

Interim Unaudited Financial Statements

For the Six-Month Period Ended September 30, 2019

These Interim Unaudited Financial Statements do not contain the Interim Management Report of Fund Performance (“MRFP”) of the investment fund. You may obtain a copy of the Interim MRFP, at no cost, by contacting us using one of the methods noted under Fund Formation and Series Information or by visiting the SEDAR website at www.sedar.com. Copies of the Annual Financial Statements or Annual MRFP may also be obtained, at no cost, using any of the methods outlined above.

Securityholders may also contact us using one of these methods to request a copy of the investment fund’s proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

NOTICE OF NO AUDITOR REVIEW OF THE INTERIM FINANCIAL STATEMENTS

Mackenzie Financial Corporation, the Manager of the Fund, appoints independent auditors to audit the Fund’s Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Interim Financial Statements, this must be disclosed in an accompanying notice.

The Fund’s independent auditors have not performed a review of these Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada.



MACKENZIE CANADIAN SMALL CAP FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2019

CANADIAN EQUITY FUND

STATEMENTS OF FINANCIAL POSITION

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

	Sep. 30 2019	Mar. 31 2019 (Audited)		Sep. 30 2019	Mar. 31 2019 (Audited)
	\$	\$		\$	\$
ASSETS			Net assets attributable to securityholders per security (note 3)		
Current assets			Series A		
Investments at fair value	134,629	140,596		29.69	28.99
Cash and cash equivalents	1,449	1,265	Series D	12.15	11.81
Dividends receivable	241	242	Series F	27.13	26.29
Accounts receivable for investments sold	40	–	Series FB	11.75	11.41
Accounts receivable for securities issued	–	1	Series I	25.99	25.28
Total assets	136,359	142,104	Series J	16.12	15.71
			Series O	29.40	28.34
LIABILITIES			Series PW	12.97	12.64
Current liabilities			Series PWFB	10.28	9.96
Accounts payable for investments purchased	–	1	Series PWX	11.29	10.88
Accounts payable for securities redeemed	32	164	Series R	29.95	28.87
Total liabilities	32	165	Investor Series	32.20	31.38
Net assets attributable to securityholders	136,327	141,939	B-Series	42.32	40.80
Net assets attributable to securityholders per series (note 3)					
Series A	17,445	19,605			
Series D	1,344	1,282			
Series F	6,434	6,924			
Series FB	198	185			
Series I	11	11			
Series J	33	33			
Series O	6,714	6,302			
Series PW	11,250	11,504			
Series PWFB	306	274			
Series PWX	331	365			
Series R	27,023	27,218			
Investor Series	50,155	52,188			
B-Series	15,083	16,048			

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



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INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2019

CANADIAN EQUITY FUND

STATEMENTS OF COMPREHENSIVE INCOME

For the periods ended September 30 (note 1)
In thousands (except per security figures)

	2019	2018		2019	2018
	\$	\$		\$	\$
Income			Increase (decrease) in net assets attributable to securityholders from operations per security		
Dividends	1,133	1,663	Series A	0.70	1.55
Interest income	94	21	Series D	0.34	0.61
Other changes in fair value of investments and other net assets			Series F	0.84	1.12
Net realized gain (loss)	360	5,587	Series FB	0.35	0.73
Net unrealized gain (loss)	3,514	2,485	Series I	0.70	1.25
Securities lending income	17	31	Series J	0.40	0.74
Total income (loss)	5,118	9,787	Series O	1.04	1.65
			Series PW	0.33	0.40
Expenses (note 6)			Series PWF	–	0.48
Management fees	830	1,004	Series PWFB	0.32	0.34
Management fee rebates	–	(2)	Series PWX	0.41	0.64
Administration fees	111	134	Series R	1.07	1.68
Securityholder servicing fees	6	7	Investor Series	0.82	1.54
Commissions and other portfolio transaction costs	48	142	B-Series	1.49	2.36
Independent Review Committee fees	–	1			
Other	2	2			
Expenses before amounts absorbed by Manager	997	1,288			
Expenses absorbed by Manager	7	8			
Net expenses	990	1,280			
Increase (decrease) in net assets attributable to securityholders from operations before tax	4,128	8,507			
Foreign withholding taxes	–	–			
Foreign income taxes paid (recovered)	–	–			
Increase (decrease) in net assets attributable to securityholders from operations	4,128	8,507			
Increase (decrease) in net assets attributable to securityholders from operations per series					
Series A	442	1,415			
Series D	38	67			
Series F	209	270			
Series FB	7	11			
Series I	–	–			
Series J	–	1			
Series O	236	355			
Series PW	297	314			
Series PWF	–	88			
Series PWFB	8	5			
Series PWX	12	26			
Series R	985	1,967			
Investor Series	1,324	2,919			
B-Series	570	1,069			

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



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INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2019

CANADIAN EQUITY FUND

STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the periods ended September 30 (note 1)
In thousands

	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Series A		Series D		Series F		Series FB		Series I	
	\$		\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	19,605	32,471	1,282	1,338	6,924	4,246	185	196	11	11
Increase (decrease) in net assets from operations	442	1,415	38	67	209	270	7	11	-	-
Distributions paid to securityholders:										
Investment income	-	-	-	-	-	-	-	-	-	-
Capital gains	-	-	-	-	-	-	-	-	-	-
Management fee rebates	-	-	-	-	-	-	-	-	-	-
Total distributions paid to securityholders	-	-	-	-	-	-	-	-	-	-
Security transactions:										
Proceeds from securities issued	660	1,313	61	86	417	4,322	22	111	-	-
Reinvested distributions	-	-	-	-	-	-	-	-	-	-
Payments on redemption of securities	(3,262)	(11,726)	(37)	(172)	(1,116)	(890)	(16)	(139)	-	-
Total security transactions	(2,602)	(10,413)	24	(86)	(699)	3,432	6	(28)	-	-
Total increase (decrease) in net assets	(2,160)	(8,998)	62	(19)	(490)	3,702	13	(17)	-	-
End of period	17,445	23,473	1,344	1,319	6,434	7,948	198	179	11	11
Increase (decrease) in fund securities (note 7):										
Securities outstanding – beginning of period	676	1,109	108	113	263	162	16	17	-	-
Issued	23	44	6	7	16	159	2	10	-	-
Reinvested distributions	-	-	-	-	-	-	-	-	-	-
Redeemed	(111)	(386)	(3)	(14)	(42)	(33)	(1)	(12)	-	-
Securities outstanding – end of period	588	767	111	106	237	288	17	15	-	-
	Series J		Series O		Series PW		Series PWF		Series PWFB	
	\$		\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	33	33	6,302	6,069	11,504	5,536	-	2,283	274	81
Increase (decrease) in net assets from operations	-	1	236	355	297	314	-	88	8	5
Distributions paid to securityholders:										
Investment income	-	-	-	-	-	-	-	-	-	-
Capital gains	-	-	-	-	-	-	-	-	-	-
Management fee rebates	-	-	-	-	-	(1)	-	(1)	-	-
Total distributions paid to securityholders	-	-	-	-	-	(1)	-	(1)	-	-
Security transactions:										
Proceeds from securities issued	-	-	229	153	697	8,244	-	232	28	154
Reinvested distributions	-	-	-	-	-	-	-	-	-	-
Payments on redemption of securities	-	-	(53)	(348)	(1,248)	(1,045)	-	(2,602)	(4)	(1)
Total security transactions	-	-	176	(195)	(551)	7,199	-	(2,370)	24	153
Total increase (decrease) in net assets	-	1	412	160	(254)	7,512	-	(2,283)	32	158
End of period	33	34	6,714	6,229	11,250	13,048	-	-	306	239
Increase (decrease) in fund securities (note 7):										
Securities outstanding – beginning of period	2	2	222	217	910	435	-	178	28	8
Issued	-	-	8	6	54	624	-	18	2	15
Reinvested distributions	-	-	-	-	-	-	-	-	-	-
Redeemed	-	-	(2)	(12)	(97)	(79)	-	(196)	-	-
Securities outstanding – end of period	2	2	228	211	867	980	-	-	30	23

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

MACKENZIE CANADIAN SMALL CAP FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2019

CANADIAN EQUITY FUND

STATEMENTS OF CHANGES IN FINANCIAL POSITION (cont'd)

For the periods ended September 30 (note 1)
In thousands

	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Series PWX		Series R		Investor Series		B-Series		Total	
	\$		\$		\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS										
Beginning of period	365	452	27,218	33,565	52,188	62,516	16,048	18,268	141,939	167,065
Increase (decrease) in net assets from operations	12	26	985	1,967	1,324	2,919	570	1,069	4,128	8,507
Distributions paid to securityholders:										
Investment income	-	-	-	-	-	-	-	-	-	-
Capital gains	-	-	-	-	-	-	-	-	-	-
Management fee rebates	-	-	-	-	-	-	-	-	-	(2)
Total distributions paid to securityholders	-	-	-	-	-	-	-	-	-	(2)
Security transactions:										
Proceeds from securities issued	-	-	632	1,835	46	89	-	-	2,792	16,539
Reinvested distributions	-	-	-	-	-	-	-	-	-	-
Payments on redemption of securities	(46)	(22)	(1,812)	(2,802)	(3,403)	(5,700)	(1,535)	(65)	(12,532)	(25,512)
Total security transactions	(46)	(22)	(1,180)	(967)	(3,357)	(5,611)	(1,535)	(65)	(9,740)	(8,973)
Total increase (decrease) in net assets	(34)	4	(195)	1,000	(2,033)	(2,692)	(965)	1,004	(5,612)	(468)
End of period	331	456	27,023	34,565	50,155	59,824	15,083	19,272	136,327	166,597
Increase (decrease) in fund securities (note 7):										
Securities outstanding – beginning of period	34	42	943	1,180	1,663	1,981	393	454		
Issued	-	-	21	63	2	2	-	-		
Reinvested distributions	-	-	-	-	-	-	-	-		
Redeemed	(5)	(2)	(62)	(95)	(107)	(174)	(37)	(1)		
Securities outstanding – end of period	29	40	902	1,148	1,558	1,809	356	453		

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



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INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2019

CANADIAN EQUITY FUND

STATEMENTS OF CASH FLOWS

For the periods ended September 30 (note 1)
In thousands

	2019	2018
	\$	\$
Cash flows from operating activities		
Net increase (decrease) in net assets attributable to securityholders from operations	4,128	8,507
Adjustments for:		
Net realized loss (gain) on investments	(360)	(5,591)
Change in net unrealized loss (gain) on investments	(3,514)	(2,485)
Purchase of investments	(19,912)	(45,967)
Proceeds from sale and maturity of investments	29,712	55,829
Change in dividends receivable	1	38
Change in due from manager	–	1
Change in due to manager	–	(13)
Net cash from operating activities	10,055	10,319
Cash flows from financing activities		
Proceeds from securities issued	1,966	7,258
Payments on redemption of securities	(11,837)	(16,166)
Distributions paid net of reinvestments	–	(2)
Net cash from financing activities	(9,871)	(8,910)
Net increase (decrease) in cash and cash equivalents	184	1,409
Cash and cash equivalents at beginning of period	1,265	2,650
Effect of exchange rate fluctuations on cash and cash equivalents	–	–
Cash and cash equivalents at end of period	1,449	4,059
Cash	–	–
Cash equivalents	1,671	4,082
Bank indebtedness	(222)	(23)
Cash and cash equivalents at end of period	1,449	4,059
Supplementary disclosures on cash flow from operating activities:		
Dividends received	1,134	1,701
Foreign taxes paid	–	–
Interest received	94	21
Interest paid	–	–

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INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2019

CANADIAN EQUITY FUND

SCHEDULE OF INVESTMENTS

As at September 30, 2019

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES					
AG Growth International Inc.	Canada	Industrials	30,120	1,518	1,341
Alamos Gold Inc.	Canada	Materials	46,000	352	354
Algonquin Power & Utilities Corp.	Canada	Utilities	168,000	2,330	3,048
Allied Properties Real Estate Investment Trust	Canada	Real Estate	57,872	2,742	3,100
Andrew Peller Ltd.	Canada	Consumer Staples	172,784	1,980	2,445
Aritzia Inc.	Canada	Consumer Discretionary	74,500	1,385	1,251
B2Gold Corp.	Canada	Materials	117,000	388	504
Boyd Group Income Fund	Canada	Industrials	27,520	1,644	4,833
Canadian Western Bank	Canada	Financials	52,855	1,711	1,758
Cargojet Inc.	Canada	Industrials	54,334	2,915	5,115
CCL Industries Inc. Class B non-voting	Canada	Materials	38,375	1,007	2,051
Centerra Gold Inc.	Canada	Materials	26,600	169	300
CGI Inc.	Canada	Information Technology	33,100	3,042	3,468
Colliers International Group Inc.	Canada	Real Estate	21,472	944	2,136
Cott Corp.	Canada	Consumer Staples	39,554	775	653
The Descartes Systems Group Inc.	Canada	Information Technology	73,419	2,016	3,926
Detour Gold Corp.	Canada	Materials	19,600	243	381
ECN Capital Corp.	Canada	Financials	415,721	1,542	1,900
Eldorado Gold Corp.	Canada	Materials	22,660	157	232
Empire Co. Ltd. Class A non-voting	Canada	Consumer Staples	84,958	2,721	3,047
Endeavour Mining Corp.	Monaco	Materials	9,200	220	233
Enerplus Corp.	Canada	Energy	96,300	1,431	950
Enghouse Systems Ltd.	Canada	Information Technology	43,714	838	1,596
Fiera Capital Corp.	Canada	Financials	158,974	2,066	1,637
FirstService Corp.	Canada	Real Estate	20,086	1,032	2,728
Fortis Inc.	Canada	Utilities	57,223	2,774	3,205
Hardwoods Distribution Inc.	Canada	Industrials	100,315	1,945	1,150
HudBay Minerals Inc.	Canada	Materials	104,400	1,000	499
IA Financial Corporate Inc.	Canada	Financials	34,500	1,837	2,080
IAMGOLD Corp.	Canada	Materials	56,300	448	254
InterRent Real Estate Investment Trust	Canada	Real Estate	225,432	2,206	3,688
Intertape Polymer Group Inc.	Canada	Materials	115,536	2,223	1,993
Jamieson Wellness Inc.	Canada	Consumer Staples	60,719	1,540	1,413
K-Bro Linen Inc.	Canada	Industrials	54,451	2,063	1,979
Kelt Exploration Ltd.	Canada	Energy	176,662	912	615
Killam Apartment Real Estate Investment Trust	Canada	Real Estate	200,405	2,694	4,015
Kirkland Lake Gold Ltd.	Canada	Materials	21,447	660	1,273
Lundin Mining Corp.	Canada	Materials	78,400	533	488
Minto Apartment Real Estate Investment Trust	Canada	Real Estate	11,123	202	252
Morneau Shepell Inc.	Canada	Industrials	205,578	3,771	6,777
National Bank of Canada	Canada	Financials	31,500	1,977	2,076
New Gold Inc.	Canada	Materials	83,800	233	111
NovaGold Resources Inc.	Canada	Materials	26,100	154	210
OceanaGold Corp.	Australia	Materials	70,900	270	245
Organic Garage Ltd.	Canada	Consumer Staples	631,000	222	82
Osisko Gold Royalties Ltd.	Canada	Materials	11,800	149	145
Parex Resources Inc.	Canada	Energy	86,902	1,562	1,764
Park Lawn Corp.	Canada	Consumer Discretionary	117,651	2,697	3,040



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INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2019

CANADIAN EQUITY FUND

SCHEDULE OF INVESTMENTS (cont'd)

As at September 30, 2019

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Parkland Fuel Corp.	Canada	Energy	63,733	1,930	2,708
Pembina Pipeline Corp.	Canada	Energy	56,536	2,216	2,776
People Corp.	Canada	Industrials	170,802	1,011	1,544
Pollard Banknote Ltd.	Canada	Consumer Discretionary	122,242	1,488	2,398
Pretium Resources Inc.	Canada	Materials	22,000	266	336
Quebecor Inc. Class B Sub. voting	Canada	Communication Services	45,900	1,428	1,381
Richelieu Hardware Ltd.	Canada	Industrials	111,365	1,772	2,846
Sandstorm Gold Ltd.	Canada	Materials	22,300	136	167
Savaria Corp.	Canada	Industrials	130,150	1,619	1,566
Secure Energy Services Inc.	Canada	Energy	131,406	1,617	736
Semafo Inc.	Canada	Materials	47,800	185	203
SIR Royalty Income Fund	Canada	Consumer Discretionary	56,286	811	792
SSR Mining Inc.	Canada	Materials	21,300	327	409
Stella-Jones Inc.	Canada	Materials	53,413	2,347	2,068
StorageVault Canada Inc.	Canada	Real Estate	743,685	1,042	2,476
Summit Industrial Income Real Estate Investment Trust	Canada	Real Estate	104,900	1,369	1,377
Sylogist Ltd.	Canada	Information Technology	100,693	1,286	1,087
TECSYS Inc.	Canada	Information Technology	27,280	290	417
TORC Oil & Gas Ltd.	Canada	Energy	232,624	1,802	891
Total Energy Services Inc.	Canada	Energy	7,603	114	52
Tourmaline Oil Corp.	Canada	Energy	73,300	1,781	961
Waste Connections Inc.	Canada	Industrials	19,800	2,284	2,410
WSP Global Inc.	Canada	Industrials	54,451	2,938	4,217
Yamana Gold Inc.	Canada	Materials	62,100	257	261
Yangarra Resources Ltd.	Canada	Energy	253,810	685	373
Total equities				98,241	120,793
EXCHANGE-TRADED FUNDS/NOTES					
Invesco S&P SmallCap Energy ETF	United States	Exchange-Traded Funds/Notes	60,000	1,146	562
iShares S&P/TSX Capped Energy Index Fund ETF	Canada	Exchange-Traded Funds/Notes	75,000	686	656
iShares S&P/TSX Completion Index ETF	Canada	Exchange-Traded Funds/Notes	316,100	7,805	8,125
iShares U.S. Small Cap Index ETF (CAD-Hedged)	United States	Exchange-Traded Funds/Notes	84,400	2,640	2,671
Total exchange-traded funds/notes				12,277	12,014
MUTUAL FUNDS					
Mackenzie US Small Cap Fund Series R	Canada	Mutual Funds	200,002	2,000	1,822
Total mutual funds				2,000	1,822
Transaction costs				(116)	–
Total investments				112,402	134,629
Cash and cash equivalents					1,449
Other assets less liabilities					249
Total net assets					136,327



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INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2019

CANADIAN EQUITY FUND

SUMMARY OF INVESTMENT PORTFOLIO

September 30, 2019		March 31, 2019	
Effective Portfolio Allocation	% of NAV	Effective Portfolio Allocation	% of NAV
Equities	98.7	Equities	97.6
Cash and short-term investments	1.1	Mutual funds	1.4
Other assets (liabilities)	0.2	Cash and short-term investments	0.9
		Other assets (liabilities)	0.1
Effective Regional Allocation	% of NAV	Effective Regional Allocation	% of NAV
Canada	94.6	Canada	95.9
United States	3.6	United States	2.5
Cash and short-term investments	1.1	Cash and short-term investments	0.9
Other assets (liabilities)	0.2	Australia	0.3
Australia	0.2	Monaco	0.2
Monaco	0.2	Bermuda	0.1
Bermuda	0.1	Other assets (liabilities)	0.1
Effective Sector Allocation	% of NAV	Effective Sector Allocation	% of NAV
Industrials	26.3	Industrials	23.6
Real estate	15.7	Real estate	15.7
Energy	10.4	Energy	14.3
Materials	10.3	Materials	11.0
Financials	8.6	Financials	8.6
Information technology	8.3	Information technology	7.1
Consumer discretionary	6.1	Consumer staples	5.3
Consumer staples	5.9	Consumer discretionary	4.7
Utilities	5.3	Utilities	4.5
Cash and short-term investments	1.1	Health care	1.5
Communication services	1.1	Mutual funds	1.4
Health care	0.7	Communication services	1.3
Other assets (liabilities)	0.2	Cash and short-term investments	0.9
		Other assets (liabilities)	0.1

The effective allocation shows the portfolio, regional or sector exposure of the Fund calculated by combining its direct and indirect investments.

NOTES TO FINANCIAL STATEMENTS

1. Fiscal Periods and General Information

The information provided in these financial statements and notes thereto is for the six-month periods ended or as at September 30, 2019 and 2018, except for the comparative information presented in the Statements of Financial Position and notes thereto, which is as at March 31, 2019, as applicable. In the year a Fund or series is established or reinstated, 'period' represents the period from inception or reinstatement. Refer to Note 9 for the formation date of the Fund and the inception date of each series.

The Fund is organized as an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust as amended and restated from time to time. The address of the Fund's registered office is 180 Queen Street West, Toronto, Ontario, Canada. The Fund is authorized to issue an unlimited number of units (referred to as "security" or "securities") of multiple series. Series of the Fund are available for sale under Simplified Prospectus or exempt distribution options.

Mackenzie Financial Corporation ("Mackenzie") is the manager of the Fund and is wholly owned by IGM Financial Inc., a subsidiary of Power Financial Corporation, which itself is a subsidiary of Power Corporation of Canada. The Great-West Life Assurance Company, London Life Insurance Company and The Canada Life Assurance Company (collectively, the "Related Insurance Companies") are wholly owned by Great-West Lifeco Inc., which is also a subsidiary of Power Financial Corporation. The Related Insurance Companies are moving to formally amalgamate into one company, The Canada Life Assurance Company, effective January 1, 2020. This amalgamation is subject to a policyholder vote and other regulatory approvals. Investments in companies within the Power Group of companies held by the Fund are identified in the Schedule of Investments.

2. Basis of Preparation and Presentation

These unaudited interim financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including international Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). These financial statements were prepared using the same accounting policies, critical accounting judgements and estimates as applied in the Fund's most recent audited annual financial statements for the year ended March 31, 2019. A summary of the Fund's significant accounting policies under IFRS is presented in Note 3.

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

These financial statements were authorized for issue by the Board of Directors of Mackenzie Financial Corporation on November 12, 2019.

3. Significant Accounting Policies

(a) Financial instruments

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(a) Financial instruments (cont'd)

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

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

(b) Fair value measurement

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

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

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

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

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

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

The value of forward contracts is the gain or loss that would be realized if, on the valuation date, the positions were to be closed out. The change in value of forward contracts is included in the Statement of Comprehensive Income – Other changes in fair value of investments 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 Fund are equal to the unrealized gains or losses on a "mark to market" basis. These unrealized gains or losses are recorded and reported as such until the Fund closes out the contract or the contract expires. Margin paid or deposited in respect of futures contracts or swaps is reflected as a receivable in the Statement of Financial Position – Margin on 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 September 30, 2019.

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

(c) Income recognition

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

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

(d) Commissions and other portfolio transaction costs

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

(e) Securities lending, repurchase and reverse repurchase transactions

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

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

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

(f) Offsetting

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

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

(g) Foreign currency

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

Foreign exchange gains (losses) on purchases and sales of foreign currencies are included in the Statement of Comprehensive Income – 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 securityholders per security

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

(i) Net asset value per security

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

NOTES TO FINANCIAL STATEMENTS

3. Significant Accounting Policies (cont'd)

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

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

(k) Mergers

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

4. Critical Accounting Estimates and Judgments

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

Use of Estimates

Fair value of securities not quoted in an active market

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

Use of Judgments

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

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

Functional currency

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

Structured entities and associates

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

5. Income Taxes

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

Losses of the Fund cannot be allocated to investors and are retained in the Fund for use in future years. Non-capital losses may be carried forward up to 20 years to reduce taxable income and realized capital gains of future years. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Refer to Note 9 for the Fund's loss carryforwards.

NOTES TO FINANCIAL STATEMENTS

6. Management Fees and Operating Expenses

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

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

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

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

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

7. Fund's Capital

The capital of the Fund, which is comprised of the net assets attributable to securityholders, is divided into different series with each series having an unlimited number of securities. The securities outstanding for the Fund as at September 30, 2019 and 2018 and securities issued, reinvested and redeemed for the periods are presented in the Statement of Changes in Financial Position. Mackenzie manages the capital of the Fund in accordance with the investment objectives as discussed in Note 9.

8. Financial Instruments Risk

i. Risk exposure and management

The Fund's investment activities expose it to a variety of financial risks, as defined in IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7"). The Fund's exposure to financial risks is concentrated in its investments, which are presented in the Schedule of Investments, as at September 30, 2019, grouped by asset type, with geographic and sector information.

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

ii. Liquidity risk

Liquidity risk arises when the Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable securities. In order to monitor the liquidity of its assets, the Fund utilizes a liquidity risk management program that calculates the number of days to convert the investments held by the Fund into cash using a multi-day liquidation approach. This liquidity risk analysis assesses the Fund's liquidity against predetermined minimum liquidity percentages established for different time periods and is monitored quarterly. In addition, the Fund has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions.

In order to comply with securities regulations, the Fund must maintain at least 90% of its assets in liquid investments (i.e., investments that can be readily sold).

iii. Currency risk

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

NOTES TO FINANCIAL STATEMENTS

8. Financial Instruments Risk (cont'd)

iv. Interest rate risk

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

v. Other price risk

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

vi. Credit risk

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

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

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

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

vii. Underlying funds

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

NOTES TO FINANCIAL STATEMENTS

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

(a) Fund Formation and Series Information

Date of Formation December 10, 1985

The Fund may issue an unlimited number of securities of each series. The number of issued and outstanding securities of each series is disclosed in the Statements of Changes in Financial Position.

Series Offered by Mackenzie Financial Corporation *(180 Queen Street West, Toronto, Ontario, M5V 3K1; 1-800-387-0614; www.mackenzieinvestments.com)*

Series A securities are offered to retail investors investing a minimum of \$500. Before September 25, 2009, Series A securities were known as Advisor Series.

Series D securities are offered to retail investors investing a minimum of \$500 through a discount brokerage or other account approved by Mackenzie.

Series F securities are offered to investors who are enrolled in a dealer-sponsored fee-for-service or wrap program, who are subject to an asset-based fee rather than commissions on each transaction and who invest at least \$500; they are also available to employees of Mackenzie and its subsidiaries, and directors of Mackenzie.

Series FB securities are offered to retail investors investing a minimum of \$500. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor.

Series O securities are offered only to investors investing a minimum of \$500,000 who are enrolled in Mackenzie Portfolio Architecture Service or Open Architecture Service; certain institutional investors; investors in a qualified group plan, and certain qualifying employees of Mackenzie and its subsidiaries.

Series PW securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000.

Series PWFB securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor.

Series PWX securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor.

Series R securities are offered only to other affiliated funds and certain institutional investors in connection with fund-of-fund arrangements.

Series I, Series J and B-Series securities are no longer available for sale.

Series PWF securities are no longer available for sale. Effective June 1, 2018, Series PWF securities were consolidated into Series F securities.

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

An investor in the Fund may choose among different purchase options that are available under each series. These purchase options are a sales charge purchase option, a redemption charge purchase option and various low-load purchase options. The charges under the sales charge purchase option are negotiated by investors with their dealers. The charges under the redemption charge and low-load purchase options are paid to Mackenzie if an investor redeems securities of the Fund during specific periods. Not all purchase options are available under each series of the Fund, and the charges for each purchase option may vary among the different series. For further details on these purchase options, please refer to the Fund's Simplified Prospectus and Fund Facts.

MACKENZIE CANADIAN SMALL CAP FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2019

CANADIAN EQUITY FUND

NOTES TO FINANCIAL STATEMENTS

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

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

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees	Net Asset Value per Security (\$)	
				Sep. 30, 2019	Mar. 31, 2019
Series A	January 30, 2009	2.00%	0.24%	29.69	28.99
Series D	January 7, 2014	1.25%	0.19%	12.15	11.81
Series F	June 5, 2009	0.75% ⁽³⁾	0.15% ⁽⁶⁾	27.13	26.29
Series FB	October 26, 2015	1.00%	0.24%	11.75	11.41
Series I	June 5, 2009	1.50%	0.24%	25.99	25.28
Series J	November 19, 2010	1.75%	0.20%	16.12	15.71
Series O	June 5, 2009	— ⁽¹⁾	— *	29.40	28.34
Series PW	October 28, 2013	1.75% ⁽⁴⁾	0.15%	12.97	12.64
Series PWF	None issued ⁽⁷⁾	0.85%	0.15%	—	—
Series PWFB	April 3, 2017	0.75% ⁽⁵⁾	0.15%	10.28	9.96
Series PWX	September 9, 2014	— ⁽²⁾	— ⁽²⁾	11.29	10.88
Series R	May 20, 2009	— *	— *	29.95	28.87
Investor Series	December 10, 1985	1.65%	0.24%	32.20	31.38
B-Series	January 8, 2002	— ⁽¹⁾	— *	42.32	40.80

* Not applicable.

(1) This fee is negotiable and payable directly to Mackenzie by investors in this series.

(2) This fee is payable directly to Mackenzie by investors in this series through redemptions of their securities.

(3) Prior to June 1, 2018, the management fee for Series F was charged to the Fund at a rate of 1.00%.

(4) Prior to June 1, 2018, the management fee for Series PW was charged to the Fund at a rate of 1.85%.

(5) Prior to June 1, 2018, the management fee for Series PWFB was charged to the Fund at a rate of 0.85%.

(6) Prior to June 1, 2018, the administration fee for Series F was charged to the Fund at a rate of 0.19%.

(7) The series' original start date was November 8, 2013. All securities in the series were consolidated into Series F on June 1, 2018.

(b) Investments by Mackenzie and Affiliates

As at September 30, 2019, Mackenzie and other funds managed by Mackenzie had an investment of \$10 and \$27,023 (March 31, 2019 – \$9 and \$27,218) in the Fund.

(c) Loss Carryforwards

As at the last taxation year-end, the Fund has capital losses of \$1,450 which may be carried forward indefinitely to reduce future realized capital gains. There were no 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 September 30, 2019 and March 31, 2019, were as follows:

	September 30, 2019	March 31, 2019
	(\$)	(\$)
Value of securities loaned	20,217	8,705
Value of collateral received	21,230	9,148

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

MACKENZIE CANADIAN SMALL CAP FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2019

CANADIAN EQUITY FUND

NOTES TO FINANCIAL STATEMENTS

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

(d) Securities Lending (cont'd)

A reconciliation of the gross amount generated from the securities lending transactions to the security lending income to the Fund for the periods ended September 30, 2019 and 2018 is as follows:

	2019		2018	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	23	100.0	41	100.0
Tax withheld	—	—	—	—
	23	100.0	41	100.0
Payments to Securities Lending Agent	(6)	(26.1)	(10)	(24.4)
Securities lending income	17	73.9	31	75.6

(e) Commissions

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

	(\$)
September 30, 2019	18
September 30, 2018	24

(f) Offsetting of Financial Assets and Liabilities

As at September 30, 2019 and March 31, 2019, there were no amounts subject to offsetting.

(g) Risks Associated with Financial Instruments

i. Risk exposure and management

The Fund seeks long-term capital growth by investing primarily in equities of smaller Canadian companies with below-average market capitalization. The Fund uses a blended growth and value style of investing and may hold up to 30% of its assets in foreign investments.

ii. Currency risk

As at September 30, 2019 and March 31, 2019, the Fund did not have a significant exposure to currency risk.

iii. Interest rate risk

As at September 30, 2019 and March 31, 2019, the Fund did not have a significant exposure to interest rate risk.

iv. Other price risk

The Fund's most significant exposure to price risk arises from its investment in equity securities, mutual funds and exchange-traded funds. As at September 30, 2019, 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 \$13,463 or 9.9% (March 31, 2019 – \$14,060 or 9.9%) of total net assets. In practice, the actual trading results may differ and the difference could be material.

v. Credit risk

As at September 30, 2019 and March 31, 2019, the Fund did not have a significant exposure to credit risk.

MACKENZIE CANADIAN SMALL CAP FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2019

CANADIAN EQUITY FUND

NOTES TO FINANCIAL STATEMENTS

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

(h) Fair Value Classification

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

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

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

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

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

	September 30, 2019				March 31, 2019			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	120,793	–	–	120,793	120,136	–	–	120,136
Exchange-traded funds/notes	12,014	–	–	12,014	18,424	–	–	18,424
Mutual Funds	1,822	–	–	1,822	2,036	–	–	2,036
Short-term investments	–	1,671	–	1,671	–	1,263	–	1,263
Total	134,629	1,671	–	136,300	140,596	1,263	–	141,859

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

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

Short-term investments classified as Level 2 investments are valued based on amortized cost plus accrued interest which closely approximates fair value.



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