

MACKENZIE MAXIMUM DIVERSIFICATION DEVELOPED EUROPE 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 Developed Europe 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 Developed Europe 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	80,557	4,187
Cash and cash equivalents	347	6
Dividends receivable	194	8
Accounts receivable for investments sold	105	–
Accounts receivable for securities issued	–	–
Due from manager	41	6
Total assets	81,244	4,207
LIABILITIES		
Current liabilities		
Accounts payable for investments purchased	395	–
Accounts payable for securities redeemed	–	–
Distributions payable	–	–
Due to manager	102	8
Total liabilities	497	8
Net assets attributable to unitholders	80,747	4,199
Net assets attributable to unitholders per series (note 3)		
Series E	80,747	4,199
Net assets attributable to unitholders per unit (note 3)		
Series E	23.07	21.00

STATEMENTS OF COMPREHENSIVE INCOME

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

	2018	2017
	\$	\$
Income		
Dividends	726	41
Other changes in fair value of investments		
Net realized gain (loss)	1,171	(2)
Net unrealized gain (loss)	998	196
Securities lending income	7	–
Other	238	–
Total income (loss)	3,140	235
Expenses (note 6)		
Management fees	240	16
Management fee rebates	(12)	–
Commissions and other portfolio transaction costs	387	39
Independent Review Committee fees	–	–
Expenses before amounts absorbed by Manager	615	55
Expenses absorbed by Manager	58	33
Net expenses	557	22
Increase (decrease) in net assets attributable to unitholders from operations before tax	2,583	213
Foreign withholding taxes	90	6
Foreign income taxes paid (recovered)	–	–
Increase (decrease) in net assets attributable to unitholders from operations	2,493	207
Increase (decrease) in net assets attributable to unitholders from operations per series		
Series E	2,493	207
Increase (decrease) in net assets attributable to unitholders from operations per unit		
Series E	1.56	1.04

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)
In thousands

	2018	2017
	Series E	
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	\$	
Beginning of period	4,199	–
Increase (decrease) in net assets from operations	2,493	207
Distributions paid to unitholders:		
Investment income	(224)	(97)
Capital gains	(16)	–
Management fee rebates	(12)	–
Total distributions paid to unitholders	(252)	(97)
Unit transactions:		
Proceeds from units issued	74,291	4,000
Reinvested distributions	16	89
Value of units redeemed	–	–
Total unit transactions	74,307	4,089
Total increase (decrease) in net assets	76,548	4,199
End of period	80,747	4,199
Increase (decrease) in units (note 7):	Units	
Units outstanding – beginning of period	200	–
Issued	3,300	200
Reinvested distributions	–	–
Redeemed	–	–
Units outstanding – end of period	3,500	200

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STATEMENTS OF CASH FLOWS

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

	2018	2017
	\$	\$
Cash flows from operating activities		
Net increase (decrease) in net assets attributable to unitholders from operations	2,493	207
Adjustments for:		
Net realized loss (gain) on investments	(1,171)	2
Change in net unrealized loss (gain) on investments	(998)	(196)
Purchase of investments	(101,341)	(6,384)
Proceeds from sale and maturity of investments	27,431	2,399
Change in dividends receivable	(186)	(8)
Change in due from manager	(35)	(6)
Change in due to manager	94	8
Net cash from operating activities	(73,713)	(3,978)
Cash flows from financing activities		
Proceeds from redeemable securities issued	74,291	4,000
Payments on redemption of redeemable securities	–	–
Distributions paid net of reinvestments	(236)	(8)
Net cash from financing activities	74,055	3,992
Net increase (decrease) in cash and cash equivalents	342	14
Cash and cash equivalents at beginning of period	6	–
Effect of exchange rate fluctuations on cash and cash equivalents	(1)	(8)
Cash and cash equivalents at end of period	347	6
Cash	347	6
Cash equivalents	–	–
Cash and cash equivalents at end of period	347	6
Supplementary disclosures on cash flow from operating activities:		
Dividends received	540	33
Foreign taxes paid	90	6
Interest received	–	–
Interest paid	–	–

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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					
1&1 Drillisch AG	Germany	Telecommunication Services	304	31	26
A.P. Moller - Maersk AS A	Denmark	Industrials	21	45	40
A.P. Moller - Maersk AS B	Denmark	Industrials	43	99	85
ABB Ltd.	Switzerland	Industrials	2,797	89	86
Abertis Infraestructuras SA	Spain	Industrials	3,890	102	112
ABN AMRO Group NV	Netherlands	Financials	3,119	120	121
Accor SA	France	Consumer Discretionary	690	48	48
Adidas AG	Germany	Consumer Discretionary	1,790	487	558
Admiral Group PLC	United Kingdom	Financials	3,567	118	119
Aegon NV	Netherlands	Financials	32,273	248	280
Aena SA	Spain	Industrials	472	114	122
Aeroports de Paris	France	Industrials	218	49	61
Ageas	Belgium	Financials	1,345	85	89
Aggreko PLC	United Kingdom	Industrials	12,260	171	163
AIB Group PLC	Ireland	Financials	103,833	863	805
Air France-KLM	France	Industrials	6,663	109	95
Akzo Nobel NV	Netherlands	Materials	1,912	220	233
Altice NV Class A	Netherlands	Consumer Discretionary	50,444	863	536
Amadeus IT Group SA	Spain	Information Technology	1,466	125	139
Amer Sports Oyj A	Finland	Consumer Discretionary	2,391	91	95
Ams AG	Austria	Information Technology	8,289	1,005	1,114
Andritz AG	Austria	Industrials	990	74	71
Anglo American PLC	United Kingdom	Materials	39,823	967	1,197
Anheuser-Busch InBev NV	Belgium	Consumer Staples	1,745	260	247
Antofagasta PLC	Chile	Materials	32,963	528	549
ArcelorMittal SA	Luxembourg	Materials	4,225	152	172
ASM International NV	Netherlands	Information Technology	282	23	26
ASML Holding NV	Netherlands	Information Technology	1,926	410	489
ASR Nederland NV	Netherlands	Financials	1,293	66	71
Assicurazioni Generali SPA	Italy	Financials	8,034	187	199
Associated British Foods PLC	United Kingdom	Consumer Staples	2,431	123	110
AstraZeneca PLC ADR	United Kingdom	Health Care	19,325	844	871
Atlantia SPA	Italy	Industrials	1,926	76	77
Aurubis AG	Germany	Materials	251	27	27
Auto Trader Group PLC	United Kingdom	Information Technology	6,048	38	38
AXA SA	France	Financials	237	9	8
Axel Springer SE	Germany	Consumer Discretionary	307	32	33
B&M European Value Retail SA	United Kingdom	Consumer Discretionary	5,633	37	40
Banco Bilbao Vizcaya Argentaria SA	Spain	Financials	8,317	90	85
Banco De Sabadell SA	Spain	Financials	39,094	101	103
Banco Santander SA	Spain	Financials	4,971	43	42
Bank of Ireland Group PLC	Ireland	Financials	20,702	226	233
Bankia SA	Spain	Financials	124,260	749	717
Bankinter SA	Spain	Financials	4,248	51	56
Barclays PLC	United Kingdom	Financials	49,980	186	187
Barratt Developments PLC	United Kingdom	Consumer Discretionary	7,083	74	68
Barry Callebaut AG	Switzerland	Consumer Staples	93	196	234
Bayer AG	Germany	Health Care	533	88	78



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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)					
Bayerische Motoren Werke (BMW) AG Pfd.	Germany	Consumer Discretionary	365	42	44
BE Semiconductor Industries NV	Netherlands	Information Technology	251	27	33
Beiersdorf AG	Germany	Consumer Staples	256	36	37
Bellway PLC	United Kingdom	Consumer Discretionary	810	46	45
The Berkeley Group Holdings PLC	United Kingdom	Consumer Discretionary	2,233	150	153
BHP Billiton PLC	Australia	Materials	13,982	334	355
BioMerieux SA	France	Health Care	197	21	21
BNP Paribas SA	France	Financials	212	20	20
Boliden AB	Sweden	Materials	1,756	75	79
Bpost SA	Belgium	Industrials	648	22	19
Brenntag AG	Germany	Industrials	1,023	77	78
The British Land Co. PLC	United Kingdom	Real Estate	6,153	71	71
BT Group PLC	United Kingdom	Telecommunication Services	81,145	339	334
BTG PLC	United Kingdom	Health Care	2,259	27	28
Bunzl PLC	United Kingdom	Industrials	1,825	68	69
Burberry Group PLC	United Kingdom	Consumer Discretionary	2,594	78	80
CaixaBank SA	Spain	Financials	24,084	145	148
Capital & Counties Properties PLC	United Kingdom	Real Estate	4,795	22	24
Cargotec Oyj Class B	Finland	Industrials	269	20	18
Carlsberg AS	Denmark	Consumer Staples	3,492	102	108
Carnival PLC ADR	United States	Consumer Discretionary	1,198	100	101
Carrefour SA	France	Consumer Staples	14,042	372	375
Casino Guichard-Perrashon SA	France	Consumer Staples	363	26	23
Castellum AB	Sweden	Real Estate	1,275	26	27
Cellnex Telecom SA	Spain	Telecommunication Services	1,012	31	35
Centrica PLC	United Kingdom	Utilities	122,320	314	315
Chr. Hansen Holding AS	Denmark	Materials	1,145	130	127
Cineworld Group PLC	United Kingdom	Consumer Discretionary	57,695	261	246
Clariant AG Reg.	Switzerland	Materials	1,594	50	49
Close Brothers Group PLC	United Kingdom	Financials	989	25	26
CNP Assurances SA	France	Financials	986	33	32
Cobham PLC	United Kingdom	Industrials	316,684	724	704
Coca-Cola HBC AG-DI	Switzerland	Consumer Staples	1,234	51	59
Coloplast AS	Denmark	Health Care	2,715	291	295
Colruyt SA	Belgium	Consumer Staples	7,545	510	537
Commerzbank AG	Germany	Financials	9,436	166	158
Compagnie Financiere Richemont SA	Switzerland	Consumer Discretionary	3,418	384	395
Compagnie Generale des Etablissements Michelin B	France	Consumer Discretionary	702	128	133
Compass Group PLC	United Kingdom	Consumer Discretionary	10,468	295	276
ConvaTec Group PLC	United Kingdom	Health Care	90,700	321	327
Covestro AG	Germany	Materials	1,020	123	129
Credit Agricole SA	France	Financials	8,154	179	171
Credit Suisse Group AG	Switzerland	Financials	15,434	368	332
CYBG PLC	United Kingdom	Financials	5,859	30	31
Danone SA	France	Consumer Staples	16,488	339	346
Danske Bank AS	Denmark	Financials	4,666	229	224
Dassault Systemes SA	France	Information Technology	874	118	153
Davide Campari Milano SPA	Italy	Consumer Staples	3,749	37	37



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	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
DCC PLC	United Kingdom	Industrials	569	70	68
Dechra Pharmaceuticals PLC	United Kingdom	Health Care	671	33	32
Derwent London PLC	United Kingdom	Real Estate	1,091	55	61
Deutsche Bank AG Reg.	Germany	Financials	12,100	263	217
Deutsche Boerse AG	Germany	Financials	1,220	181	214
Deutsche Lufthansa AG Reg.	Germany	Industrials	3,901	150	160
Deutsche Wohnen AG	Germany	Real Estate	9,484	506	570
Diageo PLC ADR	United Kingdom	Consumer Staples	2,376	404	415
Direct Line Insurance Group PLC	United Kingdom	Financials	10,288	66	71
Distribuidora Internacional de Alimentacion SA	Spain	Consumer Staples	51,309	320	280
DNB ASA	Norway	Financials	6,447	156	165
dorma+kaba Holding AG	Switzerland	Industrials	10	12	10
DS Smith PLC	United Kingdom	Materials	6,698	57	57
DSV AS	Denmark	Industrials	1,051	97	106
E.ON SE	Germany	Utilities	14,223	198	203
easyJet PLC	United Kingdom	Industrials	3,318	89	96
EDF SA (Electricite de France)	France	Utilities	4,385	70	82
Electrocomponents PLC	United Kingdom	Information Technology	9,700	105	105
Electrolux AB B	Sweden	Consumer Discretionary	1,628	71	66
Elekta AB B	Sweden	Health Care	16,240	213	223
Elis SA	France	Industrials	1,189	40	38
Elisa OYJ	Finland	Telecommunication Services	911	48	53
EMS-Chemie Holding AG	Switzerland	Materials	47	40	38
Enagas SA	Spain	Energy	1,485	54	52
Endesa SA	Spain	Utilities	2,096	61	59
Energias de Portugal SA	Portugal	Utilities	12,098	54	59
Engie SA	France	Utilities	6,716	146	144
Erste Group Bank AG	Austria	Financials	2,753	162	178
Essilor International SA	France	Health Care	1,371	225	238
Essity Aktiebolag Class B	Sweden	Consumer Staples	3,935	142	140
Eurofins Scientific	Luxembourg	Health Care	75	58	51
Euronext NV	Netherlands	Financials	350	28	33
Eutelsat Communications SA	France	Consumer Discretionary	16,380	522	418
Ferrovial SA	Spain	Industrials	1,293	36	35
Fiat Chrysler Automobiles NV	United Kingdom	Consumer Discretionary	2,898	64	76
Fonciere des Regions	France	Real Estate	356	48	51
Fortum OYJ	Finland	Utilities	2,740	69	76
Fraport AG	Germany	Industrials	246	31	31
Freenet AG	Germany	Telecommunication Services	761	35	30
Fresenius Medical Care AG & Co.	Germany	Health Care	713	90	94
Fresenius SE & Co. KGaA	Germany	Health Care	1,239	127	122
Fresnillo PLC	Mexico	Materials	24,403	597	560
Galapagos NV-SPON ADR	Belgium	Health Care	449	59	58
Galp Energia SGPS SA	Portugal	Energy	3,250	73	79
Gas Natural SDG SA	Spain	Utilities	2,085	61	64
GEA Group AG	Germany	Industrials	1,173	69	64
Geberit AG	Switzerland	Industrials	231	135	131
Gecina SA	France	Real Estate	343	73	77
Genmab AS	Denmark	Health Care	1,293	345	357



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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)					
Georg Fischer AG	Switzerland	Industrials	27	43	46
Givaudan SA	Switzerland	Materials	52	144	152
Gjensidige Forsikring ASA	Norway	Financials	1,644	38	39
Glanbia PLC	Ireland	Consumer Staples	26,753	640	594
GlaxoSmithKline PLC ADR	United Kingdom	Health Care	15,883	800	800
Glencore PLC	Switzerland	Materials	81,495	490	521
Groupe Eurotunnel SA	France	Industrials	6,271	115	115
GVC Holdings PLC	Isle of Man	Consumer Discretionary	1,964	32	33
H. Lundbeck AS	Denmark	Health Care	8,153	579	586
Hammerson PLC	United Kingdom	Real Estate	4,926	45	48
Hannover Rueckversicherung SE Reg.	Germany	Financials	397	63	70
Hargreaves Lansdown PLC	United Kingdom	Financials	1,726	46	51
Hays PLC	United Kingdom	Industrials	8,885	28	30
Heineken Holding NV A	Netherlands	Consumer Staples	469	57	62
Heineken NV	Netherlands	Consumer Staples	2,492	162	173
Helvetia Holding AG	Switzerland	Financials	40	29	31
Henkel AG & Co. KGaA Pfd.	Germany	Consumer Staples	479	84	81
Henkel AG & Co. KGaA	Germany	Consumer Staples	495	78	80
Hennes & Mauritz AB B	Sweden	Consumer Discretionary	19,284	490	372
Hermes International	France	Consumer Discretionary	211	142	161
Hexagon AB B	Sweden	Information Technology	1,632	104	125
Hiscox Ltd.	United Kingdom	Financials	2,977	72	78
HomeServe PLC	United Kingdom	Industrials	4,684	62	63
Howden Joinery Group PLC	United Kingdom	Industrials	13,597	113	113
HSBC Holdings PLC	United Kingdom	Financials	21,965	282	264
Hugo Boss AG	Germany	Consumer Discretionary	2,835	306	318
Huhtamaki Oyj	Finland	Materials	578	31	33
Iberdrola SA	Spain	Utilities	41,416	409	392
ICA Gruppen AB	Sweden	Consumer Staples	501	23	23
ICADE	France	Real Estate	298	34	37
IG Group Holdings PLC	United Kingdom	Financials	48,637	553	702
Iliad SA	France	Telecommunication Services	1,873	592	499
IMCD Group NV	Netherlands	Industrials	293	23	23
Inchcape PLC	United Kingdom	Consumer Discretionary	2,699	36	34
Indivior PLC	United Kingdom	Health Care	95,363	592	703
Industria de Diseno Textil SA (Inditex)	Spain	Consumer Discretionary	621	26	25
Infineon Technologies AG	Germany	Information Technology	832	27	29
Informa PLC	United Kingdom	Consumer Discretionary	5,450	70	71
ING Groep NV	Netherlands	Financials	1,307	30	28
Ingenico SA	France	Information Technology	4,273	520	446
Inmarsat PLC	United Kingdom	Telecommunication Services	39,035	345	256
Inmobiliaria Colonial SOCIMI SA	Spain	Real Estate	2,027	29	30
Innogy SE	Germany	Utilities	1,569	87	96
Intermediate Capital Group PLC	United Kingdom	Financials	1,844	31	33
International Consolidated Airlines Group SA	United Kingdom	Industrials	6,540	75	73
Intesa Sanpaolo SPA	Italy	Financials	34,201	156	160
Intesa Sanpaolo SPA (RSP share)	Italy	Financials	6,175	32	30
Investec PLC	South Africa	Financials	4,238	46	42
Ipsen SA	France	Health Care	2,815	466	563



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EQUITIES (cont'd)					
ISS AS	Denmark	Industrials	1,215	61	58
ITV PLC	United Kingdom	Consumer Discretionary	23,969	67	62
J Sainsbury PLC	United Kingdom	Consumer Staples	13,877	57	60
JCDecaux SA	France	Consumer Discretionary	494	25	22
Jeronimo Martins SGPS SA	Portugal	Consumer Staples	8,424	207	198
John Wood Group PLC	United Kingdom	Energy	20,126	227	197
Johnson Matthey PLC	United Kingdom	Materials	1,281	68	70
Just Eat PLC	United Kingdom	Information Technology	22,580	277	285
Jyske Bank AS	Denmark	Financials	692	52	53
K+S AG	Germany	Materials	13,557	438	504
Kazakhmys PLC	Kazakhstan	Materials	11,973	186	186
KBC Groep NV	Belgium	Financials	1,222	134	137
Kering	France	Consumer Discretionary	147	80	91
Kerry Group PLC A	Ireland	Consumer Staples	8,643	1,085	1,130
Kesko OYJ	Finland	Consumer Staples	6,859	469	506
Kingfisher PLC	United Kingdom	Consumer Discretionary	46,580	269	246
Kingspan Group PLC	Ireland	Industrials	1,855	101	101
Klepierre	France	Real Estate	1,641	86	85
Kone OYJ B	Finland	Industrials	2,314	155	149
Koninklijke (Royal) KPN NV	Netherlands	Telecommunication Services	70,798	307	274
Koninklijke Ahold Delhaize NV	Netherlands	Consumer Staples	15,044	407	459
Koninklijke Boskalis Westminster NV	Netherlands	Industrials	570	26	22
Koninklijke DSM NV	Netherlands	Materials	2,584	71	83
Koninklijke Philips NV	Netherlands	Health Care	607	30	30
Koninklijke Vopak NV	Netherlands	Energy	432	25	27
Kuehne + Nagel International AG	Switzerland	Industrials	281	62	57
LafargeHolcim Ltd.	Switzerland	Materials	185	14	13
Lagardere SCA	France	Consumer Discretionary	526	21	19
Land Securities Group PLC	United Kingdom	Real Estate	4,588	77	78
LEG Immobilien GmbH	Germany	Real Estate	881	116	128
Lindt & Sprungli AG-PC	Switzerland	Consumer Staples	104	780	830
Lloyds Banking Group PLC	United Kingdom	Financials	213,186	250	249
Logitech International SA Reg.	Switzerland	Information Technology	6,353	290	299
Lonza Group AG	Switzerland	Health Care	166	53	50
L'Oréal SA	France	Consumer Staples	374	104	109
Lundin Petroleum AB	Sweden	Energy	7,275	207	235
MAN SE	Germany	Industrials	227	32	34
Mapfre SA	Spain	Financials	6,403	26	27
Marine Harvest ASA	Norway	Consumer Staples	14,438	372	373
Marks & Spencer Group PLC	United Kingdom	Consumer Discretionary	11,354	63	55
Mediclinic International PLC	South Africa	Health Care	50,872	565	553
Mediobanca SPA	Italy	Financials	5,568	78	84
Melrose Industries PLC	United Kingdom	Industrials	116,863	441	488
Merck KGaA	Germany	Health Care	856	119	106
Merlin Properties Socimi SA	Spain	Real Estate	3,099	53	61
Metro Bank PLC	United Kingdom	Financials	1,601	109	102
Metro Wholesale & Food Specialist	Germany	Consumer Staples	11,779	293	269
Micro Focus International PLC	United Kingdom	Information Technology	5,954	221	106



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STRATEGIC BETA INDEX ETF

SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Moncler SPA	Italy	Consumer Discretionary	1,063	39	52
Muenchener Rueckversicherungs - Gesellschaft AG (MunichRe)	Germany	Financials	908	253	272
National Grid PLC ADR	United Kingdom	Utilities	4,116	324	299
Natixis	France	Financials	6,016	60	64
Neste Oil OYJ	Finland	Energy	13,221	881	1,188
Nestlé SA Reg.	Switzerland	Consumer Staples	11,247	1,181	1,146
Next PLC	United Kingdom	Consumer Discretionary	3,657	298	315
NMC Health PLC	United Arab Emirates	Health Care	766	39	47
NN Group NV	Netherlands	Financials	2,027	107	116
Nokia OYJ	Finland	Information Technology	47,858	360	340
Nokian Renkaat OYJ	Finland	Consumer Discretionary	2,410	135	141
Nordea Bank AB	Sweden	Financials	12,548	191	172
Norsk Hydro ASA ADR	Norway	Materials	10,336	90	79
Novartis AG Reg.	Switzerland	Health Care	9,246	990	962
Novo Nordisk AS B ADR	Denmark	Health Care	18,149	1,139	1,153
Novozymes AS	Denmark	Materials	15,771	1,029	1,048
Ocado Group PLC	United Kingdom	Consumer Discretionary	21,514	230	207
OMV AG	Austria	Energy	1,479	110	111
Orange SA	France	Telecommunication Services	11,923	254	263
Orion OYJ	Finland	Health Care	9,605	464	379
Orkla ASA	Norway	Consumer Staples	5,124	68	71
Orsted A/S	Denmark	Utilities	1,100	80	92
Osram Licht AG	Germany	Industrials	5,549	559	526
Paddy Power Betfair PLC	Ireland	Consumer Discretionary	4,309	598	569
Pandora AS	Denmark	Consumer Discretionary	8,422	1,093	1,165
Partners Group Holding AG	Switzerland	Financials	598	508	572
Pearson PLC	United Kingdom	Consumer Discretionary	83,559	1,187	1,133
Pennon Group PLC	United Kingdom	Utilities	2,780	37	32
Pernod Ricard SA	France	Consumer Staples	1,164	218	250
Persimmon PLC	United Kingdom	Consumer Discretionary	2,039	91	93
Philips Lighting NV	Netherlands	Industrials	2,639	129	128
Phoenix Group Holdings	United Kingdom	Financials	2,597	33	36
Playtech PLC	United Kingdom	Consumer Discretionary	8,175	116	108
Porsche Automobil Holding SE Pfd.	Germany	Consumer Discretionary	270	29	29
Poste Italiane SPA	Italy	Financials	15,157	145	178
ProSiebenSat.1 Media SE	Germany	Consumer Discretionary	1,516	70	68
Proximus SA	Belgium	Telecommunication Services	680	29	27
PSA Peugeot Citroen	France	Consumer Discretionary	2,103	64	65
PSP Swiss Property AG Reg.	Switzerland	Real Estate	265	31	33
Publicis Groupe SA	France	Consumer Discretionary	1,370	119	123
Qiagen NV	United States	Health Care	1,137	48	47
Raiffeisen International Bank-Holding AG	Austria	Financials	897	38	45
Randgold Resources Ltd. ADR	Jersey	Materials	11,195	1,337	1,202
Reckitt Benckiser Group PLC	United Kingdom	Consumer Staples	4,371	455	477
Red Electrica Corporacion SA	Spain	Utilities	2,840	78	75
RELX NV	United Kingdom	Industrials	5,389	147	144
RELX PLC	United Kingdom	Industrials	1,123	32	30
Rentokil Initial PLC	United Kingdom	Industrials	2,280	12	11
Rexel SA	France	Industrials	1,898	43	41



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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)					
Rightmove PLC	United Kingdom	Information Technology	600	43	47
Roche Holding AG Genusscheine	Switzerland	Health Care	3,468	1,048	1,023
Roche Holding AG	Switzerland	Health Care	175	55	52
The Royal Bank of Scotland Group PLC	United Kingdom	Financials	23,368	110	109
Royal Mail PLC	United Kingdom	Industrials	27,527	215	269
RPC Group PLC	United Kingdom	Materials	18,369	274	257
RSA Insurance Group PLC	United Kingdom	Financials	6,773	73	77
RTL Group SA	Luxembourg	Consumer Discretionary	247	25	26
Rubis SCA	France	Utilities	562	46	52
RWE AG	Germany	Utilities	12,199	345	388
Saab AB Class B	Sweden	Industrials	419	25	24
Sampo OYJ A	Finland	Financials	495	34	36
Sanofi-Aventis ADR	France	Health Care	6,190	369	320
SBM Offshore NV	Netherlands	Energy	16,445	363	339
SCOR SE	France	Financials	1,094	60	58
SEB SA	France	Consumer Discretionary	1,321	316	325
Segro PLC	United Kingdom	Real Estate	6,482	65	70
SES SA	Luxembourg	Consumer Discretionary	34,857	792	607
Severn Trent PLC	United Kingdom	Utilities	1,563	57	52
SGS SA Reg.*	Switzerland	Industrials	23	71	73
Shire PLC ADR	United States	Health Care	2,008	395	387
Siemens Gamesa Renewable Energy SA	Spain	Industrials	16,751	320	346
Sika AG	Switzerland	Materials	93	876	937
Siltronic AG	Germany	Information Technology	558	105	123
Skanska AB	Sweden	Industrials	2,011	55	53
Smurfit Kappa Group PLC	Ireland	Materials	1,553	63	81
Snam SPA	Italy	Energy	13,132	80	78
Societe BIC SA	France	Industrials	3,329	473	427
Societe Generale	France	Financials	2,051	144	144
Sodexo SA	France	Consumer Discretionary	2,887	93	75
Sonova Holding AG	Switzerland	Health Care	192	40	39
Spie SA	France	Industrials	997	34	28
Spirax-Sarco Engineering PLC	United Kingdom	Industrials	313	31	33
SSE PLC	United Kingdom	Utilities	6,521	148	150
SSP Group PLC	United Kingdom	Consumer Discretionary	3,022	30	33
Standard Chartered PLC	United Kingdom	Financials	11,341	154	146
Standard Life Aberdeen PLC	United Kingdom	Financials	5,831	40	38
Statoil ASA ADR	Norway	Energy	6,606	170	201
Storebrand ASA	Norway	Financials	2,706	28	28
Straumann Holding AG	Switzerland	Health Care	67	55	54
Subsea 7 SA	United Kingdom	Energy	1,705	34	28
Suez Environnement SA	France	Utilities	3,808	79	71
Svenska Cellulosa AB (SCA) B	Sweden	Materials	3,957	46	54
Svenska Handelsbanken AB A	Sweden	Financials	7,714	139	124
The Swatch Group AG Reg.	Switzerland	Consumer Discretionary	207	20	22
The Swatch Group AG	Switzerland	Consumer Discretionary	197	101	112
Swiss Life Holding AG Reg.	Switzerland	Financials	77	34	35
Swiss Prime Site AG	Switzerland	Real Estate	453	52	56
Swiss Re Ltd.	Switzerland	Financials	2,075	276	272



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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)					
Swisscom AG Reg.	Switzerland	Telecommunication Services	151	105	96
Symrise AG	Germany	Materials	761	76	79
Tate & Lyle PLC	United Kingdom	Consumer Staples	52,407	596	516
Taylor Wimpey PLC	United Kingdom	Consumer Discretionary	21,661	72	72
TechnipFMC PLC	United Kingdom	Energy	6,979	254	261
Telecom Italia SPA RNC	Italy	Telecommunication Services	76,560	100	94
Telecom Italia SPA RNC (RSP Share)	Italy	Telecommunication Services	39,918	45	43
Telefonaktiebolaget LM Ericsson B	Sweden	Information Technology	37,616	335	306
Telefonica Deutschland Holding AG	Germany	Telecommunication Services	48,456	313	293
Telenet Group Holding NV	Belgium	Consumer Discretionary	328	28	28
Telenor ASA ADR	Norway	Telecommunication Services	4,504	121	132
Teleperformance	France	Industrials	375	69	75
TeliaSonera AB	Sweden	Telecommunication Services	7,703	45	46
Temenos Group AG	Switzerland	Information Technology	387	54	60
Tenaris SA	Luxembourg	Energy	9,513	179	210
Terna SPA	Italy	Utilities	6,977	51	53
Tesco PLC	United Kingdom	Consumer Staples	130,692	501	487
ThyssenKrupp AG	Germany	Materials	938	33	32
TP ICAP PLC	United Kingdom	Financials	3,667	32	30
Travis Perkins PLC	United Kingdom	Industrials	3,433	82	77
TUI AG	Germany	Consumer Discretionary	2,486	60	69
Tullow Oil PLC	United Kingdom	Energy	182,571	591	647
UBI Banca - Unione di Banche Italiane SCPA	Italy	Financials	67,462	406	397
Ubisoft Entertainment SA	France	Information Technology	389	41	42
UBS Group AG	Switzerland	Financials	6,212	138	140
UCB SA	Belgium	Health Care	7,706	737	809
Umicore SA*	Belgium	Materials	1,333	77	91
Unibail-Rodamco	France	Real Estate	658	208	194
UniCredit SPA	Italy	Financials	16,610	424	447
Unilever NV CVA	United Kingdom	Consumer Staples	8,344	605	607
Unilever PLC	United Kingdom	Consumer Staples	7,618	545	545
United Internet AG	Germany	Information Technology	802	64	65
United Utilities Group PLC	United Kingdom	Utilities	4,513	57	58
UPM-Kymmene OYJ	Finland	Materials	2,425	96	116
VAT Group AG	Switzerland	Industrials	178	33	38
Veolia Environnement ADR	France	Utilities	3,111	93	95
Vestas Wind Systems AS	Denmark	Industrials	4,118	410	376
Vifor Pharma AG	Switzerland	Health Care	4,081	650	809
Vinci SA	France	Industrials	650	79	82
Vivendi SA	France	Consumer Discretionary	5,534	179	184
Vodafone Group PLC	United Kingdom	Telecommunication Services	93,853	346	330
Voestalpine AG	Austria	Materials	735	49	50
Volkswagen AG Pfd.	Germany	Consumer Discretionary	1,212	289	310
Volkswagen AG	Germany	Consumer Discretionary	211	49	54
Vonovia SE	Germany	Real Estate	5,779	326	369
Wartsila OYJ	Finland	Industrials	3,362	94	96
Whitbread PLC	United Kingdom	Consumer Discretionary	1,214	79	81
William Demant Holding AS	Denmark	Health Care	630	31	30



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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)					
William Hill PLC	United Kingdom	Consumer Discretionary	60,949	311	364
William Morrison Supermarkets PLC	United Kingdom	Consumer Staples	14,673	56	57
Wirecard AG	Germany	Information Technology	5,775	703	878
Wolters Kluwer NV	Netherlands	Industrials	1,273	78	88
WPP PLC	United Kingdom	Consumer Discretionary	5,969	131	122
Yara International ASA	Norway	Materials	1,061	60	58
Zalando SE	Germany	Consumer Discretionary	10,982	713	771
Zurich Insurance Group AG	Switzerland	Financials	490	212	207
Total equities				79,443	80,452
EXCHANGE-TRADED FUNDS/NOTES					
Vanguard FTSE Europe ETF	Multi-Country Index Funds	Exchange-Traded Funds/Notes	1,404	105	105
Total exchange-traded funds/notes				105	105
Transaction costs				(189)	—
Total investments				79,359	80,557
Cash and cash equivalents					347
Other assets less liabilities					(157)
Total net assets					80,747

* Related to Mackenzie. See Note 1.



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MACKENZIE MAXIMUM DIVERSIFICATION DEVELOPED EUROPE INDEX ETF

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STRATEGIC BETA INDEX ETF

SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2018	
Portfolio Allocation	% of NAV
Equities	99.7
Cash and short-term investments	0.4
Exchange-traded funds/notes	0.1
Other assets (liabilities)	(0.2)

Regional Allocation	
Regional Allocation	% of NAV
United Kingdom	25.1
Switzerland	12.5
Germany	11.0
France	9.5
Denmark	7.3
Other	6.9
Netherlands	4.5
Ireland	4.4
Finland	4.0
Spain	3.7
Sweden	2.6
Belgium	2.5
Italy	2.4
Austria	1.9
Jersey	1.5
Cash and short-term investments	0.4
Other assets (liabilities)	(0.2)

Sector Allocation	
Sector Allocation	% of NAV
Health care	15.3
Consumer discretionary	15.1
Consumer staples	14.9
Financials	13.7
Materials	11.4
Industrials	8.5
Information technology	6.6
Energy	4.5
Utilities	3.6
Telecommunication services	3.5
Real estate	2.6
Cash and short-term investments	0.4
Exchange-traded funds/notes	0.1
Other assets (liabilities)	(0.2)

March 31, 2017	
Portfolio Allocation	% of NAV
Equities	99.8
Other assets (liabilities)	0.1
Cash and short-term investments	0.1

Regional Allocation	
Regional Allocation	% of NAV
United Kingdom	17.9
Switzerland	16.5
Germany	12.3
France	12.0
Denmark	7.7
Netherlands	6.1
Ireland	4.7
Other	4.4
Spain	3.9
Finland	3.8
Sweden	3.5
Italy	2.2
Belgium	2.0
Jersey	1.4
United States	1.4
Other assets (liabilities)	0.1
Cash and short-term investments	0.1

Sector Allocation	
Sector Allocation	% of NAV
Health care	17.3
Consumer staples	15.2
Consumer discretionary	13.0
Industrials	13.0
Materials	10.5
Financials	8.0
Information technology	7.9
Telecommunication services	4.8
Energy	4.8
Utilities	3.4
Real estate	1.9
Other assets (liabilities)	0.1
Cash and short-term investments	0.1



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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.

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(a) Financial instruments (cont'd)

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

(b) Fair value measurement

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

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

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

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

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

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

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

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

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

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

(c) Income recognition

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



NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(d) Commissions and other portfolio transaction costs

Commissions and other portfolio transaction costs are costs incurred to acquire, issue or dispose of financial assets or liabilities. They include fees and commissions paid to agents, advisers, brokers and dealers. Commissions may be paid to brokerage firms which provide (or pay for) certain services, other than order execution, which may include investment research, analysis and reports, and databases or software in support of these services. Where applicable and ascertainable, the value of third-party services that were paid for by brokers during the periods is disclosed in Note 10. The value of certain proprietary services provided by brokers cannot be reasonably estimated. Mackenzie may reimburse the ETF for certain commissions and other portfolio transaction costs. Mackenzie may make these reimbursements at its discretion and stop these reimbursements at any time without notice. Any such reimbursements are included in expenses absorbed by Manager in the Statement of Comprehensive Income.

(e) Securities lending, repurchase and reverse repurchase transactions

The ETF is permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in the ETF's Prospectus. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities on a future date. Securities lending transactions are administered by Canadian Imperial Bank of Commerce (the "Securities Lending Agent"). The value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned, sold or purchased. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is included in the Statement of Comprehensive Income – Securities lending income and recognized when earned.

Note 10 summarizes the details of securities loaned and collateral received, as well as a reconciliation of securities lending income, if applicable.

(f) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the ETF enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. Note 10 summarizes the details of such offsetting, if applicable.

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

(g) Foreign currency

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

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

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

(h) Net assets attributable to unitholders per unit

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

(i) Net asset value per unit

The daily Net Asset Value ("NAV") of an investment fund may be calculated without reference to IFRS as per the Canadian Securities Administrators' ("CSA") regulations. The difference between NAV and Net assets attributable to unitholders (as reported in the financial statements), if any, is mainly due to differences in fair value of investments and other financial assets and liabilities. Refer to Note 10 for the ETF's NAV per unit.

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

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



NOTES TO FINANCIAL STATEMENTS

4. Critical Accounting Estimates and Judgments

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

Use of Estimates

Fair value of securities not quoted in an active market

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

Use of Judgments

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

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

Functional currency

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

Structured entities and associates

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

5. Income Taxes

The ETF qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its income including net realized capital gains in the taxation year, which is not paid or payable to its unitholders as at the end of the taxation year. It is the intention of the ETF to distribute all of its net income and sufficient net realized capital gains so that the ETF will not be subject to income taxes other than foreign withholding taxes, if applicable.

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

6. Management Fees and Operating Expenses

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

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



NOTES TO FINANCIAL STATEMENTS

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

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

7. Units and Unit Transactions

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

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

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

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

8. ETF's Capital

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

9. Financial Instruments Risk

i. Risk exposure and management

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

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

ii. Liquidity risk

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

NOTES TO FINANCIAL STATEMENTS

9. Financial Instruments Risk (cont'd)

iii. Currency risk

Currency risk arises when the fair value of financial instruments that are denominated in a currency other than the Canadian dollar, which is the ETF's reporting currency, fluctuates due to changes in exchange rates. Note 10 summarizes the ETF's exposure, if applicable and significant, to currency risk.

iv. Interest rate risk

Interest rate risk arises when the fair value of interest-bearing financial instruments fluctuates due to changes in the prevailing levels of market interest rates. Cash and cash equivalents do not expose the ETF to significant amounts of interest rate risk. Note 10 summarizes the ETF's exposure, if applicable and significant, to interest rate risk.

v. Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategies. Except for certain derivative contracts, the maximum risk resulting from financial instruments is equivalent to their fair value. The maximum risk of loss on certain derivative contracts such as forwards, swaps, and futures contracts is equal to their notional values. In the case of written call (put) options and short futures contracts, the loss to the ETF continues to increase, without limit, as the fair value of the underlying interest increases (decreases). However, these instruments are generally used within the overall investment management process to manage the risk from the underlying investments and do not typically increase the overall risk of loss to the ETF. This risk is mitigated by ensuring that the ETF holds a combination of the underlying interest, cash cover and/or margin that is equal to or greater than the value of the derivative contract. Note 10 summarizes the ETF's exposure, if applicable and significant, to other price risk.

vi. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the ETF. Note 10 summarizes the ETF's exposure, if applicable and significant, to credit risk.

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

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

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

vii. Underlying ETFs

The ETF may invest in underlying ETFs and may be indirectly exposed to currency risk, interest rate risk, other price risk and credit risk from fluctuations in the value of financial instruments held by the underlying ETFs. Note 10 summarizes the ETF's exposure, if applicable and significant, to these risks from underlying ETF.



MACKENZIE MAXIMUM DIVERSIFICATION DEVELOPED EUROPE INDEX ETF

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STRATEGIC BETA INDEX ETF

NOTES TO FINANCIAL STATEMENTS

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

(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 MEU on September 7, 2016. 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 \$23.16 (2017 – \$20.90).

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 \$23.16 (2017 – \$20.90) and its Net Assets per unit calculated in accordance with IFRS was \$23.07 (2017 – \$21.00).

(b) Investments by Mackenzie and Affiliates

As at March 31, 2018, other funds managed by Mackenzie had an investment of \$4,675 (2017 – \$400) 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	5,072	–
Value of collateral received	5,364	–

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	9	100.0	–	–
Tax withheld	–	–	–	–
	9	100.0	–	–
Payments to Securities Lending Agent	(2)	(22.2)	–	–
Securities lending income	7	77.8	–	–

(e) Offsetting of Financial Assets and Liabilities

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

(f) Risks Associated with Financial Instruments

i. Risk exposure and management

The ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the TOBAM Maximum Diversification Developed Europe Index, or any successor thereto. It invests primarily in equity securities of developed European markets.

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STRATEGIC BETA INDEX ETF

NOTES TO FINANCIAL STATEMENTS

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

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

ii. Currency risk

The table below indicates currencies to which the 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.

March 31, 2018				
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
Euro	34,343	36	–	34,379
British pound	20,281	21	–	20,302
Swiss franc	10,605	3	–	10,608
U.S. dollar	8,091	4	–	8,095
Danish krone	4,642	166	–	4,808
Swedish krona	2,069	1	–	2,070
Norwegian krone	526	19	–	545
Total	80,557	250	–	80,807
% of Net Assets	99.8	0.3	–	100.1

March 31, 2017				
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
Columbian peso	1,821	1	–	1,822
Turkish lira	1,068	3	–	1,071
Taiwanese dollar	517	–	–	517
South African rand	435	1	–	436
Chilean peso	248	–	–	248
Singapore dollar	96	–	–	96
Malaysian ringgit	2	–	–	2
Total	4,187	5	–	4,192
% of Net Assets	99.7	0.1	–	99.8

* Includes both monetary and non-monetary financial instruments

As at March 31, 2018, had the Canadian dollar increased or decreased by 5% relative to all foreign currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$4,040 or 5.0% of total net assets (2017 – \$210 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 \$8,056 or 10.0% of total net assets (2017 – \$419 or 10.0%). In practice, the actual trading results may differ and the difference could be material.

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NOTES TO FINANCIAL STATEMENTS

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

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

v. Credit risk

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

(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	80,452	–	–	80,452	4,187	–	–	4,187
Exchange-traded funds/notes	105	–	–	105	–	–	–	–
Total	80,557	–	–	80,557	4,187	–	–	4,187

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

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



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