

MACKENZIE US MID CAP GROWTH CURRENCY NEUTRAL 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 Currency Neutral 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 Currency Neutral 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		2018	2017
	\$	\$		\$	\$
ASSETS			Net assets attributable to securityholders		
Current assets			per security (note 3)		
Investments at fair value	248,757	244,925	Series A	27.64	25.77
Cash and cash equivalents	15,693	2,998	Series AR	13.30	12.40
Dividends receivable	92	127	Series D	12.66	11.80
Accounts receivable for investments sold	2,080	1,403	Series E	–	–
Accounts receivable for securities issued	65	318	Series F	30.68	28.57
Unrealized gains on derivative contracts	368	1,205	Series FB	13.03	12.13
Taxes recoverable	16	16	Series I	24.72	23.04
Total assets	267,071	250,992	Series J	21.06	19.63
			Series O	29.11	27.15
			Series PW	13.52	12.60
			Series PWF	13.95	12.99
LIABILITIES			Series PWFB	10.70	–
Current liabilities			Series PWT6	14.94	–
Accounts payable for investments purchased	2	1,413	Series PWT8	14.42	14.54
Accounts payable for securities redeemed	272	353	Series PWX	13.48	12.57
Distribution payable	–	1,280	Series PWX8	14.64	14.79
Due to manager	25	–	Series T6	19.37	19.15
Unrealized losses on derivative contracts	4,883	1,633	Series T8	15.21	15.35
Total liabilities	5,182	4,679			
Net assets attributable to securityholders	261,889	246,313			
Net assets attributable to securityholders					
per series (note 3)					
Series A	98,481	116,401			
Series AR	975	685			
Series D	527	218			
Series E	–	–			
Series F	60,348	62,160			
Series FB	9	135			
Series I	134	124			
Series J	288	291			
Series O	16,073	15,661			
Series PW	26,177	9,921			
Series PWF	51,005	31,321			
Series PWFB	464	–			
Series PWT6	394	–			
Series PWT8	225	208			
Series PWX	3,041	2,941			
Series PWX8	148	247			
Series T6	960	3,375			
Series T8	2,640	2,625			

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	1,440	1,362	Series A	2.76	4.16
Interest income	64	44	Series AR	1.34	1.97
Other changes in fair value of investments			Series D	1.46	1.99
Net realized gain (loss)	53,604	31,180	Series E	–	2.16
Net unrealized gain (loss)	(20,781)	15,252	Series F	3.31	4.97
Securities lending income	57	35	Series FB	(3.11)	2.42
Total income (loss)	34,384	47,873	Series I	2.72	3.79
			Series J	2.22	3.15
Expenses (note 6)			Series O	3.68	4.93
Management fees	4,017	3,858	Series PW	1.66	2.08
Administration fees	582	575	Series PWF	1.71	2.25
Interest charges	1	–	Series PWFB	1.57	–
Commissions and other portfolio transaction costs	169	158	Series PWT6	2.17	–
Independent Review Committee fees	1	1	Series PWT8	1.60	2.67
Other	4	2	Series PWX	1.68	2.31
Expenses before amounts absorbed by Manager	4,774	4,594	Series PWX8	2.26	2.80
Expenses absorbed by Manager	–	–	Series T6	1.90	3.23
Net expenses	4,774	4,594	Series T8	1.64	2.56
Increase (decrease) in net assets attributable to securityholders from operations before tax	29,610	43,279			
Foreign withholding taxes	178	209			
Foreign income taxes paid (recovered)	–	–			
Increase (decrease) in net assets attributable to securityholders from operations	29,432	43,070			
Increase (decrease) in net assets attributable to securityholders from operations per series					
Series A	10,608	20,300			
Series AR	88	77			
Series D	41	36			
Series E	–	8			
Series F	6,414	11,652			
Series FB	(3)	22			
Series I	15	26			
Series J	32	54			
Series O	2,178	3,125			
Series PW	3,075	1,684			
Series PWF	5,997	4,397			
Series PWFB	40	–			
Series PWT6	52	–			
Series PWT8	25	35			
Series PWX	373	553			
Series PWX8	26	72			
Series T6	190	552			
Series T8	281	477			

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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 PWF		Series PWFB		Series PWT6		Series PWT8		Series PWX	
	\$		\$		\$		\$			
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	31,321	19,751	–	–	–	–	208	125	2,941	2,680
Increase (decrease) in net assets from operations	5,997	4,397	40	–	52	–	25	35	373	553
Dividends paid to securityholders:										
Ordinary	–	(184)	–	–	–	–	–	(1)	(7)	(21)
Capital gains	(2,259)	–	(9)	–	(26)	–	(9)	–	(185)	–
Return of capital	–	–	–	–	(22)	–	(17)	(15)	–	–
Total dividends paid to securityholders	(2,259)	(184)	(9)	–	(48)	–	(26)	(16)	(192)	(21)
Security transactions:										
Proceeds from securities issued	22,060	12,250	426	–	503	–	6	131	506	653
Reinvested dividends	1,950	–	9	–	36	–	12	4	213	–
Value of securities redeemed	(8,064)	(4,893)	(2)	–	(149)	–	–	(71)	(800)	(924)
Total security transactions	15,946	7,357	433	–	390	–	18	64	(81)	(271)
Total increase (decrease) in net assets	19,684	11,570	464	–	394	–	17	83	100	261
End of period	51,005	31,321	464	–	394	–	225	208	3,041	2,941

	Securities		Securities		Securities		Securities		Securities	
Increase (decrease) in fund securities (note 7):										
Securities outstanding – beginning of period	2,411	1,827	–	–	–	–	14	9	234	259
Issued	1,702	998	42	–	34	–	1	10	39	56
Reinvested dividends	152	–	1	–	2	–	1	–	17	–
Redeemed	(609)	(414)	–	–	(10)	–	–	(5)	(64)	(81)
Securities outstanding – end of period	3,656	2,411	43	–	26	–	16	14	226	234

	Series PWX8		Series T6		Series T8		Total	
	\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS								
Beginning of period	247	286	3,375	2,667	2,625	2,629	246,313	220,696
Increase (decrease) in net assets from operations	26	72	190	552	281	477	29,432	43,070
Dividends paid to securityholders:								
Ordinary	–	(2)	–	(15)	–	(12)	(46)	(1,281)
Capital gains	(15)	–	(114)	–	(100)	–	(11,270)	–
Return of capital	(13)	(28)	(108)	(179)	(204)	(210)	(364)	(432)
Total dividends paid to securityholders	(28)	(30)	(222)	(194)	(304)	(222)	(11,680)	(1,713)
Security transactions:								
Proceeds from securities issued	–	130	376	1,253	215	824	86,141	99,686
Reinvested dividends	17	–	210	145	208	110	11,423	259
Value of securities redeemed	(114)	(211)	(2,969)	(1,048)	(385)	(1,193)	(99,740)	(115,685)
Total security transactions	(97)	(81)	(2,383)	350	38	(259)	(2,176)	(15,740)
Total increase (decrease) in net assets	(99)	(39)	(2,415)	708	15	(4)	15,576	25,617
End of period	148	247	960	3,375	2,640	2,625	261,889	246,313

	Securities		Securities		Securities	
Increase (decrease) in fund securities (note 7):						
Securities outstanding – beginning of period	17	22	176	156	171	188
Issued	–	9	20	69	15	56
Reinvested dividends	1	–	11	8	14	7
Redeemed	(8)	(14)	(157)	(57)	(26)	(80)
Securities outstanding – end of period	10	17	50	176	174	171

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	29,432	43,070
Adjustments for:		
Net realized loss (gain) on investments	(53,604)	(31,180)
Change in net unrealized loss (gain) on investments	20,781	(15,252)
Purchase of investments	(122,679)	(113,917)
Proceeds from sale and maturity of investments	153,669	126,795
Change in dividends receivable	35	(47)
Change in due to manager	25	–
Change in taxes recoverable	–	(6)
Net cash from operating activities	27,659	9,463
Cash flows from financing activities		
Proceeds from redeemable securities issued	46,675	78,374
Payments on redemption of redeemable securities	(60,102)	(94,066)
Dividends paid net of reinvestments	(1,537)	(174)
Net cash from financing activities	(14,964)	(15,866)
Net increase (decrease) in cash and cash equivalents	12,695	(6,403)
Cash and cash equivalents at beginning of period	2,998	9,401
Effect of exchange rate fluctuations on cash and cash equivalents	–	–
Cash and cash equivalents at end of period	15,693	2,998
Cash	502	399
Cash equivalents	15,191	2,599
Cash and cash equivalents at end of period	15,693	2,998
Supplementary disclosures on cash flow from operating activities:		
Dividends received	1,475	1,315
Foreign taxes paid	178	211
Interest received	64	44
Interest paid	1	–

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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	8,376	938	1,630
Blue Buffalo Pet Products Inc.	United States	Consumer Staples	240,319	7,701	12,324
Bright Horizons Family Solutions Inc.	United States	Consumer Discretionary	63,101	5,968	8,106
Broadridge Financial Solutions Inc.	United States	Information Technology	21,585	1,691	3,050
Brown & Brown Inc.	United States	Financials	40,670	753	1,333
Cambrex Corp.	United States	Health Care	47,577	3,195	3,206
Carter's Inc.	United States	Consumer Discretionary	69,966	7,234	9,383
Cognex Corp.	United States	Information Technology	19,100	1,368	1,279
CommVault Systems Inc.	United States	Information Technology	145,194	8,979	10,699
CoreLogic Inc.	United States	Information Technology	64,238	3,538	3,743
CoStar Group Inc.	United States	Industrials	24,964	7,215	11,663
Cotiviti Holdings Inc.	United States	Health Care	84,076	3,548	3,730
Dave & Buster's Entertainment Inc.	United States	Consumer Discretionary	143,588	9,867	7,721
DexCom Inc.	United States	Health Care	137,818	9,021	13,166
Dolby Laboratories Inc. Class A	United States	Information Technology	12,498	999	1,023
Endologix Inc.	United States	Health Care	169,522	2,519	924
Equifax Inc.	United States	Industrials	8,400	1,279	1,275
Evolent Health Inc. Class A	United States	Health Care	117,393	3,341	2,155
ExlService Holdings Inc.	United States	Information Technology	130,485	8,578	9,375
First Republic Bank	United States	Financials	27,676	1,423	3,302
Gartner Inc.	United States	Information Technology	30,132	3,652	4,566
Globant SA	United States	Information Technology	30,774	1,442	2,043
HMS Holdings Corp.	United States	Health Care	259,314	5,340	5,626
IBERIABANK Corp.	United States	Financials	32,361	2,738	3,252
Kennedy-Wilson Holdings Inc.	United States	Real Estate	230,654	6,219	5,170
M/A-COM Technology Solutions Holdings Inc.	United States	Information Technology	79,017	4,347	1,690
Markel Corp.	United States	Financials	6,760	5,653	10,191
Mattel Inc.	United States	Consumer Discretionary	98,634	2,574	1,671
MAXIMUS Inc.	United States	Information Technology	120,901	8,728	10,395
Middleby Corp.	United States	Industrials	7,813	1,292	1,246
MINDBODY Inc. Class A	United States	Information Technology	7,900	323	396
Nielsen Holdings PLC	United States	Industrials	201,983	10,144	8,272
Polo Ralph Lauren Corp. Class A	United States	Consumer Discretionary	32,200	4,881	4,638
The Progressive Corp.	United States	Financials	145,771	4,433	11,441
Repligen Corp.	United States	Health Care	84,009	3,903	3,916
ServiceNow Inc.	United States	Information Technology	8,934	961	1,904
Signature Bank	United States	Financials	39,000	5,067	7,132
Silicon Laboratories Inc.	United States	Information Technology	16,728	848	1,937
Snap-On Inc.	United States	Industrials	37,654	7,852	7,157
Spirit Airlines Inc.	United States	Industrials	174,690	9,239	8,509
Syneos Health Inc.	United States	Health Care	184,878	10,388	8,455
Tyler Technologies Inc.	United States	Information Technology	20,969	4,200	5,699
Verisk Analytics Inc.	United States	Industrials	82,299	6,689	11,026
Wabtec Corp.	United States	Industrials	37,836	3,805	3,968



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SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Waters Corp.	United States	Health Care	5,400	1,211	1,382
Worldpay Inc.	United States	Information Technology	75,400	7,079	7,988
Total equities				212,163	248,757
Transaction costs				(219)	—
Total investments				211,944	248,757
Derivative instruments (see schedule of derivative instruments)					(4,515)
Cash and cash equivalents					15,693
Other assets less liabilities					1,954
Total net assets					261,889



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SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2018		March 31, 2017	
Portfolio Allocation	% of NAV	Portfolio Allocation	% of NAV
Equities	95.0	Equities	99.4
Cash and short-term investments	6.0	Cash and short-term investments	1.2
Other assets (liabilities)	(1.0)	Other assets (liabilities)	(0.6)
Regional Allocation	% of NAV	Regional Allocation	% of NAV
United States	95.0	United States	97.3
Cash and short-term investments	6.0	Canada	2.1
Other assets (liabilities)	(1.0)	Cash and short-term investments	1.2
		Other assets (liabilities)	(0.6)
Sector Allocation	% of NAV	Sector Allocation	% of NAV
Information technology	25.1	Information technology	34.3
Industrials	20.3	Health care	20.0
Health care	16.9	Industrials	18.7
Financials	14.0	Financials	16.6
Consumer discretionary	12.0	Consumer discretionary	6.5
Cash and short-term investments	6.0	Real estate	1.9
Consumer staples	4.7	Consumer staples	1.4
Real estate	2.0	Cash and short-term investments	1.2
Other assets (liabilities)	(1.0)	Other assets (liabilities)	(0.6)



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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	8,138	Canadian dollar	(6,250)	U.S. dollar	Apr. 27, 2018	(8,138)	(8,048)	90
AA	3,221	Canadian dollar	(2,500)	U.S. dollar	Jun. 8, 2018	(3,221)	(3,216)	5
AA	56,149	Canadian dollar	(43,500)	U.S. dollar	Jun. 8, 2018	(56,149)	(55,971)	178
AA	8,130	Canadian dollar	(6,250)	U.S. dollar	Jun. 22, 2018	(8,130)	(8,040)	90
AA	3,220	Canadian dollar	(2,500)	U.S. dollar	Jun. 29, 2018	(3,220)	(3,215)	5
Unrealized Gains								368
AA	41,295	Canadian dollar	(32,983)	U.S. dollar	Apr. 6, 2018	(41,295)	(42,486)	(1,191)
AA	60,100	Canadian dollar	(48,010)	U.S. dollar	Apr. 13, 2018	(60,100)	(61,835)	(1,735)
AA	6,400	Canadian dollar	(5,000)	U.S. dollar	May 18, 2018	(6,400)	(6,436)	(36)
AA	35,580	Canadian dollar	(29,000)	U.S. dollar	May 18, 2018	(35,580)	(37,329)	(1,749)
AA	35,012	Canadian dollar	(27,353)	U.S. dollar	Jun. 22, 2018	(35,012)	(35,184)	(172)
Unrealized (Losses)								(4,883)
Total forward currency contracts								(4,515)
Total derivative instruments at fair value								(4,515)



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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.

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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.

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NOTES TO FINANCIAL STATEMENTS

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

(a) Fund Formation and Series Information

Date of Formation February 10, 2006

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

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 and various low-load purchase options. 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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NOTES TO FINANCIAL STATEMENTS

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

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

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees	Net Asset Value per Security (\$)	
				Mar. 31, 2018	Mar. 31, 2017
Series A	March 6, 2006	2.00%	0.28%	27.64	25.77
Series AR	December 17, 2013	2.00%	0.31%	13.30	12.40
Series D	March 19, 2014	1.25%	0.20%	12.66	11.80
Series E	None issued ⁽³⁾	0.85%	0.25%	—	—
Series F	May 10, 2006	0.80% ⁽⁴⁾	0.15% ⁽⁷⁾	30.68	28.57
Series FB	October 26, 2015	1.00%	0.28%	13.03	12.13
Series I	July 24, 2007	1.35%	0.28%	24.73	23.04
Series J	November 29, 2010	1.75%	0.25%	21.07	19.63
Series O	July 24, 2007	— ⁽¹⁾	—*	29.11	27.15
Series PW	October 22, 2013	1.80% ⁽⁵⁾	0.15%	13.52	12.60
Series PWF	October 28, 2013	0.90%	0.15%	13.95	12.99
Series PWFB	April 3, 2017	0.80% ⁽⁶⁾	0.15%	10.70	—
Series PWT6	April 3, 2017	1.80% ⁽⁵⁾	0.15%	14.95	—
Series PWT8	January 16, 2015	1.80% ⁽⁵⁾	0.15%	14.42	14.54
Series PWX	January 15, 2014	— ⁽²⁾	— ⁽²⁾	13.48	12.57
Series PWX8	December 6, 2013	— ⁽²⁾	— ⁽²⁾	14.64	14.79
Series T6	July 18, 2008	2.00%	0.28%	19.38	19.15
Series T8	May 2, 2008	2.00%	0.28%	15.22	15.35

* Not applicable.

- (1) This fee is negotiable and payable directly to Mackenzie by investors in this series.
- (2) This fee is payable directly to Mackenzie by investors in this series through redemptions of their securities.
- (3) The series' original start date was February 4, 2011. All securities in the series were redeemed on December 28, 2016.
- (4) Prior to June 1, 2018, the management fee for Series F was charged to the Fund at a rate of 1.00%.
- (5) Prior to June 1, 2018, the management fee for this series was charged to the Fund at a rate of 1.90%.
- (6) Prior to June 1, 2018, the management fee for Series PWFB was charged to the Fund at a rate of 0.90%.
- (7) Prior to June 1, 2018, the administration fee for Series F was charged to the Fund at a rate of 0.20%.

(b) Investments by Mackenzie and Affiliates

As at March 31, 2018, Mackenzie had an investment of \$7 (2017 – \$5) in the Fund.

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NOTES TO FINANCIAL STATEMENTS

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

(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	41,261	57,472
Value of collateral received	42,998	60,641

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	78	100.0	49	100.0
Tax withheld	(3)	(3.8)	(2)	(4.1)
	75	96.2	47	95.9
Payments to Securities Lending Agent	(18)	(23.1)	(12)	(24.5)
Securities lending income	57	73.1	35	71.4

(d) Commissions

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

	(\$)
March 31, 2018	18
March 31, 2017	10

(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	188	–	–	188
Unrealized losses on derivative contracts	(1,191)	–	–	(1,191)
Liability for options written	–	–	–	–
Total	(1,003)	–	–	(1,003)



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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	308	–	–	308
Unrealized losses on derivative contracts	(841)	–	–	(841)
Liability for options written	–	–	–	–
Total	(533)	–	–	(533)

(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. The Fund seeks to eliminate substantially all its foreign currency exposure.

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	248,757	14,407	(261,760)	1,404
Total	248,757	14,407	(261,760)	1,404
% of Net Assets	95.0	5.5	(100.0)	0.5

	March 31, 2017			
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	244,925	2,599	(239,238)	8,286
Total	244,925	2,599	(239,238)	8,286
% of Net Assets	99.4	1.1	(97.1)	3.4

* 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 \$70 or 0.0% of total net assets (2017 – \$414 or 0.2%). 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.



MACKENZIE
Investments

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

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

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 \$24,876 or 9.5% of total net assets (2017 – \$24,493 or 9.9%). In practice, the actual trading results may differ and the difference could be material.

v. Credit risk

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

(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	248,757	–	–	248,757	244,925	–	–	244,925
Derivative assets	–	368	–	368	–	1,205	–	1,205
Derivative liabilities	–	(4,883)	–	(4,883)	–	(1,633)	–	(1,633)
Short-term investments	–	15,191	–	15,191	–	2,599	–	2,599
Total	248,757	10,676	–	259,433	244,925	2,171	–	247,096

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.