

MACKENZIE US MID CAP GROWTH CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

US EQUITY FUND

MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

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

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

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

On behalf of Mackenzie Financial Corporation,
Manager of the Fund



Barry McInerney
President and Chief Executive Officer



Terry Rountes
Chief Financial Officer, Funds

June 7, 2018

INDEPENDENT AUDITOR'S REPORT

To the Securityholders of Mackenzie US Mid Cap Growth Class (the "Fund") of Mackenzie Financial Capital Corporation

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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



Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

June 7, 2018



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STATEMENTS OF FINANCIAL POSITION

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

	2018	2017
	\$	\$
ASSETS		
Current assets		
Investments at fair value	1,979,943	1,752,868
Cash and cash equivalents	113,506	10
Dividends receivable	714	827
Accounts receivable for investments sold	15,577	2
Accounts receivable for securities issued	1,787	6,938
Unrealized gains on derivative contracts	54	–
Taxes recoverable	95	95
Total assets	2,111,676	1,760,740

LIABILITIES

Current liabilities		
Accounts payable for investments purchased	2	1,552
Accounts payable for securities redeemed	6,490	1,672
Distribution payable	–	4,247
Due to manager	193	–
Unrealized losses on derivative contracts	1,786	2,036
Total liabilities	8,471	9,507
Net assets attributable to securityholders	2,103,205	1,751,233

Net assets attributable to securityholders per series (note 3)

Series A	697,618	680,785
Series AR	11,409	6,969
Series B	1,154	1,643
Series D	3,488	2,451
Series E	–	83
Series F	330,414	285,412
Series F6	49	–
Series F8	44	–
Series FB	766	259
Series I	3,267	3,144
Series J	1,043	1,395
Series M	3,864	3,668
Series O	364,429	341,162
Series PW	180,140	61,754
Series PWF	172,149	66,707
Series PWF6	103	–
Series PWF8	6,082	5,179
Series PWFB	2,493	–
Series PWT6	6,194	–
Series PWT8	5,117	1,542
Series PWX	9,618	7,778
Series PWX8	702	1,041
Series R	14,246	12,144
Series S	692	648
Series T6	13,839	15,683
Series T8	16,584	15,951

	2018	2017
	\$	\$
Quadrus Series	90,810	83,402
H Series	7,014	6,453
L Series	28,329	23,913
N Series	34,354	28,378
QF Series	4,627	1,741
Series LB	58,762	91,948
Series LW	33,805	–
Net assets attributable to securityholders per security (note 3)		
Series A	42.58	39.73
Series AR	16.63	15.52
Series B	22.34	20.83
Series D	15.68	14.59
Series E	–	23.59
Series F	47.00	43.69
Series F6	16.03	–
Series F8	15.87	–
Series FB	12.64	11.75
Series I	46.51	43.33
Series J	22.83	21.28
Series M	50.04	46.53
Series O	47.32	43.93
Series PW	16.48	15.36
Series PWF	16.53	15.36
Series PWF6	16.05	–
Series PWF8	16.49	16.59
Series PWFB	10.68	–
Series PWT6	14.91	–
Series PWT8	16.51	16.66
Series PWX	17.46	16.21
Series PWX8	16.40	16.49
Series R	20.01	18.53
Series S	16.34	15.17
Series T6	23.71	23.47
Series T8	21.06	21.28
Quadrus Series	42.14	39.33
H Series	48.54	45.14
L Series	23.88	22.26
N Series	28.29	26.27
QF Series	12.03	11.22
Series LB	22.64	21.13
Series LW	10.50	–

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			Series PWX8	72	82
Dividends	10,966	8,161	Series R	1,532	2,442
Interest income	1,003	557	Series S	74	149
Other changes in fair value of investments			Series T6	1,002	2,006
Net realized gain (loss)	275,831	109,379	Series T8	1,336	2,553
Net unrealized gain (loss)	(73,253)	185,888	Quadrus Series	7,239	14,059
Securities lending income	422	250	H Series	627	1,134
Total income (loss)	214,969	304,235	L Series	2,290	3,822
			N Series	3,519	4,886
			QF Series	331	79
			Series LB	6,771	15,072
			Series LW	812	–
Expenses (note 6)			Increase (decrease) in net assets attributable to securityholders from operations per security		
Management fees	28,436	20,771	Series A	3.33	6.70
Management fee rebates	–	(3)	Series AR	1.39	2.63
Administration fees	3,975	2,958	Series B	1.76	3.57
Interest charges	1	1	Series D	1.20	2.59
Commissions and other portfolio transaction costs	1,206	872	Series E	1.31	4.29
Independent Review Committee fees	8	7	Series F	4.16	7.79
Other	5	5	Series F6	1.29	–
Expenses before amounts absorbed by Manager	33,631	24,611	Series F8	1.30	–
Expenses absorbed by Manager	–	–	Series FB	1.34	2.11
Net expenses	33,631	24,611	Series I	4.03	7.66
Increase (decrease) in net assets attributable to securityholders from operations before tax	181,338	279,624	Series J	1.68	3.63
Foreign withholding taxes	1,220	1,251	Series M	4.50	8.33
Foreign income taxes paid (recovered)	–	1	Series O	4.99	8.63
Increase (decrease) in net assets attributable to securityholders from operations	180,118	278,372	Series PW	1.54	2.63
Increase (decrease) in net assets attributable to securityholders from operations per series			Series PWF	1.64	2.81
Series A	53,904	103,648	Series PWF6	0.90	–
Series AR	779	889	Series PWF8	1.60	3.07
Series B	115	324	Series PWF6	0.78	–
Series D	260	372	Series PWT6	1.64	–
Series E	5	30	Series PWT8	1.63	3.21
Series F	27,575	34,197	Series PWX	1.72	3.03
Series F6	3	–	Series PWX8	1.59	3.42
Series F8	2	–	Series R	2.20	3.51
Series FB	56	16	Series S	1.69	2.93
Series I	289	529	Series T6	1.83	4.01
Series J	85	553	Series T8	1.75	3.79
Series M	356	680	Quadrus Series	3.34	6.62
Series O	38,896	74,723	H Series	4.30	7.99
Series PW	14,966	7,872	L Series	1.97	3.81
Series PWF	14,760	6,476	N Series	2.89	5.03
Series PWF6	2	–	QF Series	1.18	1.35
Series PWF8	572	416	Series LB	1.75	3.56
Series PWFB	52	–	Series LW	0.28	–
Series PWT6	545	–			
Series PWT8	409	180			
Series PWX	882	1,183			

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 AR		Series B		Series D		Series E	
	\$		\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	680,785	517,670	6,969	3,467	1,643	1,625	2,451	1,686	83	156
Increase (decrease) in net assets from operations	53,904	103,648	779	889	115	324	260	372	5	30
Dividends paid to securityholders:										
Ordinary	–	(1,199)	–	(12)	–	(3)	–	(6)	–	–
Capital gains	(9,324)	–	(111)	–	(23)	–	(64)	–	–	–
Return of capital	–	–	–	–	–	–	–	–	–	–
Management fee rebates	–	–	–	–	–	–	–	–	–	–
Total dividends paid to securityholders	(9,324)	(1,199)	(111)	(12)	(23)	(3)	(64)	(6)	–	–
Security transactions:										
Proceeds from securities issued	216,840	286,951	4,465	3,236	3	–	2,139	1,120	–	–
Reinvested dividends	10,392	–	123	–	23	–	70	–	–	–
Value of securities redeemed	(254,979)	(226,285)	(816)	(611)	(607)	(303)	(1,368)	(721)	(88)	(103)
Total security transactions	(27,747)	60,666	3,772	2,625	(581)	(303)	841	399	(88)	(103)
Total increase (decrease) in net assets	16,833	163,115	4,440	3,502	(489)	18	1,037	765	(83)	(73)
End of period	697,618	680,785	11,409	6,969	1,154	1,643	3,488	2,451	–	83

	Securities		Securities		Securities		Securities		Securities	
Increase (decrease) in fund securities (note 7):										
Securities outstanding – beginning of period	17,135	15,659	449	268	79	94	168	140	4	8
Issued	5,346	7,600	280	224	–	–	142	81	–	–
Reinvested dividends	255	–	8	–	1	–	5	–	–	–
Redeemed	(6,354)	(6,124)	(51)	(43)	(28)	(15)	(93)	(53)	(4)	(4)
Securities outstanding – end of period	16,382	17,135	686	449	52	79	222	168	–	4

	Series F		Series F6		Series F8		Series FB		Series I	
	\$		\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	285,412	132,238	–	–	–	–	259	1	3,144	2,490
Increase (decrease) in net assets from operations	27,575	34,197	3	–	2	–	56	16	289	529
Dividends paid to securityholders:										
Ordinary	–	(783)	–	–	–	–	–	(1)	–	(8)
Capital gains	(6,195)	–	–	–	–	–	(8)	–	(68)	–
Return of capital	–	–	(1)	–	(1)	–	–	–	–	–
Management fee rebates	–	–	–	–	–	–	–	–	–	(3)
Total dividends paid to securityholders	(6,195)	(783)	(1)	–	(1)	–	(8)	(1)	(68)	(11)
Security transactions:										
Proceeds from securities issued	171,029	183,018	47	–	43	–	886	258	559	383
Reinvested dividends	5,198	–	–	–	–	–	8	–	76	3
Value of securities redeemed	(152,605)	(63,258)	–	–	–	–	(435)	(15)	(733)	(250)
Total security transactions	23,622	119,760	47	–	43	–	459	243	(98)	136
Total increase (decrease) in net assets	45,002	153,174	49	–	44	–	507	258	123	654
End of period	330,414	285,412	49	–	44	–	766	259	3,267	3,144

	Securities		Securities		Securities		Securities		Securities	
Increase (decrease) in fund securities (note 7):										
Securities outstanding – beginning of period	6,533	3,678	–	–	–	–	22	–	73	70
Issued	3,840	4,423	3	–	3	–	75	23	12	9
Reinvested dividends	116	–	–	–	–	–	1	–	2	–
Redeemed	(3,458)	(1,568)	–	–	–	–	(37)	(1)	(17)	(6)
Securities outstanding – end of period	7,031	6,533	3	–	3	–	61	22	70	73

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	2018	2017
	Series J		Series M		Series O		Series PW		Series PWF	
	\$		\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	1,395	3,205	3,668	3,233	341,162	338,247	61,754	33,863	66,707	21,050
Increase (decrease) in net assets from operations	85	553	356	680	38,896	74,723	14,966	7,872	14,760	6,476
Dividends paid to securityholders:										
Ordinary	–	(3)	–	(10)	(909)	(1,320)	–	(121)	–	(192)
Capital gains	(19)	–	(84)	–	(11,303)	–	(2,354)	–	(3,006)	–
Return of capital	–	–	–	–	–	–	–	–	–	–
Management fee rebates	–	–	–	–	–	–	–	–	–	–
Total dividends paid to securityholders	(19)	(3)	(84)	(10)	(12,212)	(1,320)	(2,354)	(121)	(3,006)	(192)
Security transactions:										
Proceeds from securities issued	2	–	–	–	8,622	18,175	135,510	29,927	131,560	51,418
Reinvested dividends	19	–	94	–	13,529	–	2,396	11	2,587	–
Value of securities redeemed	(439)	(2,360)	(170)	(235)	(25,568)	(88,663)	(32,132)	(9,798)	(40,459)	(12,045)
Total security transactions	(418)	(2,360)	(76)	(235)	(3,417)	(70,488)	105,774	20,140	93,688	39,373
Total increase (decrease) in net assets	(352)	(1,810)	196	435	23,267	2,915	118,386	27,891	105,442	45,657
End of period	1,043	1,395	3,864	3,668	364,429	341,162	180,140	61,754	172,149	66,707

	Securities		Securities		Securities		Securities		Securities	
Increase (decrease) in fund securities (note 7):										
Securities outstanding – beginning of period	66	181	79	84	7,765	9,471	4,020	2,656	4,344	1,668
Issued	–	–	–	–	194	438	8,800	2,058	8,495	3,521
Reinvested dividends	1	–	2	–	302	–	152	1	165	–
Redeemed	(21)	(115)	(4)	(5)	(560)	(2,144)	(2,041)	(695)	(2,589)	(845)
Securities outstanding – end of period	46	66	77	79	7,701	7,765	10,931	4,020	10,415	4,344

	Series PWF6		Series PWF8		Series PWF8		Series PWT6		Series PWT8	
	\$		\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	–	–	5,179	1,575	–	–	–	–	1,542	817
Increase (decrease) in net assets from operations	2	–	572	416	52	–	545	–	409	180
Dividends paid to securityholders:										
Ordinary	–	–	–	(15)	–	–	–	–	–	(3)
Capital gains	–	–	(135)	–	(7)	–	(153)	–	(59)	–
Return of capital	(1)	–	(460)	(177)	–	–	(308)	–	(331)	(75)
Management fee rebates	–	–	–	–	–	–	–	–	–	–
Total dividends paid to securityholders	(1)	–	(595)	(192)	(7)	–	(461)	–	(390)	(78)
Security transactions:										
Proceeds from securities issued	102	–	1,313	3,775	2,575	–	6,201	–	3,686	1,028
Reinvested dividends	–	–	302	36	7	–	175	–	169	20
Value of securities redeemed	–	–	(689)	(431)	(134)	–	(266)	–	(299)	(425)
Total security transactions	102	–	926	3,380	2,448	–	6,110	–	3,556	623
Total increase (decrease) in net assets	103	–	903	3,604	2,493	–	6,194	–	3,575	725
End of period	103	–	6,082	5,179	2,493	–	6,194	–	5,117	1,542

	Securities		Securities		Securities		Securities		Securities	
Increase (decrease) in fund securities (note 7):										
Securities outstanding – beginning of period	–	–	312	106	–	–	–	–	93	55
Issued	6	–	83	231	246	–	422	–	226	63
Reinvested dividends	–	–	18	2	1	–	12	–	10	1
Redeemed	–	–	(44)	(27)	(14)	–	(18)	–	(19)	(26)
Securities outstanding – end of period	6	–	369	312	233	–	416	–	310	93

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	2018	2017
	Series PWX		Series PWX8		Series R		Series S		Series T6	
	\$		\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	7,778	5,322	1,041	132	12,144	10,436	648	924	15,683	9,447
Increase (decrease) in net assets from operations	882	1,183	72	82	1,532	2,442	74	149	1,002	2,006
Dividends paid to securityholders:										
Ordinary	(24)	(30)	(2)	(4)	–	–	(2)	(2)	–	(28)
Capital gains	(265)	–	(25)	–	(400)	–	(22)	–	(179)	–
Return of capital	–	–	(58)	(32)	–	–	–	–	(738)	(680)
Management fee rebates	–	–	–	–	–	–	–	–	–	–
Total dividends paid to securityholders	(289)	(30)	(85)	(36)	(400)	–	(24)	(2)	(917)	(708)
Security transactions:										
Proceeds from securities issued	2,969	3,226	244	952	2,513	961	3	–	5,602	8,699
Reinvested dividends	314	–	32	13	–	–	24	–	406	132
Value of securities redeemed	(2,036)	(1,923)	(602)	(102)	(1,543)	(1,695)	(33)	(423)	(7,937)	(3,893)
Total security transactions	1,247	1,303	(326)	863	970	(734)	(6)	(423)	(1,929)	4,938
Total increase (decrease) in net assets	1,840	2,456	(339)	909	2,102	1,708	44	(276)	(1,844)	6,236
End of period	9,618	7,778	702	1,041	14,246	12,144	692	648	13,839	15,683

Increase (decrease) in fund securities (note 7):

	Securities		Securities		Securities		Securities		Securities	
Securities outstanding – beginning of period	480	404	63	9	655	696	43	75	668	455
Issued	176	210	15	59	138	57	–	–	242	380
Reinvested dividends	19	–	2	1	–	–	2	–	17	6
Redeemed	(124)	(134)	(37)	(6)	(81)	(98)	(3)	(32)	(343)	(173)
Securities outstanding – end of period	551	480	43	63	712	655	42	43	584	668

	Series T8		Quadrus Series		H Series		L Series		N Series	
	\$		\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	15,951	12,302	83,402	71,917	6,453	4,896	23,913	18,981	28,378	19,868
Increase (decrease) in net assets from operations	1,336	2,553	7,239	14,059	627	1,134	2,290	3,822	3,519	4,886
Dividends paid to securityholders:										
Ordinary	–	(28)	–	(139)	–	(17)	–	(48)	(85)	(110)
Capital gains	(224)	–	(1,190)	–	(148)	–	(429)	–	(988)	–
Return of capital	(1,257)	(1,124)	–	–	–	–	–	–	–	–
Management fee rebates	–	–	–	–	–	–	–	–	–	–
Total dividends paid to securityholders	(1,481)	(1,152)	(1,190)	(139)	(148)	(17)	(429)	(48)	(1,073)	(110)
Security transactions:										
Proceeds from securities issued	6,174	5,205	19,062	20,476	1,348	1,674	7,001	7,227	11,294	8,984
Reinvested dividends	575	233	1,330	–	165	–	476	–	1,183	–
Value of securities redeemed	(5,971)	(3,190)	(19,033)	(22,911)	(1,431)	(1,234)	(4,922)	(6,069)	(8,947)	(5,250)
Total security transactions	778	2,248	1,359	(2,435)	82	440	2,555	1,158	3,530	3,734
Total increase (decrease) in net assets	633	3,649	7,408	11,485	561	1,557	4,416	4,932	5,976	8,510
End of period	16,584	15,951	90,810	83,402	7,014	6,453	28,329	23,913	34,354	28,378

Increase (decrease) in fund securities (note 7):

	Securities		Securities		Securities		Securities		Securities	
Securities outstanding – beginning of period	749	640	2,121	2,196	143	132	1,074	1,028	1,080	930
Issued	297	254	473	559	28	41	307	349	424	372
Reinvested dividends	27	11	33	–	4	–	21	–	44	–
Redeemed	(286)	(156)	(472)	(634)	(31)	(30)	(216)	(303)	(334)	(222)
Securities outstanding – end of period	787	749	2,155	2,121	144	143	1,186	1,074	1,214	1,080

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



MACKENZIE US MID CAP GROWTH CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2018

US EQUITY FUND

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	1,741	–	91,948	77,731	–	–	1,751,233	1,293,279
Increase (decrease) in net assets from operations	331	79	6,771	15,072	812	–	180,118	278,372
Dividends paid to securityholders:								
Ordinary	–	(5)	–	(156)	(6)	–	(1,028)	(4,243)
Capital gains	(56)	–	(1,321)	–	–	–	(38,160)	–
Return of capital	–	–	–	–	–	–	(3,155)	(2,088)
Management fee rebates	–	–	–	–	–	–	–	(3)
Total dividends paid to securityholders	(56)	(5)	(1,321)	(156)	(6)	–	(42,343)	(6,334)
Security transactions:								
Proceeds from securities issued	3,509	1,733	13,195	17,866	35,806	–	794,302	656,292
Reinvested dividends	61	–	1,471	–	6	–	41,211	448
Value of securities redeemed	(959)	(66)	(53,302)	(18,565)	(2,813)	–	(621,316)	(470,824)
Total security transactions	2,611	1,667	(38,636)	(699)	32,999	–	214,197	185,916
Total increase (decrease) in net assets	2,886	1,741	(33,186)	14,217	33,805	–	351,972	457,954
End of period	4,627	1,741	58,762	91,948	33,805	–	2,103,205	1,751,233
Increase (decrease) in fund securities (note 7):								
Securities outstanding – beginning of period	155	–	4,352	4,418	–	–	–	–
Issued	309	161	611	889	3,493	–	–	–
Reinvested dividends	5	–	68	–	1	–	–	–
Redeemed	(84)	(6)	(2,435)	(955)	(274)	–	–	–
Securities outstanding – end of period	385	155	2,596	4,352	3,220	–	–	–

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



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MACKENZIE US MID CAP GROWTH CLASS

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US EQUITY FUND

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	180,118	278,372
Adjustments for:		
Net realized loss (gain) on investments	(275,831)	(109,379)
Change in net unrealized loss (gain) on investments	73,253	(185,888)
Purchase of investments	(1,057,868)	(5,041,090)
Proceeds from sale and maturity of investments	1,015,942	4,847,798
Change in dividends receivable	113	(331)
Change in due to manager	193	–
Change in taxes recoverable	–	(59)
Net cash from operating activities	(64,080)	(210,577)
Cash flows from financing activities		
Proceeds from redeemable securities issued	536,637	568,864
Payments on redemption of redeemable securities	(353,682)	(388,500)
Dividends paid net of reinvestments	(5,379)	(1,646)
Net cash from financing activities	177,576	178,718
Net increase (decrease) in cash and cash equivalents	113,496	(31,859)
Cash and cash equivalents at beginning of period	10	31,869
Effect of exchange rate fluctuations on cash and cash equivalents	–	–
Cash and cash equivalents at end of period	113,506	10
Cash	471	10
Cash equivalents	113,035	–
Cash and cash equivalents at end of period	113,506	10
Supplementary disclosures on cash flow from operating activities:		
Dividends received	11,079	7,830
Foreign taxes paid	1,220	1,270
Interest received	1,003	557
Interest paid	1	1

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



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MACKENZIE US MID CAP GROWTH CLASS

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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					
Bio-Techne Corp.	United States	Health Care	67,475	7,835	13,129
Blue Buffalo Pet Products Inc.	United States	Consumer Staples	1,949,570	63,734	99,984
Bright Horizons Family Solutions Inc.	United States	Consumer Discretionary	507,370	48,270	65,179
Broadridge Financial Solutions Inc.	United States	Information Technology	172,680	13,899	24,401
Brown & Brown Inc.	United States	Financials	306,896	5,348	10,058
Cambrex Corp.	United States	Health Care	409,046	27,579	27,560
Carter's Inc.	United States	Consumer Discretionary	537,181	57,187	72,039
Cognex Corp.	United States	Information Technology	229,900	16,443	15,398
CommVault Systems Inc.	United States	Information Technology	1,118,577	69,253	82,425
CoreLogic Inc.	United States	Information Technology	494,530	27,348	28,815
CoStar Group Inc.	United States	Industrials	192,545	56,506	89,961
Cotiviti Holdings Inc.	United States	Health Care	664,282	28,056	29,472
Dave & Buster's Entertainment Inc.	United States	Consumer Discretionary	1,103,222	75,851	59,322
DexCom Inc.	United States	Health Care	1,109,820	77,141	106,028
Dolby Laboratories Inc. Class A	United States	Information Technology	100,690	8,069	8,245
Endologix Inc.	United States	Health Care	1,305,163	19,294	7,112
Equifax Inc.	United States	Industrials	67,500	10,295	10,244
Evolent Health Inc. Class A	United States	Health Care	865,419	24,729	15,887
ExlService Holdings Inc.	United States	Information Technology	1,050,398	70,081	75,466
First Republic Bank	United States	Financials	222,143	10,987	26,503
Gartner Inc.	United States	Information Technology	239,145	29,849	36,236
Globant SA	United States	Information Technology	240,942	11,387	15,998
HMS Holdings Corp.	United States	Health Care	1,958,044	42,327	42,478
IBERIABANK Corp.	United States	Financials	259,558	22,484	26,081
Kennedy-Wilson Holdings Inc.	United States	Real Estate	1,777,598	47,792	39,846
M/A-COM Technology Solutions Holdings Inc.	United States	Information Technology	609,692	33,517	13,038
Markel Corp.	United States	Financials	52,651	49,705	79,375
Mattel Inc.	United States	Consumer Discretionary	712,766	18,595	12,075
MAXIMUS Inc.	United States	Information Technology	975,802	71,208	83,897
Middleby Corp.	United States	Industrials	96,502	16,067	15,389
MINDBODY Inc. Class A	United States	Information Technology	61,800	2,528	3,097
Nielsen Holdings PLC	United States	Industrials	1,622,887	81,128	66,463
Polo Ralph Lauren Corp. Class A	United States	Consumer Discretionary	240,300	38,693	34,609
The Progressive Corp.	United States	Financials	1,177,529	37,074	92,427
Repligen Corp.	United States	Health Care	734,392	33,992	34,229
ServiceNow Inc.	United States	Information Technology	71,277	7,960	15,192
Signature Bank	United States	Financials	313,165	40,644	57,267
Silicon Laboratories Inc.	United States	Information Technology	133,552	6,776	15,467
Snap-On Inc.	United States	Industrials	301,186	63,504	57,246
Spirit Airlines Inc.	United States	Industrials	1,382,522	72,819	67,341
Syneos Health Inc.	United States	Health Care	1,486,841	82,594	67,997
Tyler Technologies Inc.	United States	Information Technology	169,060	33,939	45,945
Verisk Analytics Inc.	United States	Industrials	651,567	55,121	87,295
Wabtec Corp.	United States	Industrials	305,019	30,742	31,985



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MACKENZIE US MID CAP GROWTH CLASS

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US EQUITY FUND

SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Waters Corp.	United States	Health Care	40,000	8,972	10,236
Worldpay Inc.	United States	Information Technology	580,541	54,499	61,506
Total equities				1,711,821	1,979,943
Transaction costs				(1,581)	—
Total investments				1,710,240	1,979,943
Derivative instruments (see schedule of derivative instruments)					(1,732)
Cash and cash equivalents					113,506
Other assets less liabilities					11,488
Total net assets					2,103,205



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MACKENZIE US MID CAP GROWTH CLASS

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US EQUITY FUND

SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2018		March 31, 2017	
Portfolio Allocation	% of NAV	Portfolio Allocation	% of NAV
Equities	94.1	Equities	94.2
Cash and short-term investments	5.4	Cash and short-term investments	5.9
Other assets (liabilities)	0.5	Other assets (liabilities)	(0.1)
Regional Allocation	% of NAV	Regional Allocation	% of NAV
United States	94.1	United States	92.3
Cash and short-term investments	5.4	Cash and short-term investments	5.9
Other assets (liabilities)	0.5	Canada	1.9
		Other assets (liabilities)	(0.1)
Sector Allocation	% of NAV	Sector Allocation	% of NAV
Information technology	24.9	Information technology	32.6
Industrials	20.2	Health care	18.9
Health care	16.8	Industrials	17.5
Financials	13.9	Financials	16.1
Consumer discretionary	11.6	Consumer discretionary	6.0
Cash and short-term investments	5.4	Cash and short-term investments	5.9
Consumer staples	4.8	Real estate	1.7
Real estate	1.9	Consumer staples	1.4
Other assets (liabilities)	0.5	Other assets (liabilities)	(0.1)



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US EQUITY FUND

SCHEDULE OF DERIVATIVE INSTRUMENTS

As at March 31, 2018

Schedule of Forward Currency Contracts

Counterparty Credit Rating	Bought (\$ 000s)		Sold (\$ 000s)		Settlement Date	Contract Cost (\$ 000s)	Current Fair Value (\$ 000s)	Unrealized Gains (Losses) (\$ 000s)
AA	18,845	Canadian dollar	(14,625)	U.S. dollar	Jun. 8, 2018	(18,845)	(18,818)	27
AA	18,837	Canadian dollar	(14,625)	U.S. dollar	Jun. 29, 2018	(18,837)	(18,810)	27
Unrealized Gains								54
AA	41,730	Canadian dollar	(33,330)	U.S. dollar	Apr. 6, 2018	(41,730)	(42,934)	(1,204)
A	42,709	Canadian dollar	(33,330)	U.S. dollar	Jun. 15, 2018	(42,709)	(42,879)	(170)
AA	84,097	Canadian dollar	(65,700)	U.S. dollar	Jun. 22, 2018	(84,097)	(84,509)	(412)
Unrealized (Losses)								(1,786)
Total forward currency contracts								(1,732)
Total derivative instruments at fair value								(1,732)



MACKENZIE
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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 a Fund or series is established or reinstated, 'period' represents the period from inception or reinstatement. Refer to Note 9 for the formation date of the Fund and the inception date of each series.

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

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

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

2. Basis of Preparation and Presentation

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

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

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

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

3. Significant Accounting Policies

(a) Financial instruments

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(a) Financial instruments (cont'd)

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

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

(b) Fair value measurement

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(c) Income recognition

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

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

(d) Commissions and other portfolio transaction costs

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

(e) Securities lending, repurchase and reverse repurchase transactions

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

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

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

(f) Offsetting

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

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

(g) Foreign currency

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

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

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

(h) Net assets attributable to securityholders per security

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

(i) Net asset value per security

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

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

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

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(k) Mergers

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

4. Critical Accounting Estimates and Judgments

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

Use of Estimates

Fair value of securities not quoted in an active market

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

Use of Judgments

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

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

Functional currency

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

Structured entities and associates

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

5. Income Taxes

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

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

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

NOTES TO FINANCIAL STATEMENTS

5. Income Taxes (cont'd)

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

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

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

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

6. Management Fees and Operating Expenses

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

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

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

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

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

7. Fund's Capital

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

8. Financial Instruments Risk

i. Risk exposure and management

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

NOTES TO FINANCIAL STATEMENTS

8. Financial Instruments Risk (cont'd)

i. Risk exposure and management (cont'd)

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

ii. Liquidity risk

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

iii. Currency risk

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

iv. Interest rate risk

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

v. Other price risk

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

vi. Credit risk

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

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

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

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

vii. Underlying funds

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



NOTES TO FINANCIAL STATEMENTS

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

(a) Fund Formation and Series Information

Date of Formation October 28, 2002

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, Series T6 and Series T8 securities are offered to retail investors investing a minimum of \$500 (\$5,000 for Series T6 and Series T8). Investors in Series T6 and Series T8 securities also want to receive a regular monthly cash flow of 6% or 8% per year, respectively.

Series AR securities are offered to retail investors in a Registered Disability Savings Plan offered by Mackenzie.

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, Series F6 and Series F8 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 (\$5,000 for Series F6 and Series F8); they are also available to employees of Mackenzie and its subsidiaries, and directors of Mackenzie. Investors in Series F6 and Series F8 securities also want to receive a regular monthly cash flow of 6% or 8% per year, respectively.

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 I securities are offered to retail investors investing a minimum of \$500 in a qualified group plan with a minimum of \$20,000,000 in assets.

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, Series PWT6 and Series PWT8 securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors in Series PWT6 and Series PWT8 securities also want to receive a monthly cash flow of 6% or 8% per year, respectively.

Series PWF, Series PWF6 and Series PWF8 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. Investors in Series PWF6 and Series PWF8 securities also want to receive a monthly cash flow of 6% and 8% per year, respectively. Effective June 1, 2018, Series PWF, Series PWF6 and Series PWF8 securities were consolidated into Series F, Series F6 and Series F8 securities, respectively.

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 and Series PWX8 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. Investors in Series PWX8 securities also want to receive a monthly cash flow of 8% per year.

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 B securities were created specifically for the purpose of implementing mergers affecting the Fund and are not available for sale.

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

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

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

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

Series LW securities are offered through our Preferred Pricing Program to certain high net worth investors who invest a minimum of \$100,000.

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.



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

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

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees	Net Asset Value per Security (\$)	
				Mar. 31, 2018	Mar. 31, 2017
Series A	November 8, 2002	2.00%	0.28%	42.59	39.73
Series AR	October 15, 2013	2.00%	0.31%	16.63	15.52
Series B	June 15, 2012	1.75%	0.31%	22.35	20.83
Series D	December 18, 2013	1.25%	0.20%	15.68	14.59
Series E	None issued ⁽³⁾	0.85%	0.25%	—	23.59
Series F	January 9, 2003	0.80% ⁽⁶⁾	0.15% ⁽⁹⁾	47.00	43.69
Series F6	October 16, 2017	0.80% ⁽⁶⁾	0.15% ⁽⁹⁾	16.03	—
Series F8	October 16, 2017	0.80% ⁽⁶⁾	0.15% ⁽⁹⁾	15.88	—
Series FB	October 26, 2015	1.00%	0.28%	12.64	11.75
Series I	December 18, 2002	1.35%	0.28%	46.52	43.33
Series J	February 17, 2011	1.75%	0.25%	22.83	21.28
Series M	November 8, 2002	Up to 1.00%	0.28%	50.04	46.53
Series O	October 25, 2004	— ⁽¹⁾	—*	47.32	43.93
Series PW	October 17, 2013	1.80% ⁽⁷⁾	0.15%	16.48	15.36
Series PWF	October 28, 2013	0.90%	0.15%	16.53	15.36
Series PWF6	October 16, 2017	0.90%	0.15%	16.05	—
Series PWF8	January 29, 2014	0.90%	0.15%	16.49	16.59
Series PWFB	April 3, 2017	0.80% ⁽⁸⁾	0.15%	10.68	—
Series PWT6	April 3, 2017	1.80% ⁽⁷⁾	0.15%	14.91	—
Series PWT8	December 20, 2013	1.80% ⁽⁷⁾	0.15%	16.51	16.66
Series PWX	October 16, 2013	— ⁽²⁾	— ⁽²⁾	17.46	16.21
Series PWX8	September 12, 2014	— ⁽²⁾	— ⁽²⁾	16.40	16.49
Series R	July 9, 2013	—*	—*	20.01	18.53
Series S	November 28, 2013	— ⁽¹⁾	0.03%	16.34	15.17
Series T6	March 16, 2010	2.00%	0.28%	23.72	23.47
Series T8	July 27, 2010	2.00%	0.28%	21.06	21.28
Quadrus Series	November 8, 2002	2.00% ⁽⁴⁾	0.28%	42.15	39.33
H Series	November 8, 2002	1.00% ⁽⁵⁾	0.20%	48.54	45.14
L Series	December 16, 2011	1.85%	0.15%	23.89	22.26
N Series	September 28, 2011	— ⁽¹⁾	— ⁽¹⁾	28.29	26.27
QF Series	July 12, 2016	1.00% ⁽⁵⁾	0.28%	12.03	11.22
Series LB	January 26, 2012	2.00%	0.28%	22.64	21.13
Series LW	December 1, 2017	1.90%	0.15%	10.50	—

* 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) The series' original start date was January 11, 2011. All securities in the series were redeemed on May 17, 2017.
- (4) Prior to February 28, 2018, the management fee for Quadrus Series was charged to the Fund at a rate of 2.10%.
- (5) Prior to February 28, 2018, the management fee for this series was charged to the Fund at a rate of 1.10%.
- (6) Prior to June 1, 2018, the management fee for this series was charged to the Fund at a rate of 1.00%.
- (7) Prior to June 1, 2018, the management fee for this series was charged to the Fund at a rate of 1.90%.
- (8) Prior to June 1, 2018, the management fee for Series PWFB was charged to the Fund at a rate of 0.90%.
- (9) Prior to June 1, 2018, the administration fee for this series was charged to the Fund at a rate of 0.20%.



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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 \$796, \$14,246 and \$692 (2017 – \$295, \$12,144 and \$648), respectively, in the Fund.

(c) Securities Lending

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

	March 31, 2018	March 31, 2017
	(\$)	(\$)
Value of securities loaned	387,755	296,979
Value of collateral received	404,057	315,085

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

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

	2018		2017	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	601	100.0	351	100.0
Tax withheld	(38)	(6.3)	(18)	(5.1)
	563	93.7	333	94.9
Payments to Securities Lending Agent	(141)	(23.5)	(83)	(23.6)
Securities lending income	422	70.2	250	71.3

(d) Commissions

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

	(\$)
March 31, 2018	50
March 31, 2017	61

(e) Offsetting of Financial Assets and Liabilities

The table below presents financial assets and financial liabilities that are subject to master netting arrangements or other similar agreements and the net impact on the Fund's Statements of Financial Position if all set-off rights were exercised as part of future events such as bankruptcy or termination of contracts. No amounts were offset in the financial statements.

	March 31, 2018			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	54	–	–	54
Unrealized losses on derivative contracts	(1,204)	–	–	(1,204)
Liability for options written	–	–	–	–
Total	(1,150)	–	–	(1,150)



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

(e) Offsetting of Financial Assets and Liabilities (cont'd)

	March 31, 2017			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	–	–	–	–
Unrealized losses on derivative contracts	(878)	–	–	(878)
Liability for options written	–	–	–	–
Total	(878)	–	–	(878)

(f) Risks Associated with Financial Instruments

i. Risk exposure and management

The Fund seeks long-term capital growth and a reasonable rate of return by investing primarily in equities of small- to mid-capitalization U.S. companies. The Fund may also invest in equities of companies based outside of North America and in fixed income securities of U.S. and Canadian corporations and government bodies.

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.

Currency	March 31, 2018			
	Investments (\$)	Cash and Cash Equivalents (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	1,979,943	113,012	(207,950)	1,885,005
Total	1,979,943	113,012	(207,950)	1,885,005
% of Net Assets	94.1	5.4	(9.9)	89.6

Currency	March 31, 2017			
	Investments (\$)	Cash and Cash Equivalents (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	1,649,257	103,443	(135,822)	1,616,878
Total	1,649,257	103,443	(135,822)	1,616,878
% of Net Assets	94.2	5.9	(7.8)	92.3

* 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 \$94,250 or 4.5% of total net assets (2017 – \$80,844 or 4.6%). In practice, the actual trading results may differ and the difference could be material.

iii. Interest rate risk

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

iv. Other price risk

The Fund's most significant exposure to price risk arises from its investment in equity securities. As at March 31, 2018, had the prices on the respective stock exchanges for these securities increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased by approximately \$197,994 or 9.4% of total net assets (2017 – \$164,926 or 9.4%) In practice, the actual trading results may differ and the difference could be material.

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NOTES TO FINANCIAL STATEMENTS

9. Fund 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 Fund did not have a significant exposure to credit risk.

(g) Fair Value Classification

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

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

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

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

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

	March 31, 2018				March 31, 2017			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	1,979,943	–	–	1,979,943	1,649,257	–	–	1,649,257
Derivative assets	–	54	–	54	–	–	–	–
Derivative liabilities	–	(1,786)	–	(1,786)	–	(2,036)	–	(2,036)
Short-term investments	–	113,035	–	113,035	–	103,611	–	103,611
Total	1,979,943	111,303	–	2,091,246	1,649,257	101,575	–	1,750,832

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.

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

Financial instruments classified as Level 2 investments are valued 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.

(h) Comparative Amounts

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