

MACKENZIE CANADIAN RESOURCE FUND

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

SECTOR FUND

MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by Mackenzie Financial Corporation, as Manager of Mackenzie Canadian Resource Fund (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 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 Canadian Resource Fund (the "Fund")

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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STATEMENTS OF FINANCIAL POSITION

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

	2018	2017		2018	2017
	\$	\$		\$	\$
ASSETS			Net assets attributable to securityholders		
Current assets			per security (note 3)		
Investments at fair value	666,726	832,157	Series A	20.26	22.32
Cash and cash equivalents	5,367	–	Series D	8.51	9.30
Accrued interest receivable	1,032	2,011	Series F	13.28	14.50
Dividends receivable	713	811	Series FB	11.61	12.68
Accounts receivable for investments sold	4,082	17,374	Series G	9.11	9.98
Accounts receivable for securities issued	116	294	Series I	12.43	13.61
Due from manager	6	–	Series J	7.46	8.21
Margin on futures contracts	11	11	Series O	25.91	28.25
Total assets	678,053	852,658	Series PW	8.22	9.03
			Series PWF	7.54	8.23
			Series PWFB	9.08	–
			Series PWX	8.83	9.64
			Series R	7.63	8.32
			Series S	19.14	20.87
			Quadrus Series	14.85	16.39
			H Series	17.56	19.18
			L Series	8.17	8.97
			N Series	8.71	9.50
			QF Series	9.25	10.10
			Series LB	7.34	8.10
			Series LW	9.67	–
LIABILITIES					
Current liabilities					
Bank indebtedness	–	1,089			
Accounts payable for investments purchased	1,772	8,569			
Accounts payable for securities redeemed	1,186	879			
Due to manager	25	–			
Total liabilities	2,983	10,537			
Net assets attributable to securityholders	675,070	842,121			
Net assets attributable to securityholders					
per series (note 3)					
Series A	102,893	159,045			
Series D	865	920			
Series F	5,210	6,812			
Series FB	68	107			
Series G	166	234			
Series I	352	425			
Series J	42	82			
Series O	7,668	8,105			
Series PW	13,426	2,041			
Series PWF	2,078	596			
Series PWFB	93	–			
Series PWX	894	926			
Series R	39,922	36,667			
Series S	435,619	543,805			
Quadrus Series	46,301	60,894			
H Series	2,275	2,703			
L Series	11,248	13,008			
N Series	4,174	3,757			
QF Series	804	620			
Series LB	724	1,374			
Series LW	248	–			

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



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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
	\$	\$		\$	\$
Income			Increase (decrease) in net assets attributable to securityholders from operations per security		
Dividends	7,666	8,480	Series A	(2.16)	4.96
Interest income	1,197	5,129	Series D	(0.85)	1.58
Other changes in fair value of investments			Series F	(1.13)	3.13
Net realized gain (loss)	30,466	110,300	Series FB	(1.63)	2.37
Net unrealized gain (loss)	(93,430)	108,277	Series G	(0.98)	2.29
Securities lending income	–	366	Series I	(1.15)	2.96
Total income (loss)	(54,101)	232,552	Series J	(0.71)	1.75
			Series O	(2.35)	5.89
Expenses (note 6)			Series PW	(0.89)	1.85
Management fees	4,554	5,722	Series PWF	(0.72)	1.69
Management fee rebates	(33)	(1)	Series PWFB	(0.82)	–
Administration fees	752	956	Series PWX	(0.68)	1.89
Interest charges	50	39	Series R	(0.42)	2.13
Commissions and other portfolio transaction costs	1,064	2,549	Series S	(1.48)	5.16
Independent Review Committee fees	3	4	Quadrus Series	(1.59)	3.73
Other	5	4	H Series	(1.66)	3.86
Expenses before amounts absorbed by Manager	6,395	9,273	L Series	(0.78)	1.99
Expenses absorbed by Manager	–	–	N Series	(0.54)	2.23
Net expenses	6,395	9,273	QF Series	(0.63)	0.13
Increase (decrease) in net assets attributable to securityholders from operations before tax	(60,496)	223,279	Series LB	(0.84)	1.43
Foreign withholding taxes	554	622	Series LW	0.03	–
Foreign income taxes paid (recovered)	–	–			
Increase (decrease) in net assets attributable to securityholders from operations	(61,050)	222,657			
Increase (decrease) in net assets attributable to securityholders from operations per series					
Series A	(12,625)	38,207			
Series D	(81)	126			
Series F	(448)	1,352			
Series FB	(7)	8			
Series G	(21)	59			
Series I	(33)	92			
Series J	(4)	18			
Series O	(664)	1,325			
Series PW	(1,459)	448			
Series PWF	(160)	102			
Series PWFB	(7)	–			
Series PWX	(66)	152			
Series R	(2,055)	9,727			
Series S	(36,189)	151,159			
Quadrus Series	(5,472)	15,226			
H Series	(224)	507			
L Series	(1,119)	3,092			
N Series	(245)	858			
QF Series	(47)	5			
Series LB	(125)	194			
Series LW	1	–			

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	2018	2017	2018	2017	2018	2017	2018	2017
	Series A		Series D		Series F		Series FB		Series G	
	\$		\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	159,045	143,185	920	425	6,812	4,863	107	23	234	218
Increase (decrease) in net assets from operations	(12,625)	38,207	(81)	126	(448)	1,352	(7)	8	(21)	59
Distributions paid to securityholders:										
Investment income	–	(1,525)	–	(8)	(13)	(80)	–	(1)	–	(3)
Capital gains	–	–	–	–	–	–	–	–	–	–
Management fee rebates	–	–	–	–	–	–	–	–	–	–
Total distributions paid to securityholders	–	(1,525)	–	(8)	(13)	(80)	–	(1)	–	(3)
Security transactions:										
Proceeds from securities issued	9,838	43,703	250	763	1,174	2,105	127	76	–	4
Reinvested distributions	–	1,509	–	8	12	75	–	1	–	3
Value of securities redeemed	(53,365)	(66,034)	(224)	(394)	(2,327)	(1,503)	(159)	–	(47)	(47)
Total security transactions	(43,527)	(20,822)	26	377	(1,141)	677	(32)	77	(47)	(40)
Total increase (decrease) in net assets	(56,152)	15,860	(55)	495	(1,602)	1,949	(39)	84	(68)	16
End of period	102,893	159,045	865	920	5,210	6,812	68	107	166	234
Increase (decrease) in fund securities (note 7):										
Securities outstanding – beginning of period	7,125	8,054	99	58	470	425	8	2	23	28
Issued	473	1,889	28	81	86	145	11	6	–	–
Reinvested distributions	–	63	–	1	1	5	–	–	–	–
Redeemed	(2,518)	(2,881)	(25)	(41)	(165)	(105)	(13)	–	(5)	(5)
Securities outstanding – end of period	5,080	7,125	102	99	392	470	6	8	18	23
	Series I		Series J		Series O		Series PW		Series PWF	
	\$		\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	425	333	82	68	8,105	4,785	2,041	1,483	596	369
Increase (decrease) in net assets from operations	(33)	92	(4)	18	(664)	1,325	(1,459)	448	(160)	102
Distributions paid to securityholders:										
Investment income	–	(5)	–	(1)	(106)	(99)	–	(21)	(8)	(7)
Capital gains	–	–	–	–	–	–	–	–	–	–
Management fee rebates	–	–	–	–	–	–	(6)	(1)	–	–
Total distributions paid to securityholders	–	(5)	–	(1)	(106)	(99)	(6)	(22)	(8)	(7)
Security transactions:										
Proceeds from securities issued	–	–	–	–	3,102	3,326	17,497	1,133	1,835	143
Reinvested distributions	–	5	–	1	106	99	5	22	8	7
Value of securities redeemed	(40)	–	(36)	(4)	(2,875)	(1,331)	(4,652)	(1,023)	(193)	(18)
Total security transactions	(40)	5	(36)	(3)	333	2,094	12,850	132	1,650	132
Total increase (decrease) in net assets	(73)	92	(40)	14	(437)	3,320	11,385	558	1,482	227
End of period	352	425	42	82	7,668	8,105	13,426	2,041	2,078	596
Increase (decrease) in fund securities (note 7):										
Securities outstanding – beginning of period	31	31	10	10	287	216	226	207	72	57
Issued	–	–	–	–	114	116	1,956	128	228	16
Reinvested distributions	–	–	–	–	4	3	1	2	1	1
Redeemed	(3)	–	(4)	–	(109)	(48)	(549)	(111)	(25)	(2)
Securities outstanding – end of period	28	31	6	10	296	287	1,634	226	276	72

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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	
	\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS								
Beginning of period	–	–	926	499	36,667	36,003	543,805	512,350
Increase (decrease) in net assets from operations	(7)	–	(66)	152	(2,055)	9,727	(36,189)	151,159
Distributions paid to securityholders:								
Investment income	(1)	–	(13)	(13)	(589)	(602)	(6,573)	(9,893)
Capital gains	–	–	–	–	–	–	–	–
Management fee rebates	–	–	–	–	–	–	–	–
Total distributions paid to securityholders	(1)	–	(13)	(13)	(589)	(602)	(6,573)	(9,893)
Security transactions:								
Proceeds from securities issued	101	–	102	419	9,305	2,630	22,730	40,428
Reinvested distributions	1	–	13	13	589	602	6,573	9,893
Value of securities redeemed	(1)	–	(68)	(144)	(3,995)	(11,693)	(94,727)	(160,132)
Total security transactions	101	–	47	288	5,899	(8,461)	(65,424)	(109,811)
Total increase (decrease) in net assets	93	–	(32)	427	3,255	664	(108,186)	31,455
End of period	93	–	894	926	39,922	36,667	435,619	543,805

	Securities		Securities		Securities		Securities	
Increase (decrease) in fund securities (note 7):								
Securities outstanding – beginning of period	–	–	96	66	4,407	5,528	26,058	31,364
Issued	10	–	11	44	1,259	308	1,177	2,028
Reinvested distributions	–	–	1	1	74	68	329	446
Redeemed	–	–	(7)	(15)	(509)	(1,497)	(4,807)	(7,780)
Securities outstanding – end of period	10	–	101	96	5,231	4,407	22,757	26,058

	Quadrus Series		H Series		L Series		N Series	
	\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS								
Beginning of period	60,894	57,261	2,703	1,658	13,008	11,199	3,757	2,745
Increase (decrease) in net assets from operations	(5,472)	15,226	(224)	507	(1,119)	3,092	(245)	858
Distributions paid to securityholders:								
Investment income	–	(547)	(4)	(33)	–	(142)	(63)	(63)
Capital gains	–	–	–	–	–	–	–	–
Management fee rebates	(24)	–	(2)	–	–	–	–	–
Total distributions paid to securityholders	(24)	(547)	(6)	(33)	–	(142)	(63)	(63)
Security transactions:								
Proceeds from securities issued	4,711	10,898	197	806	2,527	5,144	1,879	1,341
Reinvested distributions	24	547	6	33	–	142	63	63
Value of securities redeemed	(13,832)	(22,491)	(401)	(268)	(3,168)	(6,427)	(1,217)	(1,187)
Total security transactions	(9,097)	(11,046)	(198)	571	(641)	(1,141)	725	217
Total increase (decrease) in net assets	(14,593)	3,633	(428)	1,045	(1,760)	1,809	417	1,012
End of period	46,301	60,894	2,275	2,703	11,248	13,008	4,174	3,757

	Securities		Securities		Securities		Securities	
Increase (decrease) in fund securities (note 7):								
Securities outstanding – beginning of period	3,715	4,380	141	109	1,450	1,571	396	369
Issued	306	685	11	44	302	586	212	150
Reinvested distributions	2	31	–	2	–	15	7	6
Redeemed	(905)	(1,381)	(22)	(14)	(375)	(722)	(136)	(129)
Securities outstanding – end of period	3,118	3,715	130	141	1,377	1,450	479	396

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

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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
	QF Series		Series LB		Series LW		Total	
	\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS								
Beginning of period	620	–	1,374	771	–	–	842,121	778,238
Increase (decrease) in net assets from operations	(47)	5	(125)	194	1	–	(61,050)	222,657
Distributions paid to securityholders:								
Investment income	–	(7)	–	(10)	–	–	(7,370)	(13,060)
Capital gains	–	–	–	–	–	–	–	–
Management fee rebates	(1)	–	–	–	–	–	(33)	(1)
Total distributions paid to securityholders	(1)	(7)	–	(10)	–	–	(7,403)	(13,061)
Security transactions:								
Proceeds from securities issued	412	811	130	694	294	–	76,211	114,424
Reinvested distributions	1	7	–	10	–	–	7,401	13,040
Value of securities redeemed	(181)	(196)	(655)	(285)	(47)	–	(182,210)	(273,177)
Total security transactions	232	622	(525)	419	247	–	(98,598)	(145,713)
Total increase (decrease) in net assets	184	620	(650)	603	248	–	(167,051)	63,883
End of period	804	620	724	1,374	248	–	675,070	842,121
Increase (decrease) in fund securities (note 7):								
Securities outstanding – beginning of period	61	–	170	119	–	–		
Issued	45	79	17	85	31	–		
Reinvested distributions	–	1	–	1	–	–		
Redeemed	(19)	(19)	(88)	(35)	(5)	–		
Securities outstanding – end of period	87	61	99	170	26	–		

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



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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 securityholders from operations	(61,050)	222,657
Adjustments for:		
Net realized loss (gain) on investments	(30,466)	(110,300)
Change in net unrealized loss (gain) on investments	93,430	(108,277)
Purchase of investments	(241,783)	(569,851)
Proceeds from sale and maturity of investments	350,745	699,813
Change in accrued interest receivable	979	266
Change in dividends receivable	98	290
Change in due from manager	(6)	–
Change in due to manager	25	–
Change in margin on futures contracts	–	1
Net cash from operating activities	111,972	134,599
Cash flows from financing activities		
Proceeds from redeemable securities issued	52,964	87,305
Payments on redemption of redeemable securities	(158,478)	(244,944)
Distributions paid net of reinvestments	(2)	(21)
Net cash from financing activities	(105,516)	(157,660)
Net increase (decrease) in cash and cash equivalents	6,456	(23,061)
Cash and cash equivalents at beginning of period	(1,089)	22,063
Effect of exchange rate fluctuations on cash and cash equivalents	–	(91)
Cash and cash equivalents at end of period	5,367	(1,089)
Cash	501	–
Cash equivalents	4,866	–
Bank indebtedness	–	(1,089)
Cash and cash equivalents at end of period	5,367	(1,089)
Supplementary disclosures on cash flow from operating activities:		
Dividends received	7,764	8,770
Foreign taxes paid	554	761
Interest received	2,176	5,395
Interest paid	50	39

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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)
BONDS					
Hornbeck Offshore Services Inc. 5.88% 04-01-2020 Callable	United States	Corporate - Non Convertible	USD 1,350,000	1,164	1,134
Jupiter Resources Inc. 8.50% 10-01-2022 Callable 2017 144A	Canada	Corporate - Non Convertible	USD 18,000,000	19,046	11,009
Total bonds				20,210	12,143
EQUITIES					
Advantage Oil & Gas Ltd.	Canada	Energy	3,900,000	20,251	14,859
Africa Oil Corp.	Canada	Energy	2,500,000	4,540	2,950
AngloGold Ashanti Ltd. ADR	South Africa	Materials	1,400,000	19,560	17,116
ARC Resources Ltd.	Canada	Energy	400,000	5,186	5,616
Aston Bay Holdings Ltd.	Canada	Materials	3,950,000	1,365	1,027
Avesoro Resources Inc.	Canada	Materials	30,250	1,375	123
Belgravia Capital International Inc.	Canada	Materials	16,641,000	5,179	1,414
Bernum Petroleum Ltd. Private Placement	Canada	Energy	220,000	286	286
Bonavista Energy Corp.	Canada	Energy	5,500,000	20,745	6,490
Brazil Potash Corp. Private Placement	Canada	Materials	2,255,000	2,262	8,715
Buried Hill Energy (Cyprus) Public Co. Ltd. Private Placement	Canada	Energy	8,931,333	18,466	17,028
California Resources Corp.	United States	Energy	1,000,000	15,848	22,092
Canadian Natural Resources Ltd.	Canada	Energy	525,000	21,057	21,263
Canfor Corp.	Canada	Materials	500,000	10,900	14,675
Capstone Mining Corp.	Canada	Materials	2,227,600	1,946	2,673
Cardinal Energy Ltd.	Canada	Energy	1,618,897	10,225	7,042
Carrizo Oil & Gas Inc.	United States	Energy	900,000	26,515	18,551
Cascades Inc.	Canada	Materials	650,000	8,827	8,665
China Metal Recycling (Holdings) Ltd.	Hong Kong	Materials	15,000,000	17,903	–
Copper Mountain Mining Corp. Purchase Warrants Exp. 08-03-2019	Canada	Materials	450,000	–	200
Coro Mining Corp.	Canada	Materials	24,700,000	2,771	2,470
Cuda Energy Inc. Private Placement	Canada	Energy	1,190,606	1,916	1,810
Detour Gold Corp.	Canada	Materials	1,599,985	25,607	20,864
EastSiberian PLC	Canada	Energy	246,083	12	–
Enerplus Corp.	Canada	Energy	1,000,000	10,399	14,490
Eni SPA ADR	Italy	Energy	250,000	10,264	11,378
Essential Energy Services Ltd.	Canada	Energy	7,500,000	16,313	3,900
First Quantum Minerals Ltd.	Zambia	Materials	1,750,000	21,310	31,657
Fox River Resources Corp.	Canada	Materials	2,793,600	84	182
Front Range Resources Ltd.	Canada	Energy	2,000,000	1,400	150
Galaxy Resources Ltd.	Australia	Materials	867,213	1,726	2,596
Glencore PLC	Switzerland	Materials	3,000,000	8,052	19,234
Global Energy Ventures Ltd.	Australia	Energy	109,758	46	40
Halliburton Co.	United States	Energy	150,000	8,606	9,071
Handa Copper Corp.	Canada	Materials	368,000	31	26
Hochschild Mining PLC	Peru	Materials	960,000	3,674	3,461
Hornbeck Offshore Services Inc.	United States	Energy	1,000,000	22,450	3,749
Interfor Corp.	Canada	Materials	206,267	3,319	4,845
Itafos	Brazil	Materials	126,533	349	354
Keane Group Inc.	United States	Energy	100,000	1,990	1,907
Kelt Exploration Ltd.	Canada	Energy	733,333	3,075	5,045
Largo Resources Ltd.	Canada	Materials	4,390,600	10,261	6,103
Leucrotta Exploration Inc.	Canada	Energy	2,000,000	2,999	3,240



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MACKENZIE CANADIAN RESOURCE FUND

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SECTOR 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)
EQUITIES (cont'd)					
Lundin Gold Inc.	Canada	Materials	1,000,000	5,615	5,160
LyondellBasell Industries NV Class A	United States	Materials	75,000	8,552	10,211
Mountain Province Diamonds Inc.	Canada	Materials	2,000,000	9,895	6,400
MRC Global Inc.	United States	Industrials	550,000	10,329	11,648
Neo Lithium Corp.	Canada	Materials	2,183,333	2,620	3,078
Neo Performance Materials Inc.	Canada	Materials	125,000	2,250	2,183
Noble Energy Inc.	United States	Energy	650,000	26,320	25,371
Norbord Inc.	Canada	Materials	150,000	6,890	7,007
Nutrien Ltd.	Canada	Materials	240,000	15,655	14,614
Painted Pony Energy Ltd.	Canada	Energy	1,271,783	5,401	2,709
Pan American Silver Corp.	Canada	Materials	150,000	3,121	3,116
Patterson-UTI Energy Inc.	United States	Energy	70,000	1,661	1,579
Petrowolf Resources LLC - Private Placement	United States	Energy	231	254	149
Petrus Resources Ltd.	Canada	Energy	778,824	3,518	864
Pieridae Energy Ltd.	Canada	Energy	2,250,000	3,543	11,250
Plains GP Holdings LP	United States	Energy	200,000	5,502	5,604
Pretium Resources Inc.	Canada	Materials	650,000	5,263	5,564
QEP Resources Inc.	United States	Energy	1,750,000	34,530	22,070
Raging River Exploration Inc.	Canada	Energy	1,530,068	12,949	9,548
Range Energy Resources Inc. Purchase Warrants Exp. 01-18-2021	Canada	Energy	2,000,000	—	4
Range Energy Resources Inc. Purchase Warrants Exp. 11-06-2020	Canada	Energy	2,500,000	—	5
Range Energy Resources Inc. Purchase Warrants Exp. 12-30-2020	Canada	Energy	1,000,000	—	2
Range Energy Resources Inc.	Canada	Energy	33,045,000	1,046	165
Red Crescent Resources Ltd.	Turkey	Materials	6,718,671	—	—
Reliance Steel & Aluminum Co.	United States	Materials	85,000	6,622	9,389
Reunion Gold Corp. Purchase Warrants Exp. 09-19-2020	Canada	Materials	1,050,000	—	28
Reunion Gold Corp.	Canada	Materials	2,852,000	324	364
Rubicon Minerals Corp.	Canada	Materials	1,400,000	1,862	1,750
Secure Energy Services Inc.	Canada	Energy	1,600,000	16,176	11,744
Shear Diamonds Ltd.	Canada	Materials	38,500	—	—
Shield Energy Ltd. Private Placement	Canada	Energy	1,850,000	2,136	2,128
SM Energy Co.	United States	Energy	400,000	8,285	9,291
Smurfit Kappa Group PLC	Ireland	Materials	125,000	4,196	6,541
Steel Reef Infrastructure Corp. Private Placement	Canada	Energy	2,775,000	4,453	4,440
Storm Resources Ltd.	Canada	Energy	1,980,509	8,518	4,159
Surge Energy Inc.	Canada	Energy	4,400,000	14,856	8,668
Ternium SA ADR	Luxembourg	Materials	75,000	2,872	3,139
Tidewater Midstream and Infrastructure Ltd.	Canada	Energy	3,379,000	4,562	4,697
Titan Mining Corp.	Canada	Materials	1,600,000	2,240	2,208
Tourmaline Oil Corp.	Canada	Energy	1,000,000	29,035	21,850
Trican Well Service Ltd.	Canada	Energy	74,534	338	224
Trident Exploration Corp.	Canada	Energy	699,368	213	265
Trinidad Drilling Ltd.	Canada	Energy	2,000,000	6,262	3,560
Turquoise Hill Resources Ltd.	Canada	Materials	999,848	4,623	3,939
Venuturion Oil Ltd. Private Placement	Canada	Energy	3,976,601	4,120	7,754
Wesdome Gold Mines Ltd.	Canada	Materials	1,000,000	2,453	1,960
West Fraser Timber Co. Ltd.	Canada	Materials	75,000	3,377	6,421
Western Energy Services Corp.	Canada	Energy	3,000,000	18,009	3,150



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SECTOR 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)
EQUITIES (cont'd)					
Western Forest Products Inc.	Canada	Materials	6,000,000	13,039	15,540
Westgold Resources Ltd. Bonus Option Exp. 06-30-2019	Australia	Materials	140,000	–	27
Whitecap Resources Inc.	Canada	Energy	975,000	7,919	7,683
Whiting Petroleum Corp.	United States	Energy	200,000	15,983	8,719
The Williams Companies Inc.	United States	Energy	650,000	16,679	20,817
WindRiver Power Corp. Dilution Warrants Exp. 02-19-2019	Canada	Utilities	334,000	–	–
WindRiver Power Corp. Private Placement	Canada	Utilities	1,834,000	2,751	2,751
Total equities				735,907	638,864
OPTIONS					
Options purchased (see schedule of options purchased)				14,204	15,719
Total options				14,204	15,719
Transaction costs				(1,967)	–
Total investments				768,354	666,726
Cash and cash equivalents					5,367
Other assets less liabilities					2,977
Total net assets					675,070



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SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2018		March 31, 2017	
Portfolio Allocation	% of NAV	Portfolio Allocation	% of NAV
Equities	96.9	Equities	95.4
<i>Equities</i>	94.6	<i>Equities</i>	93.6
<i>Purchased options</i>	2.3	<i>Purchased options</i>	1.8
Bonds	1.8	Bonds	3.4
Cash and short-term investments	0.8	Other assets (liabilities)	1.3
Other assets (liabilities)	0.5	Cash and short-term investments	(0.1)
Regional Allocation	% of NAV	Regional Allocation	% of NAV
Canada	56.1	Canada	60.4
United States	28.4	United States	27.4
Zambia	4.7	South Africa	2.5
Switzerland	2.8	Switzerland	2.5
South Africa	2.5	Italy	2.1
Italy	1.7	Jersey	1.7
Ireland	1.0	Other assets (liabilities)	1.3
Cash and short-term investments	0.8	Other	0.6
Peru	0.5	Australia	0.6
Luxembourg	0.5	Ireland	0.6
Other assets (liabilities)	0.5	Brazil	0.4
Australia	0.4	Cash and short-term investments	(0.1)
Brazil	0.1		
Sector Allocation	% of NAV	Sector Allocation	% of NAV
Oil, gas and consumable fuels	48.9	Oil, gas and consumable fuels	50.1
Metals and mining	22.7	Metals and mining	24.3
Paper and forest products	7.2	Paper and forest products	7.8
Energy equipment and services	5.8	Energy equipment and services	4.7
Chemicals	5.6	Corporate bonds	3.4
Other	2.3	Chemicals	2.8
Containers and packaging	2.3	Trading companies and distributors	2.3
Corporate bonds	1.8	Other	1.8
Trading companies and distributors	1.7	Containers and packaging	1.3
Cash and short-term investments	0.8	Other assets (liabilities)	1.3
Other assets (liabilities)	0.5	Independent power and renewable electricity producers	0.3
Independent power and renewable electricity producers	0.4	Cash and short-term investments	(0.1)



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MACKENZIE CANADIAN RESOURCE FUND

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SCHEDULE OF OPTIONS PURCHASED

As at March 31, 2018

Underlying Interest	Number of Contracts	Option Type	Expiration Date	Strike Price \$	Premium Paid (\$ 000s)	Fair Value (\$ 000s)
Gold 100oz Futures	350	Call	May 24, 2018	USD 1,100.00	8,794	10,249
iShares S&P/TSX Global Gold Index Fund	10,000	Call	Jun. 15, 2018	CAD 8.00	3,600	3,630
iShares S&P/TSX Global Gold Index Fund	5,000	Call	Sep. 21, 2018	CAD 8.00	1,810	1,840
Total options					14,204	15,719



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 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 Fund's registered office is 180 Queen Street West, Toronto, Ontario, Canada. The Fund is authorized to issue an unlimited number of units (referred to as "security" or "securities") of multiple series. Series of the Fund are available for sale under Simplified Prospectus or exempt distribution options.

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 and 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.

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 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 any unlisted open-ended investment fund 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.

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(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.

(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

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

Losses of the Fund cannot be allocated to investors and are retained in the Fund for use in future years. Non-capital losses 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 9 for the Fund's loss carryforwards.

NOTES TO FINANCIAL STATEMENTS

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.

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.

NOTES TO FINANCIAL STATEMENTS

8. Financial Instruments Risk (cont'd)

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.

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

(a) Fund Formation and Series Information

Date of Formation January 3, 1978

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)

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 PWFB 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 G securities are no longer available for sale, except for additional purchases by investors who have held these securities since December 11, 2017.

Series I and Series J 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)

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.

Series Distributed by LBC Financial Services Inc. (1350 René-Lévesque Blvd. West, 12th Floor, Montréal, Québec H3G 0A8; 1-800-522-1846; www.laurentianbank.ca/mackenzie)

Series LB and Series LW securities are no longer available for sale, except for additional purchases by investors who have held these securities since December 11, 2017.

MACKENZIE CANADIAN RESOURCE FUND

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NOTES TO FINANCIAL STATEMENTS

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

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

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.

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees	Net Asset Value per Security (\$)	
				Mar. 31, 2018	Mar. 31, 2017
Series A	January 31, 1978	2.00%	0.26%	20.26	22.40
Series D	December 31, 2013	1.25%	0.20%	8.51	9.33
Series F	December 6, 1999	0.80% ⁽⁵⁾	0.15% ⁽⁸⁾	13.28	14.55
Series FB	October 26, 2015	1.00%	0.31%	11.61	12.72
Series G	April 1, 2005	1.50%	0.26%	9.11	10.02
Series I	October 25, 1999	1.35%	0.28%	12.43	13.66
Series J	December 7, 2010	1.75%	0.30%	7.47	8.24
Series O	August 28, 2001	— ⁽¹⁾	—*	25.91	28.35
Series PW	October 22, 2013	1.80% ⁽⁶⁾	0.15%	8.22	9.06
Series PWF	May 14, 2014	0.85%	0.15%	7.54	8.26
Series PWFB	April 3, 2017	0.80% ⁽⁷⁾	0.15%	9.08	—
Series PWX	January 3, 2014	— ⁽²⁾	— ⁽²⁾	8.83	9.67
Series R	July 3, 2007	—*	—*	7.63	8.35
Series S	August 9, 2002	— ⁽¹⁾	0.03%	19.14	20.94
Quadrus Series	August 9, 2002	2.00% ⁽³⁾	0.30%	14.85	16.45
H Series	August 9, 2002	1.00% ⁽⁴⁾	0.20%	17.56	19.25
L Series	November 24, 2011	1.80%	0.15%	8.17	9.00
N Series	October 24, 2011	— ⁽¹⁾	— ⁽¹⁾	8.71	9.53
QF Series	July 12, 2016	1.00% ⁽⁴⁾	0.31%	9.25	10.14
Series LB	January 26, 2012	2.00%	0.26%	7.34	8.13
Series LW	December 1, 2017	1.85%	0.15%	9.68	—

* 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 1.85%.
- (7) Prior to June 1, 2018, the management fee for Series PWFB was charged to the Fund at a rate of 0.85%.
- (8) Prior to June 1, 2018, the administration fee for Series F was charged to the Fund at a rate of 0.20%.

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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 \$490, \$39,922 and \$435,619 (2017 – \$52, \$36,667 and \$543,805), respectively, in the Fund.

(c) Loss Carryforwards

As at the last taxation year-end, the following losses were available for carryforward for tax purposes. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Non-capital losses may be utilized to reduce future net income and realized capital gains and expire on December 15 of the years indicated.

Total Capital Loss \$	Total Non-Capital Loss \$	Expiration Date of Non-Capital Losses										
		2037	2036	2035	2034	2033	2032	2031	2030	2029	2028	2027
75,080	91	–	–	–	–	–	91	–	–	–	–	–

(d) Securities Lending

As at March 31, 2018 and 2017, the Fund did not have any open securities lending, repurchase or reverse repurchase transactions.

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	–	–	627	100.0
Tax withheld	–	–	(139)	(22.2)
	–	–	488	77.8
Payments to Securities Lending Agent	–	–	(122)	(19.5)
Securities lending income	–	–	366	58.3

(e) Commissions

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

	(\$)
March 31, 2018	37
March 31, 2017	62

(f) Offsetting of Financial Assets and Liabilities

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

(g) Risks Associated with Financial Instruments

i. Risk exposure and management

The Fund seeks above-average capital growth by investing primarily in equities of Canadian energy and natural resource companies. The Fund generally invests in both small- and large-capitalization companies. It may hold up to 49% of its assets in foreign investments.

MACKENZIE CANADIAN RESOURCE FUND

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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	259,986	–	–	259,986
British pound	22,818	–	–	22,818
Euro	6,541	–	–	6,541
Australian dollar	2,663	–	–	2,663
Total	292,008	–	–	292,008
% of Net Assets	43.3	–	–	43.3

March 31, 2017				
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	327,534	45	–	327,579
British pound	23,788	–	–	23,788
Australian dollar	5,379	–	–	5,379
Euro	5,275	–	–	5,275
Total	361,976	45	–	362,021
% of Net Assets	43.0	–	–	43.0

* 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 \$14,600 or 2.2% of total net assets (2017 – \$18,101 or 2.1%). 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 and options. As at March 31, 2018, had the prices on the respective stock exchanges for these securities increased by 10%, with all other variables held constant, net assets would have increased by approximately \$71,557 or 10.6% (2017 – \$86,726 or 10.3%) of total net assets. Similarly, had the prices on the respective stock exchanges for these securities decreased by 10%, with all other variables held constant, net assets would have decreased by approximately \$71,546 or 10.6% (2017 – \$85,983 or 10.2%) of total net assets. In practice, the actual trading results may differ and the difference could be material.

v. Credit risk

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

MACKENZIE CANADIAN RESOURCE FUND

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NOTES TO FINANCIAL STATEMENTS

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

(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 (\$)
Bonds	–	12,143	–	12,143	–	28,946	–	28,946
Equities	561,304	31,995	45,565	638,864	733,374	2,215	52,567	788,156
Options	15,719	–	–	15,719	15,055	–	–	15,055
Short-term investments	–	4,866	–	4,866	–	–	–	–
Total	577,023	49,004	45,565	671,592	748,429	31,161	52,567	832,157

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 pre-determined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, during the period ended 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.

Other financial instruments classified as Level 2 investments are valued based on the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data and using standard market convention practices. Short-term investments classified as Level 2 investments are valued based on amortized cost plus accrued interest which closely approximates fair value.

For the period ended March 31, 2018, equity positions with a fair value of \$9 (2017 – \$Nil) were transferred from Level 3 to Level 2 as a result of changes in the inputs used for valuation.

For the period ended March 31, 2018, equity positions with a fair value of \$10,359 (March 31, 2017 - \$Nil) were transferred from Level 3 to Level 1 and were primarily due to the conversion of holdings into actively-traded securities (Level 1).



MACKENZIE
Investments

MACKENZIE CANADIAN RESOURCE FUND

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NOTES TO FINANCIAL STATEMENTS

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

(h) Fair Value Classification (cont'd)

The table below presents a reconciliation of financial instruments measured at fair value using unobservable inputs (Level 3) for the periods ended March 31, 2018 and 2017:

	March 31, 2018	March 31, 2017
	Equities (\$)	Equities (\$)
Balance – beginning of period	52,567	51,680
Purchases	–	3,629
Sales	–	–
Transfers in	–	–
Transfers out	(10,359)	–
Gains (losses) during the period:		
Realized	(4)	(8,376)
Unrealized	3,361	5,634
Balance – end of period	45,565	52,567
Change in unrealized gains (losses) during the period attributable to securities held at end of period	(1,486)	(2,744)

Fair value of each Level 3 financial instrument is generally measured using unobservable market inputs with the best information available at the time. Various valuation techniques are utilized, depending on a number of factors including, key inputs and assumptions which are company specific and may include estimated discount rates and expected price volatilities.

The table below presents investments in the Fund whose fair values are determined based on valuation techniques that utilize unobservable market inputs. The effect of changing one or more of those inputs are indicated in the table below:

March 31, 2018				
Fair Value (\$)	Valuation Technique	Unobservable Input	Reasonable Possible Change in Input	Impact on Fair Value (\$)
8,715	Discount off financing	Financing discount	Zero discount	2,179
149	Discount off financing	Financing discount	+/-5%	+/-15

The remaining Level 3 investments of \$36,701 have been valued based on recent financing transactions, values of comparable indices and through incorporating observable market data and using standard market convention practices. If the value of these investments were to increase or decrease by 10%, the value of the Fund would increase or decrease by \$3,670.

March 31, 2017				
Fair Value (\$)	Valuation Technique	Unobservable Input	Reasonable Possible Change in Input	Impact on Fair Value (\$)
6,001	Discount off financing	Financing discount	Zero discount	1,499.96
8,452	Discount off financing	Financing discount	+/-5%	+515/-551

The remaining Level 3 investments of \$38,114 have been valued based on recent financing transactions, values of comparable indices and through incorporating observable market data and using standard market convention practices. If the value of these investments were to increase or decrease by 10%, the value of the Fund would increase or decrease by \$3,811.

(i) Comparative Amounts

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