

MACKENZIE MAXIMUM DIVERSIFICATION DEVELOPED EUROPE INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

STRATEGIC BETA INDEX ETF

MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

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

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

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

On behalf of Mackenzie Financial Corporation,
Manager of the ETF



Barry McInerney
President and Chief Executive Officer



Terry Rountes
Chief Financial Officer, Funds

July 13, 2020

INDEPENDENT AUDITOR'S REPORT

To the Securityholders of Mackenzie Maximum Diversification Developed Europe Index ETF (the "ETF")

Opinion

We have audited the financial statements of the ETF, which comprise the statements of financial position as at March 31, 2020 and 2019, and the statements of comprehensive income, changes in financial position and cash flows for the periods then ended, as indicated in Note 1, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the ETF as at March 31, 2020 and 2019, 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 ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the ETF in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information which comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.



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INDEPENDENT AUDITOR'S REPORT (cont'd)

In preparing the financial statements, management is responsible for assessing the ETF's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the ETF or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the ETF's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 ETF's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ETF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the ETF to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mervyn Ramos.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
July 13, 2020



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STATEMENTS OF FINANCIAL POSITION

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

	2020	2019
	\$	\$
ASSETS		
Current assets		
Investments at fair value	17,120	56,187
Cash and cash equivalents	20	224
Dividends receivable	78	222
Accounts receivable for investments sold	–	142
Accounts receivable for units issued	–	–
Total assets	17,218	56,775
LIABILITIES		
Current liabilities		
Accounts payable for investments purchased	–	286
Accounts payable for units redeemed	–	–
Due to manager	19	76
Total liabilities	19	362
Net assets attributable to unitholders	17,199	56,413
Net assets attributable to unitholders per series (note 3)		
Series E	17,199	56,413
Net assets attributable to unitholders per unit (note 3)		
Series E	19.11	22.57

STATEMENTS OF COMPREHENSIVE INCOME

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

	2020	2019
	\$	\$
Income		
Dividends	1,048	2,866
Interest income	2	1
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	1,284	(2,235)
Net unrealized gain (loss)	(3,142)	(200)
Securities lending income	15	40
Other	86	123
Total income (loss)	(707)	595
Expenses (note 6)		
Management fees	122	439
Management fee rebates	(49)	(28)
Interest charges	2	1
Commissions and other portfolio transaction costs	116	230
Independent Review Committee fees	–	–
Other	1	–
Expenses before amounts absorbed by Manager	192	642
Expenses absorbed by Manager	–	–
Net expenses	192	642
Increase (decrease) in net assets attributable to unitholders from operations before tax	(899)	(47)
Foreign withholding taxes	92	277
Foreign income taxes paid (recovered)	–	–
Increase (decrease) in net assets attributable to unitholders from operations	(991)	(324)
Increase (decrease) in net assets attributable to unitholders from operations per series		
Series E	(991)	(324)
Increase (decrease) in net assets attributable to unitholders from operations per unit		
Series E	(0.97)	(0.10)

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

	2020	2019
	Series E	
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	\$	
Beginning of period	56,413	80,747
Increase (decrease) in net assets from operations	(991)	(324)
Distributions paid to unitholders:		
Investment income	(1,195)	(2,253)
Capital gains	–	(838)
Management fee rebates	(49)	(28)
Total distributions paid to unitholders	(1,244)	(3,119)
Unit transactions:		
Proceeds from units issued	11,200	8,851
Reinvested distributions	–	1,599
Payments on redemption of units	(48,179)	(31,341)
Total unit transactions	(36,979)	(20,891)
Total increase (decrease) in net assets	(39,214)	(24,334)
End of period	17,199	56,413
Increase (decrease) in units (note 7):	Units	
Units outstanding – beginning of period	2,500	3,500
Issued	500	400
Reinvested distributions	–	–
Redeemed	(2,100)	(1,400)
Units outstanding – end of period	900	2,500

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STATEMENTS OF CASH FLOWS

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

	2020	2019
	\$	\$
Cash flows from operating activities		
Net increase (decrease) in net assets attributable to unitholders from operations	(991)	(324)
Adjustments for:		
Net realized loss (gain) on investments	(1,329)	2,235
Change in net unrealized loss (gain) on investments	3,142	200
Purchase of investments	(18,870)	(52,448)
Proceeds from sale and maturity of investments	55,952	74,245
Change in dividends receivable	144	(28)
Change in due from manager	–	41
Change in due to manager	(57)	(26)
Net cash from operating activities	37,991	23,895
Cash flows from financing activities		
Proceeds from units issued	11,200	8,851
Payments on redemption of units	(48,179)	(31,341)
Distributions paid net of reinvestments	(1,244)	(1,520)
Net cash from financing activities	(38,223)	(24,010)
Net increase (decrease) in cash and cash equivalents	(232)	(115)
Cash and cash equivalents at beginning of period	224	347
Effect of exchange rate fluctuations on cash and cash equivalents	28	(8)
Cash and cash equivalents at end of period	20	224
Cash	20	224
Cash equivalents	–	–
Cash and cash equivalents at end of period	20	224
Supplementary disclosures on cash flow from operating activities:		
Dividends received	1,192	2,838
Foreign taxes paid	92	277
Interest received	2	1
Interest paid	2	1

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SCHEDULE OF INVESTMENTS

As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES					
A.P. Moller - Maersk AS Class A	Denmark	Industrials	4	7	5
A.P. Moller - Maersk AS Class B	Denmark	Industrials	8	14	10
AAK AB	Sweden	Consumer Staples	238	6	6
ABN AMRO Group NV	Netherlands	Financials	668	23	8
Adidas AG	Germany	Consumer Discretionary	179	58	58
Admiral Group PLC	United Kingdom	Financials	323	11	13
Aena SA	Spain	Industrials	104	26	16
Aeroports de Paris	France	Industrials	47	11	6
Ageas	Belgium	Financials	280	18	17
Akzo Nobel NV	Netherlands	Materials	659	83	62
Amarin Corp. PLC	United Kingdom	Health Care	10,161	231	58
Ambu AS	Denmark	Health Care	4,191	132	145
Amcor PLC	Jersey	Materials	6,576	94	75
Amplifon SPA	Italy	Health Care	955	33	28
Ams AG	Austria	Information Technology	546	24	8
Andritz AG	Austria	Industrials	1,504	91	67
Anglo American PLC	United Kingdom	Materials	1,486	43	37
Anheuser-Busch InBev NV	Belgium	Consumer Staples	1,534	159	97
Argenx SE	Netherlands	Health Care	394	70	76
Aroundtown SA	Germany	Real Estate	7,244	82	52
Ascendis Pharma AS ADR	Denmark	Health Care	1,297	214	208
ASM International NV	Netherlands	Information Technology	117	21	17
ASR Nederland NV	Netherlands	Financials	200	11	7
Assicurazioni Generali SPA	Italy	Financials	1,686	41	33
Associated British Foods PLC	United Kingdom	Consumer Staples	510	23	16
AstraZeneca PLC	United Kingdom	Health Care	1,788	185	228
Atlantia SPA	Italy	Industrials	3,426	111	61
Auto Trader Group PLC	United Kingdom	Communication Services	1,280	10	10
Avast PLC	United Kingdom	Information Technology	3,582	28	25
AXA SA	France	Financials	2,849	97	70
B&M European Value Retail SA	United Kingdom	Consumer Discretionary	5,365	34	26
Bakkafrost P/F	Denmark	Consumer Staples	469	45	31
Baloise Holding AG	Switzerland	Financials	69	16	13
Banco Bilbao Vizcaya Argentaria SA	Spain	Financials	16,343	128	74
Banco BPM SPA	Italy	Financials	15,565	45	29
Banco De Sabadell SA	Spain	Financials	23,108	37	17
Bank of Ireland Group PLC	Ireland	Financials	2,976	23	8
Bankinter SA	Spain	Financials	908	10	5
Barclays PLC	United Kingdom	Financials	10,565	32	18
Barratt Developments PLC	United Kingdom	Consumer Discretionary	1,442	14	11
Barry Callebaut AG	Switzerland	Consumer Staples	8	22	23
BAWAG Group AG	Austria	Financials	125	7	5
Bayerische Motoren Werke (BMW) AG Pfd.	Germany	Consumer Discretionary	80	8	5
Bayerische Motoren Werke (BMW) AG	Germany	Consumer Discretionary	453	48	33
Beiersdorf AG	Germany	Consumer Staples	150	23	22
Belimo Holding AG	Switzerland	Industrials	1	9	9
Bellway PLC	United Kingdom	Consumer Discretionary	174	9	7
The Berkeley Group Holdings PLC	United Kingdom	Consumer Discretionary	168	10	11
BioMerieux SA	France	Health Care	60	7	10



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As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Bollore SA	France	Communication Services	829	5	3
BP PLC	United Kingdom	Energy	2,816	24	17
BT Group PLC	United Kingdom	Communication Services	11,939	46	25
Bunzl PLC	United Kingdom	Industrials	477	18	14
CaixaBank SA	Spain	Financials	8,064	37	21
Capita Group PLC	United Kingdom	Industrials	9,940	28	6
Carl Zeiss Meditec AG	Germany	Health Care	256	40	35
Carlsberg AS B	Denmark	Consumer Staples	300	54	48
Carnival PLC	United States	Consumer Discretionary	545	33	9
Carrefour SA	France	Consumer Staples	9,140	231	206
Castellum AB	Sweden	Real Estate	278	6	7
Cellnex Telecom SA	Spain	Communication Services	1,758	84	114
Cembra Money Bank AG	Switzerland	Financials	43	6	6
Centrica PLC	United Kingdom	Utilities	91,018	160	61
Chr. Hansen Holding AS	Denmark	Materials	649	74	69
Cineworld Group PLC	United Kingdom	Communication Services	1,828	9	2
Clariant AG Reg.	Switzerland	Materials	190	6	5
CNP Assurances SA	France	Financials	164	4	2
Coca-Cola HBC AG-DI	Switzerland	Consumer Staples	275	12	8
Coloplast AS	Denmark	Health Care	837	125	173
Colruyt SA	Belgium	Consumer Staples	1,475	117	113
Commerzbank AG	Germany	Financials	1,272	10	7
Compagnie Generale des Etablissements Michelin B	France	Consumer Discretionary	245	40	31
Compass Group PLC	United Kingdom	Consumer Discretionary	2,248	67	50
Continental AG	Germany	Consumer Discretionary	351	63	36
ConvaTec Group PLC	United Kingdom	Health Care	24,987	77	82
Covivio	France	Real Estate	63	9	5
Credit Agricole SA	France	Financials	870	16	9
CTS Eventim AG & Co. KGaA	Germany	Communication Services	77	6	5
Danone SA	France	Consumer Staples	1,318	137	121
Danske Bank AS	Denmark	Financials	4,707	121	76
Dassault Aviation SA	France	Industrials	3	7	4
Davide Campari Milano SPA	Italy	Consumer Staples	808	10	8
Dechra Pharmaceuticals PLC	United Kingdom	Health Care	2,895	125	120
Delivery Hero AG	Germany	Consumer Discretionary	148	8	16
Demant AS	Denmark	Health Care	143	7	5
Deutsche Boerse AG	Germany	Financials	257	43	50
Deutsche Lufthansa AG Reg.	Germany	Industrials	3,851	92	51
Deutsche Wohnen AG	Germany	Real Estate	6,126	324	331
Diageo PLC	United Kingdom	Consumer Staples	3,327	175	152
Dialog Semiconductor PLC	United Kingdom	Information Technology	679	43	26
DiaSorin SPA	Italy	Health Care	34	5	6
Direct Line Insurance Group PLC	United Kingdom	Financials	1,950	12	10
DnB ASA	Norway	Financials	1,261	31	20
DSV Panalpina AS	Denmark	Industrials	326	37	42
E.ON SE	Germany	Utilities	3,095	44	46
easyJet PLC	United Kingdom	Industrials	3,555	59	36
Edenred	France	Information Technology	131	8	8
EDF SA (Electricite de France)	France	Utilities	1,262	21	14



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As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Electrocomponents PLC	United Kingdom	Information Technology	1,979	24	18
Elekta AB B	Sweden	Health Care	9,230	156	109
Elis SA	France	Industrials	178	5	2
Elisa OYJ	Finland	Communication Services	1,129	73	100
EMS-Chemie Holding AG	Switzerland	Materials	10	8	9
Enagas SA	Spain	Utilities	1,376	46	39
Endesa SA	Spain	Utilities	2,666	92	81
Enel SPA	Italy	Utilities	11,023	103	109
Energias de Portugal SA	Portugal	Utilities	9,865	61	56
Engie SA	France	Utilities	2,189	45	32
Eni SPA	Italy	Energy	1,627	31	23
Epiroc AB Class A	Sweden	Industrials	1,160	15	16
Epiroc AB Class B	Sweden	Industrials	535	8	8
Equinor ASA	Norway	Energy	2,742	69	49
Erste Group Bank AG	Austria	Financials	942	50	25
EssilorLuxottica	France	Consumer Discretionary	599	106	92
Essity Aktiebolag Class B	Sweden	Consumer Staples	842	32	37
Eurofins Scientific	Luxembourg	Health Care	6	4	4
Euronext NV	Netherlands	Financials	78	7	8
Eutelsat Communications SA	France	Communication Services	5,291	147	79
Fabege AB	Sweden	Real Estate	353	7	6
Fastighets AB Balder	Sweden	Real Estate	131	6	7
Ferguson PLC	Switzerland	Industrials	18	2	2
Ferrovial SA	Spain	Industrials	648	20	22
Fiat Chrysler Automobiles NV	United Kingdom	Consumer Discretionary	1,562	32	16
Flughafen Zuerich AG	Switzerland	Industrials	27	6	4
Flutter Entertainment PLC	Ireland	Consumer Discretionary	986	119	127
Fortum OYJ	Finland	Utilities	598	16	12
Fraport AG	Germany	Industrials	53	6	3
Freetnet AG	Germany	Communication Services	984	29	25
Fresenius Medical Care AG & Co.	Germany	Health Care	298	29	28
Fresenius SE & Co. KGaA	Germany	Health Care	583	39	31
Fuchs Petrolub SE	Germany	Materials	45	2	2
Galapagos NV	Belgium	Health Care	69	11	20
Galp Energia SGPS SA	Portugal	Energy	696	15	11
Gas Natural SDG SA	Spain	Utilities	867	30	22
GEA Group AG	Germany	Industrials	237	12	7
Geberit AG	Switzerland	Industrials	51	29	32
Gecina SA	France	Real Estate	72	15	14
Genmab AS	Denmark	Health Care	995	245	287
Getinge AB	Sweden	Health Care	645	16	18
Getlink SE	France	Industrials	8,217	167	141
Givaudan SA	Switzerland	Materials	18	71	79
Gjensidige Forsikring ASA	Norway	Financials	266	6	6
GlaxoSmithKline PLC	United Kingdom	Health Care	8,556	228	229
Glencore PLC	Switzerland	Materials	18,513	90	40
GN Store Nord AS (GN Great Nordic)	Denmark	Health Care	183	11	12
Greggs PLC	United Kingdom	Consumer Discretionary	2,479	91	71
GRENKE AG	Germany	Financials	36	5	3



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As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Grifols SA	Spain	Health Care	411	15	20
GVC Holdings PLC	United Kingdom	Consumer Discretionary	818	12	8
GW Pharmaceuticals PLC	United Kingdom	Health Care	973	196	121
Hannover Rueckversicherung SE Reg.	Germany	Financials	56	12	11
HeidelbergCement AG	Germany	Materials	22	2	1
Heineken Holding NV A	Netherlands	Consumer Staples	132	17	14
Heineken NV	Netherlands	Consumer Staples	267	37	32
Helvetia Holding AG	Switzerland	Financials	46	7	6
Henkel AG & Co. KGaA Pfd.	Germany	Consumer Staples	248	33	28
Henkel AG & Co. KGaA	Germany	Consumer Staples	143	20	15
Hennes & Mauritz AB B	Sweden	Consumer Discretionary	3,659	82	67
Hera SPA	Italy	Utilities	2,357	13	12
Hermes International	France	Consumer Discretionary	98	96	96
Hikma Pharmaceuticals PLC	Jordan	Health Care	484	15	17
Hiscox Ltd.	United Kingdom	Financials	626	17	10
HomeServe PLC	United Kingdom	Industrials	391	6	7
Howden Joinery Group PLC	United Kingdom	Industrials	843	7	8
HSBC Holdings PLC	United Kingdom	Financials	9,711	109	78
Hugo Boss AG	Germany	Consumer Discretionary	465	32	17
Huhtamaki Oyj	Finland	Materials	125	7	6
Husqvarna AB-B	Sweden	Consumer Discretionary	458	6	3
ICA Gruppen AB	Sweden	Consumer Staples	2,466	141	148
IG Group Holdings PLC	United Kingdom	Financials	10,444	112	128
Iliad SA	France	Communication Services	415	61	80
IMCD Group NV	Netherlands	Industrials	71	7	7
Immofinanz AG	Austria	Real Estate	1,293	46	33
Inchcape PLC	United Kingdom	Consumer Discretionary	558	7	4
Industria de Diseno Textil SA (Inditex)	Spain	Consumer Discretionary	1,574	63	58
Informa PLC	United Kingdom	Communication Services	1,279	17	10
Ingenico SA	France	Information Technology	1,644	198	249
International Consolidated Airlines Group SA	United Kingdom	Industrials	1,243	20	9
Intesa Sanpaolo SPA	Italy	Financials	42,289	149	98
Ipsen SA	France	Health Care	295	39	22
ISS AS	Denmark	Industrials	851	31	17
Italgas SPA	Italy	Utilities	639	6	5
ITV PLC	United Kingdom	Communication Services	3,094	7	4
IWG PLC	Switzerland	Real Estate	1,060	8	3
J Sainsbury PLC	United Kingdom	Consumer Staples	35,657	128	132
James Hardie Industries PLC	Ireland	Materials	8,350	217	135
JD Sports Fashion PLC	United Kingdom	Consumer Discretionary	665	7	5
Jeronimo Martins SGPS SA	Portugal	Consumer Staples	7,556	162	194
John Wood Group PLC	United Kingdom	Energy	956	8	3
Just Eat Takeaway (Amsterdam Stock Exchange)	Netherlands	Consumer Discretionary	1,806	226	194
KBC Groep NV	Belgium	Financials	129	13	8
Kerry Group PLC A (Irish traded shares)	Ireland	Consumer Staples	1,748	256	287
Kesko OYJ	Finland	Consumer Staples	1,989	154	160
Kingfisher PLC	United Kingdom	Consumer Discretionary	2,993	13	8
Kingspan Group PLC	Ireland	Industrials	917	61	70
Klepierre	France	Real Estate	317	16	9



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SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Kone OYJ B	Finland	Industrials	499	35	40
Koninklijke (Royal) KPN NV	Netherlands	Communication Services	13,657	57	46
Koninklijke Ahold Delhaize NV	Netherlands	Consumer Staples	7,842	242	261
Koninklijke Vopak NV	Netherlands	Energy	93	5	7
Kuehne + Nagel International AG	Switzerland	Industrials	78	15	15
Lagardere SCA	France	Communication Services	170	6	3
Land Securities Group PLC	United Kingdom	Real Estate	983	15	10
LEG Immobilien GmbH	Germany	Real Estate	335	50	54
Lindt & Sprungli AG Reg.	Switzerland	Consumer Staples	2	212	248
Lindt & Sprungli AG-PC	Switzerland	Consumer Staples	8	75	96
Lloyds Banking Group PLC	United Kingdom	Financials	88,365	91	50
London Stock Exchange Group PLC	United Kingdom	Financials	217	23	28
L'Oréal SA	France	Consumer Staples	131	45	49
Mapfre SA	Spain	Financials	12,934	46	31
Marks & Spencer Group PLC	United Kingdom	Consumer Discretionary	2,766	11	5
Mediobanca SPA	Italy	Financials	1,069	14	8
Meggitt PLC	United Kingdom	Industrials	429	5	2
Merck KGaA	Germany	Health Care	183	26	27
Micro Focus International PLC	United Kingdom	Information Technology	9,408	262	66
Moncler SPA	Italy	Consumer Discretionary	190	11	10
Mowi ASA	Norway	Consumer Staples	7,789	228	167
Muenchener Rueckversicherungs - Gesellschaft AG (MunichRe)	Germany	Financials	205	63	59
National Grid PLC	United Kingdom	Utilities	8,865	137	148
Neste Oil OYJ	Finland	Energy	5,027	164	242
Nestlé SA Reg.	Switzerland	Consumer Staples	2,227	275	326
Next PLC	United Kingdom	Consumer Discretionary	1,044	90	75
NMC Health PLC	United Arab Emirates	Health Care	144	7	2
NN Group NV	Netherlands	Financials	209	11	8
Nokia OYJ	Finland	Information Technology	13,285	84	60
Nokian Renkaat OYJ	Finland	Consumer Discretionary	178	9	6
Nordea Bank ABP	Finland	Financials	5,711	55	46
Norsk Hydro ASA	Norway	Materials	1,885	12	6
Novartis AG Reg.	Switzerland	Health Care	2,444	280	287
Novo Nordisk AS B	Denmark	Health Care	3,343	224	286
Novozymes AS	Denmark	Materials	732	47	47
Ocado Group PLC	United Kingdom	Consumer Discretionary	3,747	61	81
OMV AG	Austria	Energy	318	22	12
Orange SA	France	Communication Services	5,469	110	95
Orion OYJ	Finland	Health Care	2,864	137	167
Orkla ASA	Norway	Consumer Staples	1,224	14	15
Orpea SA	France	Health Care	146	26	22
Orsted A/S	Denmark	Utilities	606	64	85
Pandora AS	Denmark	Consumer Discretionary	2,658	228	123
Pearson PLC	United Kingdom	Communication Services	11,147	161	111
Pennon Group PLC	United Kingdom	Utilities	7,695	114	147
Pernod Ricard SA*	France	Consumer Staples	243	51	49
Persimmon PLC	United Kingdom	Consumer Discretionary	274	11	9
Philips Lighting NV	Netherlands	Industrials	3,350	126	93
Poste Italiane SPA	Italy	Financials	662	8	8



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SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
ProSiebenSat.1 Media SE	Germany	Communication Services	1,813	42	20
Proximus SA	Belgium	Communication Services	201	8	7
PSA Peugeot Citroen	France	Consumer Discretionary	797	26	15
PSP Swiss Property AG Reg.	Switzerland	Real Estate	886	153	157
Publicis Groupe SA	France	Communication Services	1,036	69	42
Puma AG Rudolf Dassler Sport	Germany	Consumer Discretionary	117	12	10
Qiagen NV	United States	Health Care	302	16	17
Raiffeisen International Bank-Holding AG	Austria	Financials	192	7	4
Reckitt Benckiser Group PLC	United Kingdom	Consumer Staples	1,138	121	124
Red Electrica Corporacion SA	Spain	Utilities	4,383	124	112
RELX PLC	United Kingdom	Industrials	2,749	85	84
Remy Cointreau SA	France	Consumer Staples	29	5	5
Rentokil Initial PLC	United Kingdom	Industrials	1,110	7	8
Rheinmetall AG	Germany	Industrials	43	6	4
Rightmove PLC	United Kingdom	Communication Services	4,785	53	41
Rio Tinto PLC	United Kingdom	Materials	254	19	17
Roche Holding AG Genussscheine	Switzerland	Health Care	729	251	336
The Royal Bank of Scotland Group PLC	United Kingdom	Financials	3,339	14	7
Royal Unibrew AS	Denmark	Consumer Staples	1,165	116	120
RSA Insurance Group PLC	United Kingdom	Financials	574	6	4
Rubis SCA	France	Utilities	127	9	8
RWE AG	Germany	Utilities	826	29	31
The Sage Group PLC	United Kingdom	Information Technology	510	6	5
Sampo OYJ A	Finland	Financials	636	38	26
Sanofi	France	Health Care	1,510	177	189
SBM Offshore NV	Netherlands	Energy	1,206	30	23
Schindler Holding AG	Switzerland	Industrials	128	42	38
SCOR SE	France	Financials	211	12	7
Scout24 AG	Germany	Communication Services	355	29	30
SEB SA	France	Consumer Discretionary	38	8	7
Securitas AB B	Sweden	Industrials	156	3	2
Segro PLC	United Kingdom	Real Estate	1,340	16	18
SES SA	Luxembourg	Communication Services	12,863	272	107
Severn Trent PLC	United Kingdom	Utilities	889	30	36
Siemens Gamesa Renewable Energy SA	Spain	Industrials	312	6	7
Siemens Healthineers AG	Germany	Health Care	213	11	12
Signature Aviation PLC	United Kingdom	Industrials	1,172	7	3
Sika AG	Switzerland	Materials	77	14	18
SimCorp AS	Denmark	Information Technology	56	7	7
Skandinaviska Enskilda Banken AB (SEB) A	Sweden	Financials	2,280	29	22
Skanska AB	Sweden	Industrials	359	8	8
Smith & Nephew PLC	United Kingdom	Health Care	1,241	34	31
Snam SPA	Italy	Utilities	2,810	18	18
Societe Generale	France	Financials	1,114	55	27
Sodexo SA	France	Consumer Discretionary	262	38	25
Sonova Holding AG	Switzerland	Health Care	127	38	33
Spectris PLC	United Kingdom	Information Technology	40	2	2
SSE PLC	United Kingdom	Utilities	1,468	31	34
SSP Group PLC	United Kingdom	Consumer Discretionary	599	7	3



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SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Standard Life Aberdeen PLC	United Kingdom	Financials	3,320	16	13
Suez Environnement SA	France	Utilities	515	10	7
Sunrise Communications Group AG	Switzerland	Communication Services	960	96	110
Svenska Handelsbanken AB A	Sweden	Financials	2,069	28	25
Swedbank AB	Sweden	Financials	1,552	35	25
Swiss Life Holding AG Reg.	Switzerland	Financials	7	5	3
Swiss Prime Site AG	Switzerland	Real Estate	255	33	36
Swiss Re Ltd.	Switzerland	Financials	400	53	44
Swisscom AG Reg.	Switzerland	Communication Services	59	42	45
TAG Immobilien AG	Germany	Real Estate	2,111	66	59
Tate & Lyle PLC	United Kingdom	Consumer Staples	5,585	66	65
Taylor Wimpey PLC	United Kingdom	Consumer Discretionary	4,240	12	9
Tecan Group AG	Switzerland	Health Care	17	5	7
TechnipFMC PLC	United Kingdom	Energy	268	7	3
Tele2 AB	Sweden	Communication Services	661	12	13
Telecom Italia SPA RNC (RSP Share)	Italy	Communication Services	101,452	75	57
Telecom Italia SPA RNC	Italy	Communication Services	14,049	13	8
Telefonaktiebolaget LM Ericsson B	Sweden	Information Technology	4,358	47	51
Telefonica SA	Spain	Communication Services	2,449	26	16
Telenor ASA	Norway	Communication Services	903	25	19
TeliaSonera AB	Sweden	Communication Services	3,215	19	16
Tenaris SA	Luxembourg	Energy	661	11	6
Terna SPA	Italy	Utilities	2,001	16	18
Tesco PLC	United Kingdom	Consumer Staples	48,462	192	196
ThyssenKrupp AG	Germany	Materials	1,277	23	10
Tomra Systems ASA	Norway	Industrials	153	6	6
Total SA	France	Energy	72	5	4
Tryg AS	Denmark	Financials	928	37	32
TUI AG	Germany	Consumer Discretionary	574	8	4
UBI Banca - Unione di Banche Italiane SCPA	Italy	Financials	38,200	181	144
Ubisoft Entertainment SA	France	Communication Services	326	32	34
UCB SA	Belgium	Health Care	1,484	157	183
Umicore SA*	Belgium	Materials	274	14	14
UniCredit SPA	Italy	Financials	3,169	65	35
Unilever NV CVA	United Kingdom	Consumer Staples	2,133	171	149
Unilever PLC	United Kingdom	Consumer Staples	1,563	119	112
Uniper SE	Germany	Utilities	212	8	7
Unipol Gruppo SPA	Italy	Financials	732	6	4
United Internet AG	Germany	Communication Services	146	7	6
United Utilities Group PLC	United Kingdom	Utilities	3,124	42	50
Valeo SA	France	Consumer Discretionary	307	13	7
VAT Group AG	Switzerland	Industrials	26	6	5
Veolia Environnement	France	Utilities	718	21	22
Verbund AG	Austria	Utilities	94	7	5
Vestas Wind Systems AS	Denmark	Industrials	1,395	152	161
Virgin Money UK PLC	United Kingdom	Financials	2,034	8	2
Vivendi SA	France	Communication Services	975	34	30
Vodafone Group PLC	United Kingdom	Communication Services	37,957	97	76
Voestalpine AG	Austria	Materials	160	9	5



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SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Vonovia SE	Germany	Real Estate	1,930	123	135
W.H. Smith PLC	United Kingdom	Consumer Discretionary	117	5	2
Wartsila OYJ	Finland	Industrials	748	11	8
Whitbread PLC	United Kingdom	Consumer Discretionary	190	16	10
Wienerberger AG	Austria	Materials	161	5	4
William Morrison Supermarkets PLC	United Kingdom	Consumer Staples	14,311	46	45
Wirecard AG	Germany	Information Technology	326	53	53
Wolters Kluwer NV	Netherlands	Industrials	381	32	38
WPP PLC	United Kingdom	Communication Services	1,757	33	17
Zalando SE	Germany	Consumer Discretionary	796	45	43
Zurich Insurance Group AG	Switzerland	Financials	81	36	41
Total equities				19,305	17,120
Transaction costs				(40)	—
Total investments				19,265	17,120
Cash and cash equivalents					20
Other assets less liabilities					59
Total net assets					17,199

* Related to Mackenzie. See Note 1.



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MACKENZIE MAXIMUM DIVERSIFICATION DEVELOPED EUROPE INDEX ETF

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SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2020	
Portfolio Allocation	% of NAV
Equities	99.5
Other assets (liabilities)	0.4
Cash and short-term investments	0.1

Regional Allocation	
	% of NAV
United Kingdom	22.3
Switzerland	12.1
Denmark	11.6
France	11.3
Germany	8.6
Netherlands	5.2
Finland	5.1
Italy	4.2
Spain	3.8
Ireland	3.6
Sweden	3.4
Belgium	2.7
Other	2.4
Norway	1.7
Portugal	1.5
Other assets (liabilities)	0.4
Cash and short-term investments	0.1

Sector Allocation	
	% of NAV
Consumer staples	22.8
Health care	21.5
Financials	9.3
Consumer discretionary	8.7
Communication services	8.2
Utilities	7.1
Industrials	7.0
Real estate	5.4
Materials	3.7
Information technology	3.5
Energy	2.3
Other assets (liabilities)	0.4
Cash and short-term investments	0.1

March 31, 2019	
Portfolio Allocation	% of NAV
Equities	99.3
Cash and short-term investments	0.4
Exchange-traded funds/notes	0.3

Regional Allocation	
	% of NAV
United Kingdom	28.8
France	11.9
Denmark	9.3
Switzerland	9.0
Germany	7.9
Ireland	4.6
Finland	4.1
Spain	3.9
Italy	3.6
Sweden	3.5
Netherlands	3.4
Belgium	3.4
Other	2.6
Norway	2.4
Luxembourg	1.2
Cash and short-term investments	0.4

Sector Allocation	
	% of NAV
Consumer staples	21.6
Health care	19.1
Financials	11.4
Consumer discretionary	11.3
Industrials	11.0
Communication services	7.1
Utilities	5.1
Information technology	4.0
Materials	3.3
Real estate	2.8
Energy	2.6
Cash and short-term investments	0.4
Exchange-traded funds/notes	0.3



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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, 2020 and 2019, as applicable. In the year an exchange-traded fund (“the ETF”) is established, ‘period’ represents the period from inception to the period end of that fiscal year. Refer to Note 10 for the formation date of the ETF.

The ETF is organized as an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust as amended and restated from time to time. The address of the ETF’s registered office is 180 Queen Street West, Toronto, Ontario, Canada. The ETF is authorized to issue an unlimited number of units for sale under a Prospectus. The units of the ETF are listed on the Toronto Stock Exchange/Aequitas NEO Exchange (“the Exchange”).

Mackenzie Financial Corporation (“Mackenzie”) is the manager of the ETF and is wholly owned by IGM Financial Inc., a subsidiary of Power Corporation of Canada. Investments in companies within the Power Group of companies held by the ETF are identified in the Schedule of Investments.

2. Basis of Preparation and Presentation

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

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

These financial statements were authorized for issue by the Board of Directors of Mackenzie Financial Corporation on July 13, 2020.

3. Significant Accounting Policies

(a) Financial instruments

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

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

The ETF’s redeemable units are held by different types of unitholders that are entitled to different redemption rights. Unitholders may redeem units of the ETF at a redemption price per unit equal to 95% of the closing price of the units on the Exchange on the effective day of the redemption, subject to a maximum redemption price of the applicable NAV per unit. These different redemption features create equally subordinate but not identical units of the ETF which therefore meet the criteria for classification as financial liabilities under IAS 32, *Financial Instruments: Presentation*. The ETF’s obligation for net assets attributable to unitholders is presented at the redemption amount. Refer to Note 7 for details of subscriptions and redemptions of the ETF’s units.

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

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

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

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(a) Financial instruments (cont'd)

The ETF accounts for its holdings in unlisted open-ended investment funds and exchange-traded funds, if any, at FVTPL. Mackenzie has concluded that any unlisted open-ended investment funds and exchange-traded funds in which the ETF 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 ETF in the management of short-term commitments. Cash and cash equivalents are reported at fair value which closely approximates their amortized cost due to their nature of being highly liquid and having short terms to maturity. Bank overdraft positions are presented under current liabilities as bank indebtedness in the Statement of Financial Position.

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

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

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

The value of futures contracts or swaps fluctuates daily, and cash settlements made daily, where applicable, by the ETF are equal to the unrealized gains or losses on a "mark to market" basis. These unrealized gains or losses are recorded and reported as such until the ETF closes out the contract or the contract expires. Margin paid or deposited in respect of futures contracts or swaps is reflected as a receivable in the Statement of Financial Position – Margin on derivatives. 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, 2020.

(c) Income recognition

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

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(d) Commissions and other portfolio transaction costs

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

(e) Securities lending, repurchase and reverse repurchase transactions

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

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

(f) Offsetting

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

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

(g) Foreign currency

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

Foreign exchange gains (losses) on purchases and sales of foreign currencies are included in the Statement of Comprehensive Income – Other changes in fair value of investments and other net assets – Net realized gain (loss).

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

(h) Net assets attributable to unitholders per unit

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

(i) Net asset value per unit

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

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

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



NOTES TO FINANCIAL STATEMENTS

4. Critical Accounting Estimates and Judgments

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

The outbreak of the novel coronavirus (COVID-19) developed rapidly over the first three months of 2020, with the World Health Organization declaring it a pandemic on March 11, 2020, and governments around the world enacting emergency measures that resulted in business disruptions, volatility in markets and a global economic slowdown.

The Manager uses judgment in assessing the impact from such events on assumptions and estimates applied in reporting the assets and liabilities in the ETF's financial statements at March 31, 2020.

The duration and impact of the COVID-19 pandemic on businesses and markets, and the extent of economic relief measures provided by governments and central banks, are unknown at the reporting date and it is therefore not possible to reliably estimate the impact on the financial results and position of the ETF in future periods.

Use of Estimates

Fair value of securities not quoted in an active market

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

Use of Judgments

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

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

Functional currency

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

Structured entities and associates

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

5. Income Taxes

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

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

NOTES TO FINANCIAL STATEMENTS

6. Management Fees and Operating Expenses

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

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

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

7. Units and Unit Transactions

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

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

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

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

8. ETF's Capital

The capital of the ETF is comprised of the net assets attributable to unitholders. The units outstanding for the ETF as at March 31, 2020 and 2019 and units issued, reinvested and redeemed for the periods are presented in the Statement of Changes in Financial Position. Mackenzie manages the capital of the ETF in accordance with the investment objectives as discussed in Note 10.

9. Financial Instruments Risk

i. Risk exposure and management

The ETF's investment activities expose it to a variety of financial risks, as defined in IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7"). The ETF's exposure to financial risks is concentrated in its investments, which are presented in the Schedule of Investments, as at March 31, 2020, grouped by asset type, with geographic and sector information.

NOTES TO FINANCIAL STATEMENTS

9. Financial Instruments Risk (cont'd)

i. Risk exposure and management (cont'd)

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

ii. Liquidity risk

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

iii. Currency risk

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

iv. Interest rate risk

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

v. Other price risk

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

vi. Credit risk

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

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

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

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

vii. Underlying ETFs

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

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NOTES TO FINANCIAL STATEMENTS

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

(a) ETF Formation and Series Information

Date of Formation June 3, 2016

The ETF may issue an unlimited number of units. The number of issued and outstanding units is disclosed in the Statements of Changes in Financial Position.

Series E units were listed on the TSX under the symbol MEU on September 7, 2016. The closing market price, or the midpoint of the bid and ask prices in the absence of a closing market price, at March 31, 2020 was \$18.89 (2019 – \$22.65).

The management fee rate for Series E units is 0.50%.

As at March 31, 2020, there were no differences between the ETF's NAV per unit (2019 – \$22.57) and its Net Assets per unit calculated in accordance with IFRS (2019 – \$22.57).

(b) Investments by Mackenzie and Affiliates

As at March 31, 2020, other funds managed by Mackenzie had an investment of \$10,510 (2019 – \$4,634) in the ETF.

(c) Loss Carryforwards

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

(d) Securities Lending

The value of securities loaned and collateral received from securities lending at March 31, 2020 and 2019, were as follows:

	March 31, 2020	March 31, 2019
	(\$)	(\$)
Value of securities loaned	1,098	4,820
Value of collateral received	1,209	5,346

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

A reconciliation of the gross amount generated from the securities lending transactions to the security lending income to the ETF for the periods ended March 31, 2020 and 2019 is as follows:

	2020		2019	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	20	100.0	53	100.0
Tax withheld	(1)	(5.0)	–	–
	19	95.0	53	100.0
Payments to Securities Lending Agent	(4)	(20.0)	(13)	(24.5)
Securities lending income	15	75.0	40	75.5

(e) Offsetting of Financial Assets and Liabilities

As at March 31, 2020 and 2019, there were no amounts subject to offsetting.

(f) Risks Associated with Financial Instruments

i. Risk exposure and management

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



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

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

ii. Currency risk

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

March 31, 2020				
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
Euro	8,154	–	–	8,154
British pound	3,658	5	–	3,663
Swiss franc	2,039	1	–	2,040
Danish krone	1,750	3	–	1,753
Swedish krona	594	–	–	594
U.S. dollar	396	3	–	399
Norwegian krone	319	7	–	326
Australian dollar	210	1	–	211
Total	17,120	20	–	17,140
% of Net Assets	99.5	0.1	–	99.6

March 31, 2019				
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
Euro	25,949	–	–	25,949
British pound	15,259	–	–	15,259
Danish krone	5,221	12	–	5,233
Swiss franc	4,680	–	–	4,680
Swedish krona	1,984	–	–	1,984
U.S. dollar	1,746	60	–	1,806
Norwegian krone	1,348	–	–	1,348
Total	56,187	72	–	56,259
% of Net Assets	99.6	0.1	–	99.7

* Includes both monetary and non-monetary financial instruments

As at March 31, 2020, 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 \$857 or 5.0% of total net assets (2019 – \$2,813 or 5.0%). In practice, the actual trading results may differ and the difference could be material.

iii. Interest rate risk

As at March 31, 2020 and 2019, the ETF did not have a significant exposure to interest rate risk.

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

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

iv. Other price risk

The ETF's most significant exposure to price risk arises from its investment in equity securities and exchange-traded funds/notes. As at March 31, 2020, 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 \$1,712 or 10.0% of total net assets (2019 – \$5,619 or 10.0%). In practice, the actual trading results may differ and the difference could be material.

v. Credit risk

As at March 31, 2020 and 2019, the ETF did not have a significant exposure to credit risk.

(g) Fair Value Classification

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

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

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

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

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

	March 31, 2020				March 31, 2019			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	17,118	2	–	17,120	56,044	–	–	56,044
Exchange-traded funds/notes	–	–	–	–	143	–	–	143
Total	17,118	2	–	17,120	56,187	–	–	56,187

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

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



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