Chief Financial Officer, Funds

June 7, 2018

## INDEPENDENT AUDITOR'S REPORT

To the Securityholders of Mackenzie Emerging Markets Class (the "Fund") of Mackenzie Financial Capital Corporation

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

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



Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada  
June 7, 2018



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# MACKENZIE EMERGING MARKETS CLASS

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## STATEMENTS OF FINANCIAL POSITION

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

	2018	2017		2018	2017
	\$	\$		\$	\$
<b>ASSETS</b>			<b>Net assets attributable to securityholders</b>		
<b>Current assets</b>			<b>per security (note 3)</b>		
Investments at fair value	1,077,929	940,840	Series A	21.35	18.15
Cash and cash equivalents	7,981	–	Series D	15.52	13.20
Dividends receivable	1,621	2,123	Series F	39.26	33.43
Accounts receivable for investments sold	–	69,019	Series FB	13.54	11.53
Accounts receivable for securities issued	1,680	579	Series I	27.26	23.19
Taxes recoverable	68	68	Series J	14.25	12.11
<b>Total assets</b>	<b>1,089,279</b>	<b>1,012,629</b>	Series M	35.25	29.97
			Series O	37.12	31.69
			Series PW	14.84	12.61
			Series PWF	15.41	13.12
			Series PWFB	11.52	–
			Series PWX	16.68	14.24
			Series R	18.58	15.71
			Series S	35.31	30.14
			Series U	19.99	16.99
			Quadrus Series	32.64	27.75
			H Series	37.79	32.17
			L Series	17.17	14.60
			N Series	18.04	15.40
			QF Series	13.28	11.35
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Bank indebtedness	–	56,975			
Accounts payable for investments purchased	8	17			
Accounts payable for securities redeemed	358	6,900			
Distribution payable	–	2,998			
Accrued expenses and miscellaneous payables	1,173	–			
Due to manager	26	–			
<b>Total liabilities</b>	<b>1,565</b>	<b>66,890</b>			
<b>Net assets attributable to securityholders</b>	<b>1,087,714</b>	<b>945,739</b>			
<b>Net assets attributable to securityholders</b>					
<b>per series (note 3)</b>					
Series A	71,278	61,713			
Series D	4,663	421			
Series F	45,660	28,900			
Series FB	62	78			
Series I	2,159	1,947			
Series J	2	26			
Series M	3,390	2,972			
Series O	354,904	324,954			
Series PW	10,694	2,339			
Series PWF	15,991	5,662			
Series PWFB	486	–			
Series PWX	1,063	749			
Series R	112,158	124,763			
Series S	387,035	323,174			
Series U	15,917	17,057			
Quadrus Series	38,967	34,032			
H Series	1,683	1,479			
L Series	10,351	8,002			
N Series	9,980	7,125			
QF Series	1,271	346			

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



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# MACKENZIE EMERGING MARKETS CLASS

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## STATEMENTS OF COMPREHENSIVE INCOME

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

	2018	2017		2018	2017
	\$	\$		\$	\$
<b>Income</b>			<b>Increase (decrease) in net assets attributable to securityholders from operations per security</b>		
Dividends	21,214	23,399	Series A	3.40	3.04
Interest income	15	22	Series D	1.71	2.59
Other changes in fair value of investments			Series F	6.47	5.67
Net realized gain (loss)	21,202	51,656	Series FB	2.43	2.07
Net unrealized gain (loss)	165,797	137,778	Series I	4.55	4.03
Securities lending income	157	192	Series J	3.92	1.97
<b>Total income (loss)</b>	<b>208,385</b>	<b>213,047</b>	Series M	5.81	5.11
			Series O	6.92	6.21
<b>Expenses (note 6)</b>			Series PW	2.42	2.25
Management fees	3,562	2,975	Series PWF	2.61	4.09
Administration fees	629	537	Series PWFB	1.86	–
Interest charges	–	6	Series PWX	3.01	2.74
Commissions and other portfolio transaction costs	355	564	Series R	3.46	3.08
Independent Review Committee fees	4	5	Series S	6.53	5.84
Other	5	4	Series U	3.37	2.88
<b>Expenses before amounts absorbed by Manager</b>	<b>4,555</b>	<b>4,091</b>	Quadrus Series	5.21	4.65
Expenses absorbed by Manager	–	–	H Series	6.37	5.87
<b>Net expenses</b>	<b>4,555</b>	<b>4,091</b>	L Series	2.74	2.55
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	<b>203,830</b>	<b>208,956</b>	N Series	3.28	2.96
Foreign withholding taxes	2,296	2,595	QF Series	2.08	1.57
Foreign income taxes	1,173	1			
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	<b>200,361</b>	<b>206,360</b>			
<b>Increase (decrease) in net assets attributable to securityholders from operations per series</b>					
Series A	10,782	10,747			
Series D	199	39			
Series F	5,977	5,561			
Series FB	11	14			
Series I	374	348			
Series J	1	10			
Series M	576	538			
Series O	68,847	79,932			
Series PW	1,465	342			
Series PWF	1,956	622			
Series PWFB	45	–			
Series PWX	181	133			
Series R	24,952	26,215			
Series S	71,831	69,741			
Series U	3,215	3,157			
Quadrus Series	6,234	6,053			
H Series	298	262			
L Series	1,607	1,361			
N Series	1,691	1,268			
QF Series	119	17			

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# MACKENZIE EMERGING MARKETS CLASS

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## STATEMENTS OF CHANGES IN FINANCIAL POSITION

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

	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Series A		Series D		Series F		Series FB		Series I	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	61,713	55,630	421	100	28,900	31,669	78	64	1,947	1,698
Increase (decrease) in net assets from operations	10,782	10,747	199	39	5,977	5,561	11	14	374	348
Dividends paid to securityholders:										
Ordinary	–	(102)	(12)	(1)	(169)	(82)	–	–	(4)	(5)
Capital gains	(778)	–	(16)	–	(661)	–	(2)	–	(39)	–
Total dividends paid to securityholders	(778)	(102)	(28)	(1)	(830)	(82)	(2)	–	(43)	(5)
Security transactions:										
Proceeds from securities issued	23,429	18,494	4,850	310	23,839	5,347	108	4	1	–
Reinvested dividends	875	–	28	–	397	–	2	–	43	–
Value of securities redeemed	(24,743)	(23,056)	(807)	(27)	(12,623)	(13,595)	(135)	(4)	(163)	(94)
Total security transactions	(439)	(4,562)	4,071	283	11,613	(8,248)	(25)	–	(119)	(94)
<b>Total increase (decrease) in net assets</b>	<b>9,565</b>	<b>6,083</b>	<b>4,242</b>	<b>321</b>	<b>16,760</b>	<b>(2,769)</b>	<b>(16)</b>	<b>14</b>	<b>212</b>	<b>249</b>
<b>End of period</b>	<b>71,278</b>	<b>61,713</b>	<b>4,663</b>	<b>421</b>	<b>45,660</b>	<b>28,900</b>	<b>62</b>	<b>78</b>	<b>2,159</b>	<b>1,947</b>
<b>Increase (decrease) in fund securities (note 7):</b>										
<b>Securities outstanding – beginning of period</b>	<b>3,400</b>	<b>3,682</b>	<b>32</b>	<b>9</b>	<b>864</b>	<b>1,151</b>	<b>7</b>	<b>7</b>	<b>84</b>	<b>89</b>
Issued	1,156	1,119	321	25	636	175	10	–	–	–
Reinvested dividends	46	–	2	–	11	–	–	–	2	–
Redeemed	(1,263)	(1,401)	(54)	(2)	(348)	(462)	(12)	–	(7)	(5)
<b>Securities outstanding – end of period</b>	<b>3,339</b>	<b>3,400</b>	<b>301</b>	<b>32</b>	<b>1,163</b>	<b>864</b>	<b>5</b>	<b>7</b>	<b>79</b>	<b>84</b>
	Series J		Series M		Series O		Series PW		Series PWF	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	26	52	2,972	2,694	324,954	341,098	2,339	1,424	5,662	768
Increase (decrease) in net assets from operations	1	10	576	538	68,847	79,932	1,465	342	1,956	622
Dividends paid to securityholders:										
Ordinary	–	–	(1)	(6)	(3,001)	(1,332)	(2)	(4)	(69)	(17)
Capital gains	–	–	(48)	–	(11,360)	–	(117)	–	(220)	–
Total dividends paid to securityholders	–	–	(49)	(6)	(14,361)	(1,332)	(119)	(4)	(289)	(17)
Security transactions:										
Proceeds from securities issued	–	–	–	–	11,438	23,669	8,866	1,044	10,354	4,536
Reinvested dividends	–	–	54	–	15,684	2	119	–	151	–
Value of securities redeemed	(25)	(36)	(163)	(254)	(51,658)	(118,415)	(1,976)	(467)	(1,843)	(247)
Total security transactions	(25)	(36)	(109)	(254)	(24,536)	(94,744)	7,009	577	8,662	4,289
<b>Total increase (decrease) in net assets</b>	<b>(24)</b>	<b>(26)</b>	<b>418</b>	<b>278</b>	<b>29,950</b>	<b>(16,144)</b>	<b>8,355</b>	<b>915</b>	<b>10,329</b>	<b>4,894</b>
<b>End of period</b>	<b>2</b>	<b>26</b>	<b>3,390</b>	<b>2,972</b>	<b>354,904</b>	<b>324,954</b>	<b>10,694</b>	<b>2,339</b>	<b>15,991</b>	<b>5,662</b>
<b>Increase (decrease) in fund securities (note 7):</b>										
<b>Securities outstanding – beginning of period</b>	<b>2</b>	<b>5</b>	<b>99</b>	<b>108</b>	<b>10,255</b>	<b>13,230</b>	<b>185</b>	<b>136</b>	<b>432</b>	<b>71</b>
Issued	–	–	–	–	333	847	670	89	723	382
Reinvested dividends	–	–	2	–	468	–	9	–	11	–
Redeemed	(2)	(3)	(5)	(9)	(1,494)	(3,822)	(143)	(40)	(128)	(21)
<b>Securities outstanding – end of period</b>	<b>–</b>	<b>2</b>	<b>96</b>	<b>99</b>	<b>9,562</b>	<b>10,255</b>	<b>721</b>	<b>185</b>	<b>1,038</b>	<b>432</b>

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

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

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## STATEMENTS OF CHANGES IN FINANCIAL POSITION (cont'd)

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

	2018	2017	2018	2017	2018	2017	2018	2017
	Series PWFB		Series PWX		Series R		Series S	
	\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>								
<b>Beginning of period</b>	–	–	749	466	124,763	122,295	323,174	315,941
Increase (decrease) in net assets from operations	45	–	181	133	24,952	26,215	71,831	69,741
Dividends paid to securityholders:								
Ordinary	(2)	–	(9)	(3)	–	–	(3,226)	(1,313)
Capital gains	(4)	–	(30)	–	(4,497)	–	(11,362)	–
Total dividends paid to securityholders	(6)	–	(39)	(3)	(4,497)	–	(14,588)	(1,313)
Security transactions:								
Proceeds from securities issued	456	–	267	370	23,085	48,827	55,480	39,770
Reinvested dividends	6	–	39	–	–	–	15,902	–
Value of securities redeemed	(15)	–	(134)	(217)	(56,145)	(72,574)	(64,764)	(100,965)
Total security transactions	447	–	172	153	(33,060)	(23,747)	6,618	(61,195)
<b>Total increase (decrease) in net assets</b>	<b>486</b>	<b>–</b>	<b>314</b>	<b>283</b>	<b>(12,605)</b>	<b>2,468</b>	<b>63,861</b>	<b>7,233</b>
<b>End of period</b>	<b>486</b>	<b>–</b>	<b>1,063</b>	<b>749</b>	<b>112,158</b>	<b>124,763</b>	<b>387,035</b>	<b>323,174</b>

	Securities		Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>								
<b>Securities outstanding – beginning of period</b>	–	–	53	40	7,940	9,605	10,722	12,879
Issued	42	–	17	30	1,373	3,407	1,685	1,475
Reinvested dividends	1	–	3	–	–	–	498	–
Redeemed	(1)	–	(9)	(17)	(3,276)	(5,072)	(1,945)	(3,632)
<b>Securities outstanding – end of period</b>	<b>42</b>	<b>–</b>	<b>64</b>	<b>53</b>	<b>6,037</b>	<b>7,940</b>	<b>10,960</b>	<b>10,722</b>

	Series U		Quadrus Series		H Series		L Series	
	\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>								
<b>Beginning of period</b>	17,057	16,492	34,032	32,204	1,479	1,141	8,002	6,835
Increase (decrease) in net assets from operations	3,215	3,157	6,234	6,053	298	262	1,607	1,361
Dividends paid to securityholders:								
Ordinary	(7)	(33)	–	(52)	(5)	(4)	(5)	(16)
Capital gains	(276)	–	(430)	–	(36)	–	(141)	–
Total dividends paid to securityholders	(283)	(33)	(430)	(52)	(41)	(4)	(146)	(16)
Security transactions:								
Proceeds from securities issued	381	826	7,807	4,324	474	331	3,606	1,964
Reinvested dividends	313	–	482	–	41	–	162	–
Value of securities redeemed	(4,766)	(3,385)	(9,158)	(8,497)	(568)	(251)	(2,880)	(2,142)
Total security transactions	(4,072)	(2,559)	(869)	(4,173)	(53)	80	888	(178)
<b>Total increase (decrease) in net assets</b>	<b>(1,140)</b>	<b>565</b>	<b>4,935</b>	<b>1,828</b>	<b>204</b>	<b>338</b>	<b>2,349</b>	<b>1,167</b>
<b>End of period</b>	<b>15,917</b>	<b>17,057</b>	<b>38,967</b>	<b>34,032</b>	<b>1,683</b>	<b>1,479</b>	<b>10,351</b>	<b>8,002</b>

	Securities		Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>								
<b>Securities outstanding – beginning of period</b>	1,004	1,169	1,226	1,393	46	43	548	564
Issued	21	55	251	170	14	12	222	148
Reinvested dividends	18	–	16	–	1	–	11	–
Redeemed	(247)	(220)	(299)	(337)	(16)	(9)	(178)	(164)
<b>Securities outstanding – end of period</b>	<b>796</b>	<b>1,004</b>	<b>1,194</b>	<b>1,226</b>	<b>45</b>	<b>46</b>	<b>603</b>	<b>548</b>

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

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

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## STATEMENTS OF CHANGES IN FINANCIAL POSITION (cont'd)

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

	2018	2017	2018	2017	2018	2017
	N Series		QF Series		Total	
	\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>						
<b>Beginning of period</b>	7,125	5,441	346	–	945,739	936,012
Increase (decrease) in net assets from operations	1,691	1,268	119	17	200,361	206,360
Dividends paid to securityholders:						
Ordinary	(85)	(29)	(4)	(1)	(6,601)	(3,000)
Capital gains	(269)	–	(11)	–	(30,297)	–
Total dividends paid to securityholders	(354)	(29)	(15)	(1)	(36,898)	(3,000)
Security transactions:						
Proceeds from securities issued	3,167	1,413	986	370	178,594	151,599
Reinvested dividends	383	–	15	–	34,696	2
Value of securities redeemed	(2,032)	(968)	(180)	(40)	(234,778)	(345,234)
Total security transactions	1,518	445	821	330	(21,488)	(193,633)
<b>Total increase (decrease) in net assets</b>	<b>2,855</b>	<b>1,684</b>	<b>925</b>	<b>346</b>	<b>141,975</b>	<b>9,727</b>
<b>End of period</b>	<b>9,980</b>	<b>7,125</b>	<b>1,271</b>	<b>346</b>	<b>1,087,714</b>	<b>945,739</b>
<b>Increase (decrease) in fund securities (note 7):</b>						
<b>Securities outstanding – beginning of period</b>	<b>463</b>	<b>434</b>	<b>31</b>	<b>–</b>		
Issued	185	100	78	35		
Reinvested dividends	23	–	1	–		
Redeemed	(118)	(71)	(14)	(4)		
<b>Securities outstanding – end of period</b>	<b>553</b>	<b>463</b>	<b>96</b>	<b>31</b>		

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# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

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## STATEMENTS OF CASH FLOWS

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

	2018	2017
	\$	\$
<b>Cash flows from operating activities</b>		
Net increase (decrease) in net assets attributable to securityholders from operations	200,361	206,360
Adjustments for:		
Net realized loss (gain) on investments	(21,202)	(51,656)
Change in net unrealized loss (gain) on investments	(165,797)	(137,778)
Purchase of investments	(90,492)	(109,277)
Proceeds from sale and maturity of investments	209,418	182,666
Change in dividends receivable	502	(310)
Change in accrued expenses	1,173	–
Change in due to manager	26	–
Change in taxes recoverable	–	(19)
<b>Net cash from operating activities</b>	<b>133,989</b>	<b>89,986</b>
<b>Cash flows from financing activities</b>		
Proceeds from redeemable securities issued	159,371	142,379
Payments on redemption of redeemable securities	(223,198)	(329,396)
Dividends paid net of reinvestments	(5,200)	–
<b>Net cash from financing activities</b>	<b>(69,027)</b>	<b>(187,017)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>64,962</b>	<b>(97,031)</b>
Cash and cash equivalents at beginning of period	(56,975)	40,071
Effect of exchange rate fluctuations on cash and cash equivalents	(6)	(15)
<b>Cash and cash equivalents at end of period</b>	<b>7,981</b>	<b>(56,975)</b>
Cash	7,981	–
Cash equivalents	–	–
Bank indebtedness	–	(56,975)
<b>Cash and cash equivalents at end of period</b>	<b>7,981</b>	<b>(56,975)</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	21,716	23,089
Foreign taxes paid	2,296	2,598
Interest received	15	22
Interest paid	–	6

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



**MACKENZIE**  
Investments

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

GLOBAL EQUITY FUND

## SCHEDULE OF INVESTMENTS

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>BONDS</b>					
Vale SA Frn Sub Perpetual 09-30-2049	Brazil	Corporate - Non Convertible	BRL 5,300	—	—
<b>Total bonds</b>				—	—
<b>EQUITIES</b>					
AIA Group Ltd.	Hong Kong	Financials	4,200,000	17,789	46,189
Alibaba Group Holding Ltd. ADR	China	Information Technology	199,381	27,814	47,143
Ambev SA	Brazil	Consumer Staples	2,274,780	14,453	21,305
Asian Paints Ltd.	India	Materials	314,160	2,867	6,991
Baidu Inc. ADR	China	Information Technology	71,689	14,070	20,612
Banco Santander Chile ADR	Chile	Financials	208,586	5,393	9,004
Bid Corp. Ltd.	South Africa	Consumer Staples	669,220	16,288	18,789
Bidvest Group Ltd.	South Africa	Industrials	558,600	5,701	13,653
Capitec Bank Holdings Ltd.	South Africa	Financials	88,046	1,958	8,359
Cielo SA	Brazil	Information Technology	1,179,798	8,247	9,528
CNOOC Ltd.	China	Energy	2,967,000	5,915	5,640
Credicorp Ltd.	Peru	Financials	49,980	7,914	14,618
Delta Electronics Inc.	Taiwan	Information Technology	1,905,891	7,682	10,963
FirstRand Ltd.	South Africa	Financials	2,614,568	8,455	19,070
Fomento Economico Mexicano SAB de CV (FEMSA) ADR	Mexico	Consumer Staples	86,050	10,158	10,135
Grupo Financiero Banorte SAB de CV Series O	Mexico	Financials	1,217,667	7,027	9,635
HDFC Bank Ltd. ADR	India	Financials	288,260	12,614	36,678
HDFC Standard Life Insurance Co. Ltd.	India	Financials	1,587,390	11,874	14,415
Housing Development Finance Corp. Ltd.	India	Financials	1,565,925	21,263	56,832
Hyundai Motor Co.	South Korea	Consumer Discretionary	60,738	10,287	10,570
Infosys Ltd. ADR	India	Information Technology	949,296	11,288	21,829
Infosys Ltd.	India	Information Technology	27,000	284	608
Itau Unibanco Holding SA Pref. ADR	Brazil	Financials	660,818	6,956	13,280
Itau Unibanco Holding SA	Brazil	Financials	589,896	5,517	11,814
ITC Ltd.	India	Consumer Staples	3,684,020	13,803	18,769
Jardine Matheson Holdings Ltd.	Hong Kong	Industrials	216,571	12,032	17,210
JD.com Inc. ADR	China	Consumer Discretionary	334,850	17,737	17,466
Koc Holding AS	Turkey	Industrials	770,764	3,343	4,113
Kotak Mahindra Bank Ltd.	India	Financials	488,600	2,716	10,225
Largan Precision Co. Ltd.	Taiwan	Information Technology	43,000	10,185	6,308
Lojas Renner SA	Brazil	Consumer Discretionary	1,036,618	6,529	13,898
Lupin Ltd.	India	Health Care	229,965	6,242	3,357
Magnit PJSC GDR	Russia	Consumer Staples	302,530	11,866	7,187
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	707,910	5,883	10,375
MercadoLibre Inc.	Argentina	Information Technology	21,850	10,919	10,032
Mr. Price Group Ltd.	South Africa	Consumer Discretionary	213,470	3,285	6,632
MTN Group Ltd.	South Africa	Telecommunication Services	401,542	7,170	5,243
Oil Search Ltd.	Australia	Energy	637,160	5,425	4,536
Ping An Insurance (Group) Co. of China Ltd. H	China	Financials	3,166,000	23,183	41,966
President Chain Store Corp.	Taiwan	Consumer Staples	1,334,000	8,171	17,295
PT Astra International TBK	Indonesia	Consumer Discretionary	13,907,300	8,908	9,545
PT Bank Central Asia TBK	Indonesia	Financials	5,464,100	5,821	11,953
PT Bank Rakyat Indonesia (Persero) TBK	Indonesia	Financials	41,738,800	5,550	14,116
PT Unilever Indonesia TBK	Indonesia	Consumer Staples	1,391,600	2,478	6,461
Public Bank BHD	Malaysia	Financials	860,700	4,391	6,880



**MACKENZIE**  
Investments



# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

GLOBAL EQUITY FUND

## SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>EQUITIES (cont'd)</b>					
Raia Drogasil SA	Brazil	Consumer Staples	249,330	8,306	7,279
Samsung Electronics Co. Ltd.	South Korea	Information Technology	19,041	22,345	56,828
Sands China Ltd.	Hong Kong	Consumer Discretionary	1,964,800	13,592	13,744
Sanlam Ltd.	South Africa	Financials	1,127,940	8,796	10,491
Sberbank of Russia ADR	Russia	Financials	671,180	7,966	16,148
Sberbank of Russia	Russia	Financials	2,908,222	8,051	16,625
Shoprite Holdings Ltd.	South Africa	Consumer Staples	494,420	8,855	13,610
Siam Cement PCL-NVDR	Thailand	Materials	525,950	7,422	10,844
Siam Commercial Bank PCL	Thailand	Financials	2,019,000	11,617	11,906
Taiwan Semiconductor Manufacturing Co. Ltd. ADR	Taiwan	Information Technology	1,177,587	17,342	66,386
Taiwan Semiconductor Manufacturing Co. Ltd.	Taiwan	Information Technology	163,260	354	1,763
Tata Consultancy Services Ltd.	India	Information Technology	509,570	13,033	28,826
Tencent Holdings Ltd.	China	Information Technology	1,286,700	29,603	88,235
Tiger Brands Ltd.	South Africa	Consumer Staples	206,720	6,782	8,370
Tsingtao Brewery Co. Ltd. H	China	Consumer Staples	1,134,000	6,647	7,702
Ultrapar Participacoes SA	Brazil	Energy	495,120	10,777	13,706
Vale SA ADR	Brazil	Materials	515,648	9,766	8,450
Wal-Mart de Mexico SAB de CV Series V	Mexico	Consumer Staples	2,275,536	6,008	7,502
WEG SA	Brazil	Industrials	939,052	4,404	8,287
<b>Total equities</b>				<b>619,117</b>	<b>1,077,929</b>
Transaction costs				(797)	—
<b>Total investments</b>				<b>618,320</b>	<b>1,077,929</b>
Cash and cash equivalents					7,981
Other assets less liabilities					1,804
<b>Total net assets</b>					<b>1,087,714</b>



**MACKENZIE**  
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# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

GLOBAL EQUITY FUND

## SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2018	
Portfolio Allocation	% of NAV
Equities	99.1
Cash and short-term investments	0.7
Other assets (liabilities)	0.2

Regional Allocation	% of NAV
China	21.0
India	19.2
Brazil	9.9
South Africa	9.6
Taiwan	9.4
Hong Kong	7.1
South Korea	6.2
Indonesia	3.9
Russia	3.7
Mexico	2.5
Thailand	2.1
Other	1.5
Peru	1.3
Argentina	0.9
Chile	0.8
Cash and short-term investments	0.7
Other assets (liabilities)	0.2

Sector Allocation	% of NAV
Financials	34.9
Information technology	33.9
Consumer staples	13.3
Consumer discretionary	7.6
Industrials	4.0
Materials	2.4
Energy	2.2
Cash and short-term investments	0.7
Telecommunication services	0.5
Health care	0.3
Other assets (liabilities)	0.2

March 31, 2017	
Portfolio Allocation	% of NAV
Equities	99.4
Other assets (liabilities)	6.6
Cash and short-term investments	(6.0)

Regional Allocation	% of NAV
India	20.7
China	16.6
South Africa	11.4
Brazil	10.8
Taiwan	8.9
Other assets (liabilities)	6.6
South Korea	6.5
Hong Kong	5.9
Russia	5.3
Indonesia	4.3
Thailand	2.6
Mexico	1.8
Macau	1.4
Other	1.2
Peru	1.2
Chile	0.8
Cash and short-term investments	(6.0)

Sector Allocation	% of NAV
Financials	31.1
Information technology	29.0
Consumer staples	13.8
Consumer discretionary	8.6
Other assets (liabilities)	6.6
Industrials	5.4
Energy	4.7
Materials	3.7
Health care	1.8
Telecommunication services	1.3
Cash and short-term investments	(6.0)



**MACKENZIE**  
Investments

## NOTES TO FINANCIAL STATEMENTS

### 1. Fiscal Periods and General Information

The information provided in these financial statements and notes thereto is for the periods ended or as at March 31, 2018 and 2017, as applicable. In the year a Fund or series is established or reinstated, 'period' represents the period from inception or reinstatement. Refer to Note 9 for the formation date of the Fund and the inception date of each series.

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

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

Mackenzie Financial Corporation ("Mackenzie") is the manager of the Fund and is wholly owned by IGM Financial Inc., a subsidiary of Power Financial Corporation, which itself is a subsidiary of Power Corporation of Canada. The Great-West Life Assurance Company, London Life Insurance Company and The Canada Life Assurance Company (collectively, the "Related Insurance Companies") are wholly owned by Great-West Lifeco Inc., which is also a subsidiary of Power Financial Corporation. Investments in companies within the Power Group of companies held by the Fund are identified in the Schedule of Investments.

### 2. Basis of Preparation and Presentation

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

These financial statements are presented in Canadian dollars, which is the Fund's functional and presentation currency, and rounded to the nearest thousand unless otherwise indicated. These financial statements are prepared on a going concern basis using the historical cost basis, except for financial assets and liabilities that have been measured at fair value.

These financial statements were authorized for issue by the Board of Directors of Mackenzie Financial Corporation on June 7, 2018.

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

### 3. Significant Accounting Policies

#### (a) Financial instruments

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives. The Fund classifies and measures financial instruments in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). Upon initial recognition, financial instruments are classified as fair value through profit or loss ("FVTPL"). All financial instruments are recognized in the Statement of Financial Position when the Fund becomes a party to the contractual requirements of the instrument. Financial assets are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled or expires. As such, investment purchase and sale transactions are recorded as of the trade date.

Financial instruments are subsequently measured at FVTPL with changes in fair value recognized in the Statement of Comprehensive Income – Net unrealized gain (loss).

The Fund's redeemable securities contain multiple dissimilar contractual obligations and therefore meet the criteria for classification as financial liabilities under IAS 32, *Financial Instruments: Presentation*. The Fund's obligation for net assets attributable to securityholders is presented at the redemption amount.

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

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

## NOTES TO FINANCIAL STATEMENTS

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

#### (a) Financial instruments (cont'd)

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

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

#### (b) Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments listed on a public securities exchange or traded on an over-the-counter market are valued on the basis of the last traded market price or close price recorded by the security exchange on which the security is principally traded, where this price falls within the quoted bid-ask spread for the investment. In circumstances where this price is not within the bid-ask spread, Mackenzie determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Mutual fund securities of an underlying fund are valued on a business day at the price calculated by the manager of such underlying fund in accordance with the constating documents of such underlying fund. Unlisted or non-exchange traded investments, or investments where a last sale or close price is unavailable or investments for which market quotations are, in Mackenzie's opinion, inaccurate, unreliable, or not reflective of all available material information, are valued at their fair value as determined by Mackenzie using appropriate and accepted industry valuation techniques including valuation models. The fair value determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the fair value may be determined using valuation techniques that are not supported by observable market data.

The cost of investments is determined on a weighted average cost basis.

Cash and cash equivalents which includes cash on deposit with financial institutions and short-term investments that are readily convertible to cash, are subject to an insignificant risk of changes in value, and are used by the Fund in the management of short-term commitments. Cash and cash equivalents are reported at fair value which closely approximates their amortized cost due to their nature of being highly liquid and having short terms to maturity. Bank overdraft positions are presented under current liabilities as bank indebtedness in the Statement of Financial Position.

The Fund may use derivatives (such as written options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest rates or exchange rates. The Fund may also use derivatives for non-hedging purposes in order to invest indirectly in securities or financial markets, to gain exposure to other currencies, to seek to generate additional income, and/or for any other purpose considered appropriate by the Fund's portfolio manager(s), provided that the use of the derivative is consistent with the Fund's investment objectives. Any use of derivatives will comply with Canadian mutual fund laws, subject to the regulatory exemptions granted to the Fund, as applicable. Refer to "Exemptions from National Instrument 81-102" in the Annual Information Form of the Fund for further details, including the complete conditions of these exemptions, as applicable.

Valuations of derivative instruments are carried out daily, using normal exchange reporting sources for exchange-traded derivatives and specific broker enquiry for over-the-counter derivatives.

The value of forward contracts is the gain or loss that would be realized if, on the valuation date, the positions were to be closed out. The change in value of forward contracts is included in the Statement of Comprehensive Income – Other changes in fair value of investments – Net unrealized gain (loss).

The value of futures contracts or swaps fluctuates daily, and cash settlements made daily, where applicable, by the Fund are equal to the unrealized gains or losses on a "mark to market" basis. These unrealized gains or losses are recorded and reported as such until the Fund closes out the contract or the contract expires. Margin paid or deposited in respect of futures contracts or swaps is reflected as a receivable in the Statement of Financial Position – Margin on futures contracts or swaps. Any change in the variation margin requirement is settled daily.

Premiums received from writing options are included in the Statement of Financial Position as a liability and subsequently adjusted daily to fair value. If a written option expires unexercised, the premium received is recognized as a realized gain. If a written call option is exercised, the difference between the proceeds of the sale plus the value of the premium, and the cost of the security is recognized as a realized gain or loss. If a written put option is exercised, the cost of the security acquired is the exercise price of the option less the premium received.

Refer to the Schedule of Derivative Instruments and Schedule of Options Purchased/Written, as applicable, included in the Schedule of Investments for a listing of derivative and options positions as at March 31, 2018.

## NOTES TO FINANCIAL STATEMENTS

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

(c) Income recognition

Interest income from interest bearing investments is recognized using the effective interest method. Dividends are accrued as of the ex-dividend date. Realized gains or losses on the sale of investments, including foreign exchange gains or losses on such investments, are calculated on an average cost basis. Distributions received from an underlying fund are included in interest income, dividend income, realized gains (losses) on sale of investments or fee rebate income, as appropriate.

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

(d) Commissions and other portfolio transaction costs

Commissions and other portfolio transaction costs are costs incurred to acquire, issue or dispose of financial assets or liabilities. They include fees and commissions paid to agents, advisers, brokers and dealers. Commissions may be paid to brokerage firms which provide (or pay for) certain services, other than order execution, which may include investment research, analysis and reports, and databases or software in support of these services. Where applicable and ascertainable, the value of third-party services that were paid for by brokers during the periods is disclosed in Note 9. The value of certain proprietary services provided by brokers cannot be reasonably estimated.

(e) Securities lending, repurchase and reverse repurchase transactions

The Fund is permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in the Fund's Simplified Prospectus. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities on a future date.

Securities lending transactions are administered by Canadian Imperial Bank of Commerce (the "Securities Lending Agent"). The value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned, sold or purchased. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is included in the Statement of Comprehensive Income – Securities lending income and recognized when earned.

Note 9 summarizes the details of securities loaned and collateral received, as well as a reconciliation of securities lending income, if applicable.

(f) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. Note 9 summarizes the details of such offsetting, if applicable.

Income and expenses are not offset in the Statement of Comprehensive Income unless required or permitted to by an accounting standard, as specifically disclosed in the IFRS policies of the Fund.

(g) Foreign currency

The functional and presentation currency of the Fund is Canadian dollars. Foreign currency purchases and sales of investments and foreign currency dividend and interest income and expenses are translated to Canadian dollars at the rate of exchange prevailing at the time of the transactions.

Foreign exchange gains (losses) on purchases and sales of foreign currencies are included in the Statement of Comprehensive Income – Net realized gain (loss).

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

(h) Net assets attributable to securityholders per security

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

(i) Net asset value per security

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

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

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



## NOTES TO FINANCIAL STATEMENTS

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

#### (k) Mergers

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

### 4. Critical Accounting Estimates and Judgments

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

#### Use of Estimates

##### *Fair value of securities not quoted in an active market*

The Fund may hold financial instruments that are not quoted in active markets and are valued using valuation techniques that make use of observable data, to the extent practicable. Various valuation techniques are utilized, depending on a number of factors, including comparison with similar instruments for which observable market prices exist and recent arm's length market transactions. Key inputs and assumptions used are company specific and may include estimated discount rates and expected price volatilities. Changes in key inputs could affect the reported fair value of these financial instruments held by the Fund.

#### Use of Judgments

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

In classifying and measuring financial instruments held by the Fund, Mackenzie is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. Mackenzie has assessed the Fund's business model, the manner in which all financial instruments are managed and performance evaluated as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Fund's financial instruments.

##### *Functional currency*

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

##### *Structured entities and associates*

In determining whether an unlisted open-ended investment fund or an exchange-traded fund in which the Fund invests, but that it does not consolidate, meets the definitions of either a structured entity or of an associate, Mackenzie is required to make significant judgments about whether these underlying funds have the typical characteristics of a structured entity or of an associate. Mackenzie has assessed the characteristics of these underlying funds and has concluded that they do not meet the definition of either a structured entity or of an associate because the Fund does not have contracts or financing arrangements with these underlying funds and the Fund does not have an ability to influence the activities of these underlying funds or the returns it receives from investing in these underlying funds.

### 5. Income Taxes

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

### 6. Management Fees and Operating Expenses

Mackenzie is paid a management fee for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements relating to the purchase and sale of the investment portfolio and making arrangements with registered dealers for the purchase and sale of securities of the Fund by investors. The management fee is calculated on each series of securities of the Fund as a fixed annual percentage of the daily net asset value of the series.

Each series of the Fund, except B-Series, is charged a fixed rate annual administration fee ("Administration Fee") and in return, Mackenzie bears all of the operating expenses of the Fund, other than certain specified fund costs. The Administration Fee is calculated on each series of securities of the Fund as a fixed annual percentage of the daily net asset value of the series.

Other fund costs include taxes (including, but not limited to GST/HST and income tax), interest and borrowing costs, all fees and expenses of the Mackenzie Funds' Independent Review Committee (IRC), costs of complying with the regulatory requirement to produce Fund Facts, fees paid to external service providers associated with tax reclaims, refunds or the preparation of foreign tax reports on behalf of the Funds, new fees related to external services that were not commonly charged in the Canadian mutual fund industry and introduced after the date of the most recently filed simplified prospectus, and the costs of complying with any new regulatory requirements, including, without limitation, any new fees introduced after the date of the most recently filed simplified prospectus.

All expenses relating to the operation of the Fund attributable to B-Series securities will be charged to that particular series. Operating expenses include legal, audit, transfer agent, custodian, administration and trustee services, cost of financial reporting and Simplified Prospectus printing, regulatory filing fees and other miscellaneous expenses specifically attributable to the B-Series securities and any applicable taxes.

Mackenzie may waive or absorb management fees and/or Administration Fees at its discretion and stop waiving or absorbing such fees at any time without notice. Refer to Note 9 for the management fee and Administration Fee rates charged to each series of securities.

### 7. Fund's Capital

The capital of the Fund, which is comprised of the net assets attributable to securityholders, is divided into different series with each series having an unlimited number of securities. The securities outstanding for the Fund as at March 31, 2018 and 2017 and securities issued, reinvested and redeemed for the periods are presented in the Statement of Changes in Financial Position. Mackenzie manages the capital of the Fund in accordance with the investment objectives as discussed in Note 9.

### 8. Financial Instruments Risk

#### i. Risk exposure and management

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

#### ii. Liquidity risk

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

#### iii. Currency risk

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

#### iv. Interest rate risk

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

#### v. Other price risk

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

#### vi. Credit risk

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

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

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

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

#### vii. Underlying funds

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





## NOTES TO FINANCIAL STATEMENTS

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

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

Date of Formation      October 26, 2000

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

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

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

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

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

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

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

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

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

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

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

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

Series S securities are offered to the Related Insurance Companies and certain other mutual funds, but may be sold to other investors as determined by Mackenzie.

Series I, Series J, Series M and Series U securities are no longer available for sale.

**Series Distributed by Quadrus Investment Services Ltd.** (255 Dufferin Ave., London, Ontario, N6A 4K1; 1-888-532-3322; [www.quadrusgroupoffunds.com](http://www.quadrusgroupoffunds.com))

Quadrus Investment Services Ltd. ("Quadrus") is the principal distributor of the series of securities listed below:

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

H Series securities are offered to investors investing a minimum of \$500, who are enrolled in a Quadrus-sponsored fee-for-service or wrap program and who are subject to an asset-based fee.

L Series securities are offered to investors investing a minimum of \$100,000 and who have eligible minimum total holdings of \$500,000.

N Series securities are offered to investors investing a minimum of \$100,000, who have eligible minimum total holdings of \$500,000, and who have entered into an N type series account agreement with Mackenzie and Quadrus.

QF Series securities are offered to retail investors investing a minimum of \$500. Investors are required to negotiate their advisor service fee, which cannot exceed 1.25%, with their financial advisor.

An investor in the Fund may choose among different purchase options that are available under each series. These purchase options are a sales charge purchase option, a redemption charge purchase option, various low-load purchase options and a no-load purchase option. The charges under the sales charge purchase option are negotiated by investors with their dealers. The charges under the redemption charge and low-load purchase options are paid to Mackenzie if an investor redeems securities of the Fund during specific periods. Not all purchase options are available under each series of the Fund, and the charges for each purchase option may vary among the different series. For further details on these purchase options, please refer to the Fund's Simplified Prospectus and Fund Facts.

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

GLOBAL EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS

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

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

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees	Net Asset Value per Security (\$)	
				Mar. 31, 2018	Mar. 31, 2017
Series A	November 1, 2000	2.00%	0.28%	21.37	18.15
Series D	January 2, 2014	1.25%	0.20%	15.53	13.20
Series F	August 9, 2002	0.80% <sup>(5)</sup>	0.15% <sup>(8)</sup>	39.29	33.43
Series FB	October 26, 2015	1.00%	0.28%	13.55	11.53
Series I	November 22, 2000	1.35%	0.28%	27.28	23.19
Series J	December 30, 2010	1.75%	0.30%	14.26	12.11
Series M	August 9, 2002	Up to 1.75%	0.28%	35.28	29.97
Series O	August 9, 2002	— <sup>(1)</sup>	—*	37.15	31.69
Series PW	October 17, 2013	1.80% <sup>(6)</sup>	0.15%	14.85	12.61
Series PWF	November 21, 2013	0.90%	0.15%	15.42	13.12
Series PWFB	April 3, 2017	0.80% <sup>(7)</sup>	0.15%	11.53	—
Series PWX	February 5, 2014	— <sup>(2)</sup>	— <sup>(2)</sup>	16.69	14.24
Series R	July 3, 2007	—*	—*	18.59	15.71
Series S	August 24, 2004	— <sup>(1)</sup>	0.03%	35.34	30.14
Series U	May 5, 2009	1.75%	0.28%	20.00	16.99
Quadrus Series	August 9, 2002	2.00% <sup>(3)</sup>	0.28%	32.67	27.75
H Series	August 9, 2002	1.00% <sup>(4)</sup>	0.20%	37.82	32.17
L Series	December 16, 2011	1.85%	0.15%	17.18	14.60
N Series	December 6, 2011	— <sup>(1)</sup>	— <sup>(1)</sup>	18.05	15.40
QF Series	July 12, 2016	1.00% <sup>(4)</sup>	0.28%	13.30	11.35

\* Not applicable.

- (1) This fee is negotiable and payable directly to Mackenzie by investors in this series.
- (2) This fee is payable directly to Mackenzie by investors in this series through redemptions of their securities.
- (3) Prior to February 28, 2018, the management fee for Quadrus Series was charged to the Fund at a rate of 2.10%.
- (4) Prior to February 28, 2018, the management fee for this series was charged to the Fund at a rate of 1.10%.
- (5) Prior to June 1, 2018, the management fee for Series F was charged to the Fund at a rate of 1.00%.
- (6) Prior to June 1, 2018, the management fee for Series PW was charged to the Fund at a rate of 1.90%.
- (7) Prior to June 1, 2018, the management fee for Series PWFB was charged to the Fund at a rate of 0.90%.
- (8) Prior to June 1, 2018, the administration fee for Series F was charged to the Fund at a rate of 0.20%.

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

GLOBAL EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS

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

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

As at March 31, 2018, Mackenzie, other funds managed by Mackenzie and Related Insurance Companies had an investment of \$Nil, \$112,158 and \$387,035 (2017 – \$Nil, \$124,763 and \$323,174), respectively, in the Fund.

#### (c) Securities Lending

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

	March 31, 2018	March 31, 2017
	(\$)	(\$)
Value of securities loaned	111,862	90,768
Value of collateral received	118,129	101,255

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 Fund for the periods ended March 31, 2018 and 2017 is as follows:

	2018		2017	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	210	100.0	258	100.0
Tax withheld	(1)	(0.5)	(2)	(0.8)
	209	99.5	256	99.2
Payments to Securities Lending Agent	(52)	(24.8)	(64)	(24.8)
Securities lending income	157	74.7	192	74.4

#### (d) Commissions

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

	(\$)
March 31, 2018	71
March 31, 2017	–

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

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

#### (f) Subsequent Events

On June 22, 2018, investors in the Fund and investors in Mackenzie Emerging Markets Opportunities Class will vote on the proposed merger of Mackenzie Emerging Markets Opportunities Class into the Fund. This merger, which would be effective on or about July 6, 2018, is also subject to the receipt of regulatory approvals. Mackenzie does not consider this merger to be a material change from the Fund's perspective.

On May 22, 2018, funds managed by Mackenzie redeemed approximately \$95,442 of securities in the Fund. On May 28, 2018, a large investor redeemed approximately \$95,036 of securities in the Fund. On June 5, 2018, companies affiliated with Mackenzie redeemed approximately \$366,688 of securities in the Fund. These redemptions did not result in a significant change in the Fund's portfolio allocation and were managed without any adverse effect on the Fund.

Effective May 17, 2018, Mackenzie Investments Corporation replaced JP Morgan Asset Management (Canada) Inc. as the sub-advisor to the Fund.

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

##### i. Risk exposure and management

The Fund seeks long-term capital growth by investing primarily in equities of companies in emerging markets. The Fund will focus its investments in those countries where it identifies strongly developing economies and in which the markets are becoming more sophisticated.

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

GLOBAL EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS

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

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

##### ii. Currency risk

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

March 31, 2018				
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	354,108	906	–	355,014
Hong Kong dollar	203,476	–	–	203,476
Indian rupee	150,398	205	–	150,603
South African rand	104,217	169	–	104,386
South Korean won	67,398	–	–	67,398
Brazilian real	64,512	986	–	65,498
Indonesian rupiah	42,075	–	–	42,075
Taiwanese dollar	36,329	–	–	36,329
Thai baht	22,750	–	–	22,750
Mexican peso	17,137	23	–	17,160
Malaysian ringgit	6,880	97	–	6,977
Australian dollar	4,536	–	–	4,536
Turkish lira	4,113	–	–	4,113
Total	1,077,929	2,386	–	1,080,315
% of Net Assets	99.1	0.2	–	99.3

March 31, 2017				
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	273,421	133	–	273,554
Hong Kong dollar	159,053	–	–	159,053
Indian rupee	146,083	310	–	146,393
South African rand	107,423	438	–	107,861
Brazilian real	67,364	1,173	–	68,537
South Korean won	61,039	–	–	61,039
Indonesian rupiah	40,316	151	–	40,467
Taiwanese dollar	30,844	–	–	30,844
Thai baht	24,221	–	–	24,221
Mexican peso	16,628	–	–	16,628
Malaysian ringgit	5,254	93	–	5,347
Australian dollar	4,770	20	–	4,790
Turkish lira	4,424	–	–	4,424
Total	940,840	2,318	–	943,158
% of Net Assets	99.4	0.2	–	99.6

\* Includes both monetary and non-monetary financial instruments



**MACKENZIE**  
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# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

GLOBAL EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS

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

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

##### ii. Currency risk (cont'd)

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 \$54,016 or 5.0% of total net assets (2017 – \$47,158 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 Fund did not have a significant exposure to interest rate risk.

##### iv. Other price risk

The Fund's most significant exposure to price risk arises from its investment in equity securities. 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 \$107,793 or 9.9% of total net assets (2017 – \$94,084 or 9.9%). In practice, the actual trading results may differ and the difference could be material.

##### v. Credit risk

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

#### (h) Fair Value Classification

The table below summarizes the fair value of the Fund's financial instruments using the following fair value hierarchy:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The inputs are considered observable if they are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumption that market participants would use when pricing the asset or liability.

	March 31, 2018				March 31, 2017			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	503,639	574,290	–	1,077,929	927,839	13,001	–	940,840
Total	503,639	574,290	–	1,077,929	927,839	13,001	–	940,840

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

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

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

#### (i) Comparative Amounts

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