

# MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

TRADITIONAL EQUITY 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 Canadian Equity 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 Canadian Equity 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.

## 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



# MACKENZIE CANADIAN EQUITY INDEX ETF

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## STATEMENTS OF FINANCIAL POSITION

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

	2020	2019
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Investments at fair value	36,926	31,245
Cash and cash equivalents	7	36
Dividends receivable	121	86
Accounts receivable for investments sold	–	–
Accounts receivable for units issued	–	–
Due from manager	2	20
<b>Total assets</b>	<b>37,056</b>	<b>31,387</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable for investments purchased	–	–
Accounts payable for units redeemed	–	–
Due to manager	4	22
<b>Total liabilities</b>	<b>4</b>	<b>22</b>
<b>Net assets attributable to unitholders</b>	<b>37,052</b>	<b>31,365</b>
<b>Net assets attributable to unitholders per series (note 3)</b>		
Series E	37,052	31,365
<b>Net assets attributable to unitholders per unit (note 3)</b>		
Series E	80.55	98.01

## STATEMENTS OF COMPREHENSIVE INCOME

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

	2020	2019
	\$	\$
<b>Income</b>		
Dividends	1,163	693
Interest income	1	–
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	(474)	(240)
Net unrealized gain (loss)	(7,877)	908
Securities lending income	54	16
<b>Total income (loss)</b>	<b>(7,133)</b>	<b>1,377</b>
<b>Expenses (note 6)</b>		
Management fees	18	12
Management fee rebates	(15)	(9)
Commissions and other portfolio transaction costs	19	32
Independent Review Committee fees	–	–
Other	1	–
<b>Expenses before amounts absorbed by Manager</b>	<b>23</b>	<b>35</b>
Expenses absorbed by Manager	15	28
<b>Net expenses</b>	<b>8</b>	<b>7</b>
<b>Increase (decrease) in net assets attributable to unitholders from operations before tax</b>	<b>(7,141)</b>	<b>1,370</b>
Foreign withholding taxes	–	–
Foreign income taxes paid (recovered)	–	–
<b>Increase (decrease) in net assets attributable to unitholders from operations</b>	<b>(7,141)</b>	<b>1,370</b>
<b>Increase (decrease) in net assets attributable to unitholders from operations per series</b>		
Series E	(7,141)	1,370
<b>Increase (decrease) in net assets attributable to unitholders from operations per unit</b>		
Series E	(19.43)	6.05

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
	<b>Series E</b>	
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<b>\$</b>	
<b>Beginning of period</b>	<b>31,365</b>	<b>7,531</b>
Increase (decrease) in net assets from operations	(7,141)	1,370
Distributions paid to unitholders:		
Investment income	(1,236)	(748)
Capital gains	–	(78)
Management fee rebates	(15)	(9)
Total distributions paid to unitholders	(1,251)	(835)
Unit transactions:		
Proceeds from units issued	23,436	34,687
Reinvested distributions	–	78
Payments on redemption of units	(9,357)	(11,466)
Total unit transactions	14,079	23,299
<b>Total increase (decrease) in net assets</b>	<b>5,687</b>	<b>23,834</b>
<b>End of period</b>	<b>37,052</b>	<b>31,365</b>
	<b>Units</b>	
<b>Increase (decrease) in units (note 7):</b>		
<b>Units outstanding – beginning of period</b>	<b>320</b>	<b>80</b>
Issued	240	360
Reinvested distributions	–	–
Redeemed	(100)	(120)
<b>Units outstanding – end of period</b>	<b>460</b>	<b>320</b>

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## STATEMENTS OF CASH FLOWS

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

	2020	2019
	\$	\$
<b>Cash flows from operating activities</b>		
Net increase (decrease) in net assets attributable to unitholders from operations	(7,141)	1,370
Adjustments for:		
Net realized loss (gain) on investments	475	240
Change in net unrealized loss (gain) on investments	7,877	(908)
Purchase of investments	(3,610)	(1,689)
Proceeds from sale and maturity of investments	3,610	1,729
Change in dividends receivable	(35)	(68)
Change in due from manager	18	(17)
Change in due to manager	(18)	17
<b>Net cash from operating activities</b>	<b>1,176</b>	<b>674</b>
<b>Cash flows from financing activities</b>		
Proceeds from units issued	92	163
Payments on redemption of units	(47)	(54)
Distributions paid net of reinvestments	(1,251)	(757)
<b>Net cash from financing activities</b>	<b>(1,206)</b>	<b>(648)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(30)</b>	<b>26</b>
Cash and cash equivalents at beginning of period	36	10
Effect of exchange rate fluctuations on cash and cash equivalents	1	–
<b>Cash and cash equivalents at end of period</b>	<b>7</b>	<b>36</b>
Cash	7	36
Cash equivalents	–	–
<b>Cash and cash equivalents at end of period</b>	<b>7</b>	<b>36</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	1,128	625
Foreign taxes paid	–	–
Interest received	1	–
Interest paid	–	–

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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)
<b>EQUITIES</b>					
Advantage Oil & Gas Ltd.	Canada	Energy	3,649	10	5
Aecon Group Inc.	Canada	Industrials	1,177	21	15
AG Growth International Inc.	Canada	Industrials	359	18	6
Agnico-Eagle Mines Ltd.	Canada	Materials	4,703	285	264
Aimia Inc.	Canada	Communication Services	1,789	6	4
Air Canada	Canada	Industrials	5,213	166	82
Alacer Gold Corp.	Canada	Materials	5,729	22	26
Alamos Gold Inc.	Canada	Materials	7,733	53	55
Alaris Royalty Corp.	Canada	Financials	693	13	6
Algonquin Power & Utilities Corp.	Canada	Utilities	10,230	162	194
Alimentation Couche-Tard Inc. Class B Sub. voting	Canada	Consumer Staples	16,380	597	543
AltaGas Canada Inc.	Canada	Utilities	368	8	12
AltaGas Ltd.	Canada	Utilities	5,496	110	70
Altus Group Ltd.	Canada	Real Estate	789	26	29
Americas Gold & Silver Corp.	Canada	Materials	1,533	6	3
Andlauer Healthcare Group Inc.	Canada	Health Care	249	6	6
Aphria Inc.	Canada	Health Care	4,810	45	21
ARC Resources Ltd.	Canada	Energy	6,975	66	28
Aritzia Inc.	Canada	Consumer Discretionary	1,618	30	20
ATCO Ltd. Class I non-voting	Canada	Utilities	1,465	64	57
ATS Automation Tooling Systems Inc.	Canada	Industrials	1,790	33	29
Aurinia Pharmaceuticals Inc.	Canada	Health Care	1,731	44	35
Aurora Cannabis Inc.	Canada	Health Care	19,403	134	24
AutoCanada Inc.	Canada	Consumer Discretionary	529	7	3
Automotive Properties Real Estate Investment Trust	Canada	Real Estate	612	7	5
B2Gold Corp.	Canada	Materials	20,028	82	85
Badger Daylighting Inc.	Canada	Industrials	679	23	15
Ballard Power Systems Inc.	Canada	Industrials	3,214	29	34
Bank of Montreal	Canada	Financials	12,604	1,218	896
The Bank of Nova Scotia	Canada	Financials	24,046	1,741	1,382
Barrick Gold Corp.	Canada	Materials	34,489	674	892
Bausch Health Cos Inc.	United States	Health Care	6,930	229	151
Baytex Energy Corp.	Canada	Energy	10,517	27	4
BCE Inc.	Canada	Communication Services	17,833	1,031	1,029
Birchcliff Energy Ltd.	Canada	Energy	5,228	15	4
Blackberry Ltd.	Canada	Information Technology	10,726	113	62
Boardwalk Real Estate Investment Trust	Canada	Real Estate	727	31	17
Bombardier Inc. Class B Sub. voting	Canada	Industrials	41,483	105	19
Boralex Inc. Class A	Canada	Utilities	1,910	43	48
Boyd Group Services Inc.	Canada	Industrials	394	86	58
Brookfield Asset Management Inc. Class A limited voting	Canada	Financials	16,020	1,017	999
Brookfield Business Partners LP	Canada	Industrials	1,563	81	56
Brookfield Renewable Energy Partners LP	Canada	Utilities	3,534	208	209
BRP Inc.	Canada	Consumer Discretionary	737	37	17
CAE Inc.	Canada	Industrials	5,262	155	94
Cameco Corp.	Canada	Energy	7,776	102	83
Canaccord Genuity Group Inc.	Canada	Financials	1,962	10	8
Canacol Energy Ltd.	Canada	Energy	2,829	12	10
Canada Goose Holdings Inc. (CAD Shares)	Canada	Consumer Discretionary	974	47	27



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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)
<b>EQUITIES (cont'd)</b>					
Canadian Apartment Properties Real Estate Investment Trust	Canada	Real Estate	3,351	162	143
Canadian Imperial Bank of Commerce	Canada	Financials	8,827	957	724
Canadian National Railway Co.	Canada	Industrials	14,176	1,604	1,560
Canadian Natural Resources Ltd.	Canada	Energy	22,825	849	439
Canadian Pacific Railway Ltd.	Canada	Industrials	2,718	771	844
Canadian Tire Corp. Ltd. Class A non-voting	Canada	Consumer Discretionary	1,135	168	96
Canadian Utilities Ltd. Class A non-voting	Canada	Utilities	3,908	141	131
Canadian Western Bank	Canada	Financials	1,663	52	32
Canfor Corp.	Canada	Materials	1,166	21	9
Canopy Growth Corp.	Canada	Health Care	4,400	168	90
Capital Power Corp.	Canada	Utilities	2,060	60	56
Cargojet Inc.	Canada	Industrials	246	21	25
Cascades Inc.	Canada	Materials	1,491	17	19
CCL Industries Inc. Class B non-voting	Canada	Materials	2,868	163	123
Celestica Inc. Sub. voting	Canada	Information Technology	2,143	25	11
Genovus Energy Inc.	Canada	Energy	20,103	223	57
Centerra Gold Inc.	Canada	Materials	4,237	33	35
CES Energy Solutions Corp.	Canada	Energy	4,925	16	4
CGI Inc.	Canada	Information Technology	4,723	419	360
Charlotte's Web Holdings Inc.	United States	Health Care	1,881	39	11
Chartwell Retirement Residences	Canada	Health Care	4,236	59	38
Choice Properties Real Estate Investment Trust	Canada	Real Estate	5,071	67	66
Chorus Aviation Inc.	Canada	Industrials	3,129	22	9
CI Financial Corp.	Canada	Financials	3,943	85	55
Cineplex Inc.	Canada	Communication Services	1,246	34	15
Cogeco Communications Inc.	Canada	Communication Services	454	40	43
Cogeco Inc. Sub. voting	Canada	Communication Services	161	14	14
Colliers International Group Inc.	Canada	Real Estate	710	66	48
Cominar Real Estate Investment Trust	Canada	Real Estate	3,603	45	29
Constellation Software Inc.	Canada	Information Technology	400	442	512
Corus Entertainment Inc. Class B non-voting	Canada	Communication Services	4,010	21	10
Crescent Point Energy Corp.	Canada	Energy	10,649	62	12
Crombie Real Estate Investment Trust	Canada	Real Estate	1,719	24	21
Cronos Group Inc.	Canada	Health Care	3,652	47	29
CT Real Estate Investment Trust	Canada	Real Estate	1,379	19	16
The Descartes Systems Group Inc.	Canada	Information Technology	1,652	76	80
Dollarama Inc.	Canada	Consumer Discretionary	6,070	263	237
Dream Industrial Real Estate Investment Trust	Canada	Real Estate	2,480	28	23
Dream Office Real Estate Investment Trust	Canada	Real Estate	831	21	19
Dundee Precious Metals Inc.	Canada	Materials	2,855	13	13
ECN Capital Corp.	Canada	Financials	4,441	19	17
Eldorado Gold Corp.	Canada	Materials	3,137	24	27
Element Fleet Management Corp.	Canada	Financials	8,609	76	77
Emera Inc.	Canada	Utilities	4,776	232	265
Empire Co. Ltd. Class A non-voting	Canada	Consumer Staples	3,307	97	91
Enbridge Inc.	Canada	Energy	39,862	1,862	1,635
Enerflex Ltd.	Canada	Energy	1,760	24	10
Enerplus Corp.	Canada	Energy	4,356	47	9
Enghouse Systems Ltd.	Canada	Information Technology	855	34	37



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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)
<b>EQUITIES (cont'd)</b>					
Ensign Energy Services Inc.	Canada	Energy	2,306	10	1
Equinox Gold Corp.	Canada	Materials	2,821	28	27
Equitable Group Inc.	Canada	Financials	219	17	13
Ero Copper Corp.	Canada	Materials	1,225	17	13
Exchange Income Corp.	Canada	Industrials	636	22	11
Extencicare Inc.	Canada	Health Care	1,763	14	10
Fairfax Financial Holdings Ltd. Sub. voting	Canada	Financials	533	334	230
Fiera Capital Corp.	Canada	Financials	975	11	6
Finning International Inc.	Canada	Industrials	3,190	70	48
First Capital Real Estate Investment Trust	Canada	Real Estate	3,975	80	54
First Majestic Silver Corp.	Canada	Materials	3,579	34	31
First National Financial Corp.	Canada	Financials	331	12	8
First Quantum Minerals Ltd.	Zambia	Materials	13,428	181	97
FirstService Corp.	Canada	Real Estate	611	69	66
Fortis Inc.	Canada	Utilities	9,012	439	489
Fortuna Silver Mines Inc.	Canada	Materials	3,100	16	10
Franco-Nevada Corp.	Canada	Materials	3,650	409	513
Freehold Royalties Ltd.	Canada	Energy	2,347	21	7
Frontera Energy Corp.	Colombia	Energy	1,265	17	4
Genworth MI Canada Inc.	Canada	Financials	733	33	23
George Weston Ltd.	Canada	Consumer Staples	1,405	141	141
Gibson Energy Inc.	Canada	Energy	2,850	59	46
Gildan Activewear Inc.	Canada	Consumer Discretionary	3,939	153	71
goeasy Ltd.	Canada	Financials	207	10	8
Gran Colombia Gold Corp.	Canada	Materials	909	5	4
Granite Real Estate Investment Trust	Canada	Real Estate	1,067	65	62
Great Canadian Gaming Corp.	Canada	Consumer Discretionary	1,113	48	28
Great-West Lifeco Inc.*	Canada	Financials	4,250	133	103
The Green Organic Dutchman Holdings Ltd.	Canada	Health Care	6,079	16	2
H&R Real Estate Investment Trust	Canada	Real Estate	5,533	113	49
HLS Therapeutics Inc.	Canada	Health Care	576	13	10
Home Capital Group Inc.	Canada	Financials	1,127	23	18
HudBay Minerals Inc.	Canada	Materials	5,087	33	14
Husky Energy Inc.	Canada	Energy	6,049	83	21
Hydro One Inc.	Canada	Utilities	6,229	140	158
The Hydrophoecary Corp.	Canada	Health Care	4,769	23	5
IA Financial Corporate Inc.	Canada	Financials	2,117	111	94
IAMGOLD Corp.	Canada	Materials	9,220	46	30
IGM Financial Inc.*	Canada	Financials	1,585	58	37
Imperial Oil Ltd.	Canada	Energy	4,126	145	66
Innergex Renewable Energy Inc.	Canada	Utilities	2,541	39	49
Intact Financial Corp.	Canada	Financials	2,830	331	344
Inter Pipeline Ltd.	Canada	Energy	8,327	176	70
Interfor Corp.	Canada	Materials	1,318	22	8
InterRent Real Estate Investment Trust	Canada	Real Estate	2,276	31	30
Intertape Polymer Group Inc.	Canada	Materials	1,107	19	11
Ivanhoe Mines Ltd.	Canada	Materials	10,690	35	25
Jamieson Wellness Inc.	Canada	Consumer Staples	755	21	19
Just Energy Group Inc.	Canada	Utilities	1,664	7	1



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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)
<b>EQUITIES (cont'd)</b>					
Kelt Exploration Ltd.	Canada	Energy	3,143	16	3
Keyera Corp.	Canada	Energy	4,252	134	56
Killam Apartment Real Estate Investment Trust	Canada	Real Estate	1,874	33	30
Kinaxis Inc.	Canada	Information Technology	515	46	56
Kinross Gold Corp.	Canada	Materials	24,774	128	140
Kirkland Lake Gold Ltd.	Canada	Materials	5,396	200	224
Knight Therapeutics Inc.	Canada	Health Care	2,024	15	13
Labrador Iron Ore Royalty Corp.	Canada	Materials	1,253	31	21
Laurentian Bank of Canada	Canada	Financials	827	36	25
Lightspeed POS Inc.	Canada	Information Technology	1,400	39	27
Linamar Corp.	Canada	Consumer Discretionary	887	45	26
Loblaw Companies Ltd.	Canada	Consumer Staples	3,304	217	240
Lundin Gold Inc.	Canada	Materials	1,106	9	9
Lundin Mining Corp.	Canada	Materials	11,861	82	63
Mag Silver Corp.	Canada	Materials	1,495	19	16
Magna International Inc.	Canada	Consumer Discretionary	6,036	407	271
Manulife Financial Corp.	Canada	Financials	38,360	885	678
Maple Leaf Foods Inc.	Canada	Consumer Staples	1,472	42	38
Martinrea International Inc.	Canada	Consumer Discretionary	1,626	20	11
Medical Facilities Corp.	Canada	Health Care	617	7	2
MediPharm Labs Corp.	Canada	Health Care	2,218	10	4
MEG Energy Corp.	Canada	Energy	5,820	36	10
Methanex Corp.	Canada	Materials	1,484	96	25
Metro Inc.	Canada	Consumer Staples	4,980	242	283
Minto Apartment Real Estate Investment Trust	Canada	Real Estate	682	15	13
Morguard North American Residential Real Estate Investment Trust	Canada	Real Estate	590	11	8
Morneau Shepell Inc.	Canada	Industrials	1,272	37	36
MTY Food Group Inc.	Canada	Consumer Discretionary	374	21	8
Mullen Group Ltd.	Canada	Industrials	1,937	22	8
National Bank of Canada	Canada	Financials	6,599	417	359
New Gold Inc.	Canada	Materials	13,316	21	10
NFI Group Inc.	Canada	Industrials	1,075	41	16
Norbord Inc.	Canada	Materials	925	36	15
North American Construction Group Ltd.	Canada	Energy	481	7	3
The North West Co. Inc.	Canada	Consumer Staples	954	27	21
Northland Power Inc.	Canada	Utilities	3,364	86	94
Northview Apartment Real Estate Investment Trust	Canada	Real Estate	1,012	28	33
NorthWest Healthcare Properties Real Estate Investment Trust	Canada	Real Estate	2,899	32	28
NovaGold Resources Inc.	Canada	Materials	4,690	34	49
Nutrien Ltd.	Canada	Materials	11,298	713	544
NuVista Energy Ltd.	Canada	Energy	4,181	18	2
OceanaGold Corp.	Australia	Materials	12,276	41	17
Onex Corp. Sub. voting	Canada	Financials	1,672	136	86
Open Text Corp.	Canada	Information Technology	5,263	266	259
Organigram Holdings Inc.	Canada	Health Care	2,976	13	8
Osisko Gold Royalties Ltd.	Canada	Materials	3,043	39	32
Osisko Mining Inc.	Canada	Materials	3,934	11	9
Ovintiv Inc.	United States	Energy	5,078	217	20
Pan American Silver Corp.	Canada	Materials	4,045	86	82



**MACKENZIE**  
Investments

# MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

TRADITIONAL EQUITY INDEX ETF

## SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>EQUITIES (cont'd)</b>					
Paramount Resources Ltd. Class A	Canada	Energy	551	5	1
Parex Resources Inc.	Canada	Energy	2,755	54	33
Park Lawn Corp.	Canada	Consumer Discretionary	557	14	9
Parkland Fuel Corp.	Canada	Energy	2,918	110	72
Pason Systems Inc.	Canada	Energy	1,471	25	9
Pembina Pipeline Corp.	Canada	Energy	10,053	447	265
Peyto Exploration & Development Corp.	Canada	Energy	3,183	22	5
Power Corp. of Canada Sub. Voting*	Canada	Financials	10,874	333	246
PrairieSky Royalty Ltd.	Canada	Energy	4,571	88	34
Precision Drilling Corp.	Canada	Energy	5,649	16	2
Premier Gold Mines Ltd.	Canada	Materials	3,728	7	4
Premium Brands Holdings Corp.	Canada	Consumer Staples	649	60	47
Pretium Resources Inc.	Canada	Materials	3,818	42	31
Primo Water Corp.	Canada	Consumer Staples	2,608	50	33
Quebecor Inc. Class B Sub. voting	Canada	Communication Services	3,464	103	108
Real Matters Inc.	Canada	Consumer Discretionary	1,518	18	21
Restaurant Brands International Inc.	Canada	Consumer Discretionary	5,710	450	324
Richelieu Hardware Ltd.	Canada	Industrials	1,020	27	23
RioCan Real Estate Investment Trust	Canada	Real Estate	6,197	154	100
Ritchie Bros. Auctioneers Inc.	Canada	Industrials	2,140	102	103
Rogers Communications Inc. Class B non-voting	Canada	Communication Services	7,011	458	412
Royal Bank of Canada	Canada	Financials	28,318	2,853	2,469
Russel Metals Inc.	Canada	Industrials	1,202	28	16
Sandstorm Gold Ltd.	Canada	Materials	3,369	25	24
Saputo Inc.	Canada	Consumer Staples	4,637	186	157
Savaria Corp.	Canada	Industrials	681	10	7
Seabridge Gold Inc.	Canada	Materials	909	15	12
Secure Energy Services Inc.	Canada	Energy	2,948	19	3
Semafo Inc.	Canada	Materials	6,619	23	18
Seven Generations Energy Ltd.	Canada	Energy	6,722	68	10
Shaw Communications Inc. Class B non-voting	Canada	Communication Services	9,126	235	208
ShawCor Ltd.	Canada	Energy	1,385	25	2
Shopify Inc. Class A	Canada	Information Technology	2,041	911	1,203
Sienna Senior Living Inc.	Canada	Health Care	1,312	23	16
Silvercorp Metals Inc.	Canada	Materials	3,237	18	15
SilverCrest Metals Inc.	Canada	Materials	1,764	13	13
Sleep Country Canada Holdings Inc.	Canada	Consumer Discretionary	714	17	7
Smart Real Estate Investment Trust	Canada	Real Estate	2,567	78	48
SNC-Lavalin Group Inc.	Canada	Industrials	3,458	139	72
Spin Master Corp.	Canada	Consumer Discretionary	594	24	8
SSR Mining Inc.	Canada	Materials	2,410	41	39
Stantec Inc.	Canada	Industrials	2,162	73	78
The Stars Group Inc.	Canada	Consumer Discretionary	4,598	136	132
Stelco Holdings Inc.	Canada	Materials	921	13	4
Stella-Jones Inc.	Canada	Materials	1,343	55	41
Summit Industrial Income Real Estate Investment Trust	Canada	Real Estate	2,543	29	23
Sun Life Financial Inc.	Canada	Financials	11,643	621	527
Suncor Energy Inc.	Canada	Energy	30,332	1,275	681
Superior Plus Corp.	Canada	Utilities	3,453	40	29



**MACKENZIE**  
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# MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

TRADITIONAL EQUITY INDEX ETF

## SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>EQUITIES (cont'd)</b>					
Tamarack Valley Energy Ltd.	Canada	Energy	4,372	11	2
TC Energy Corp.	Canada	Energy	18,399	1,111	1,151
Teck Resources Ltd. Class B	Canada	Materials	10,791	285	115
TELUS Corp.	Canada	Communication Services	23,823	568	530
Teranga Gold Corp.	Canada	Materials	1,381	8	10
TFI International Inc.	Canada	Industrials	1,522	60	47
Thomson Reuters Corp.	Canada	Industrials	3,379	254	324
TMX Group Ltd.	Canada	Financials	1,097	101	115
TORC Oil & Gas Ltd.	Canada	Energy	4,226	21	3
Torex Gold Resources Inc.	Canada	Materials	1,681	24	23
Toromont Industries Ltd.	Canada	Industrials	1,551	97	96
The Toronto-Dominion Bank	Canada	Financials	35,718	2,597	2,138
Tourmaline Oil Corp.	Canada	Energy	4,970	88	43
TransAlta Corp.	Canada	Utilities	5,537	43	41
TransAlta Renewables Inc.	Canada	Utilities	2,070	28	31
Transcontinental Inc. Class A Sub. voting	Canada	Industrials	1,443	29	18
Trican Well Service Ltd.	Canada	Energy	4,590	5	2
Tricon Capital Group Inc.	Canada	Real Estate	3,708	39	26
True North Commercial Real Estate Investment Trust	Canada	Real Estate	1,503	11	7
Turquoise Hill Resources Ltd.	Canada	Materials	18,468	16	10
Uranium Participation Corp.	Canada	Financials	2,736	12	11
Vermilion Energy Inc.	Canada	Energy	3,004	89	13
Village Farms International Inc.	Canada	Consumer Staples	817	7	3
Waste Connections Inc.	Canada	Industrials	5,185	584	566
Wesdome Gold Mines Ltd.	Canada	Materials	2,692	15	20
West Fraser Timber Co. Ltd.	Canada	Materials	1,016	68	27
Westshore Terminals Investment Corp.	Canada	Industrials	870	18	11
Wheaton Precious Metals Corp.	Canada	Materials	8,850	272	343
Whitecap Resources Inc.	Canada	Energy	7,966	45	9
Winpak Ltd.	Canada	Materials	608	27	26
WSP Global Inc.	Canada	Industrials	2,059	150	165
Yamana Gold Inc.	Canada	Materials	18,711	75	73
<b>Total equities</b>				<b>44,266</b>	<b>36,926</b>
Transaction costs				(3)	—
<b>Total investments</b>				<b>44,263</b>	<b>36,926</b>
Cash and cash equivalents					7
Other assets less liabilities					119
<b>Total net assets</b>					<b>37,052</b>

\* Related to Mackenzie. See Note 1.



**MACKENZIE**  
Investments

# MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

TRADITIONAL EQUITY INDEX ETF

## SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2020	
Portfolio Allocation	% of NAV
Equities	99.7
Other assets (liabilities)	0.3

Regional Allocation	
Regional Allocation	% of NAV
Canada	98.9
United States	0.5
Other assets (liabilities)	0.3
Zambia	0.3

Sector Allocation	
Sector Allocation	% of NAV
Financials	31.6
Energy	13.4
Industrials	12.1
Materials	12.0
Information technology	7.0
Communication services	6.4
Utilities	5.2
Consumer staples	4.4
Consumer discretionary	3.6
Real estate	2.7
Health care	1.3
Other assets (liabilities)	0.3

March 31, 2019	
Portfolio Allocation	% of NAV
Equities	99.6
Other assets (liabilities)	0.3
Cash and short-term investments	0.1

Regional Allocation	
Regional Allocation	% of NAV
Canada	98.9
Zambia	0.5
Other assets (liabilities)	0.3
Australia	0.1
Cash and short-term investments	0.1
United States	0.1

Sector Allocation	
Sector Allocation	% of NAV
Financials	32.9
Energy	18.5
Materials	11.6
Industrials	11.2
Communication services	5.9
Consumer discretionary	4.1
Consumer staples	3.7
Utilities	3.5
Information technology	3.4
Real estate	2.9
Health care	1.9
Other assets (liabilities)	0.3
Cash and short-term investments	0.1



**MACKENZIE**  
Investments

## NOTES TO FINANCIAL STATEMENTS

### 1. Fiscal Periods and General Information

The information provided in these financial statements and notes thereto is for the periods ended or as at March 31, 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.

# MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

TRADITIONAL EQUITY INDEX ETF

## NOTES TO FINANCIAL STATEMENTS

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

#### (a) ETF Formation and Series Information

Date of Formation January 9, 2018

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 QCN on January 24, 2018. 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 \$80.35 (2019 – \$98.04).

The management fee rate for Series E units is 0.04%. Prior to September 20, 2019, the management fee rate for Series E units was 0.05%.

As at March 31, 2020, there were no differences between the ETF's NAV per unit (2019 – \$98.02) and its Net Assets per unit calculated in accordance with IFRS (2019 – \$98.01).

#### (b) Investments by Mackenzie and Affiliates

As at March 31, 2020, other funds managed by Mackenzie and Counsel Portfolio Services Inc., an affiliate of Mackenzie, had an investment of \$29,226 and \$3,058 (2019 – \$27,167 and \$516), respectively, 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	757	2,429
Value of collateral received	803	2,555

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 period ended March 31, 2020 and 2019 is as follows:

	2020		2019	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	69	100.0	22	100.0
Tax withheld	–	–	(1)	(4.5)
	69	100.0	21	95.5
Payments to Securities Lending Agent	(15)	(21.7)	(5)	(22.7)
Securities lending income	54	78.3	16	72.8

#### (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 Solactive Canada Broad Market Index, or any successor thereto. It invests primarily in Canadian equity securities.

##### *ii. Currency risk*

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

# MACKENZIE CANADIAN EQUITY INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

TRADITIONAL EQUITY INDEX ETF

## NOTES TO FINANCIAL STATEMENTS

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

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

##### *iii. Interest rate risk*

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

##### *iv. Other price risk*

The ETF's most significant exposure to price risk arises from its investment in equity securities. 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 \$3,693 or 10.0% (2019 – \$3,125 or 10.0%) of total net assets. In practice, the actual trading results may differ and the difference could be material.

##### *v. Credit risk*

As at March 31, 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	36,926	–	–	36,926	31,245	–	–	31,245
Total	36,926	–	–	36,926	31,245	–	–	31,245

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.