

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 INTERNATIONAL DIVIDEND FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2019

INTERNATIONAL EQUITY FUND

STATEMENTS OF FINANCIAL POSITION

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

	Sep. 30 2019	Mar. 31 2019 (Audited)
	\$	\$
ASSETS		
Current assets		
Investments at fair value	893,352	773,932
Cash and cash equivalents	–	900
Dividends receivable	137	1,179
Accounts receivable for investments sold	6,792	–
Accounts receivable for securities issued	–	–
Total assets	900,281	776,011
LIABILITIES		
Current liabilities		
Bank indebtedness	3,638	–
Accounts payable for investments purchased	–	–
Accounts payable for securities redeemed	–	–
Total liabilities	3,638	–
Net assets attributable to securityholders	896,643	776,011
Net assets attributable to securityholders per series (note 3)		
Series R	35,976	34,550
Series IG	860,667	741,461
Net assets attributable to securityholders per security (note 3)		
Series R	12.45	11.96
Series IG	10.20	9.79

STATEMENTS OF COMPREHENSIVE INCOME

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

	2019 \$	2018 \$
Income		
Dividends	13,512	3,504
Interest income	32	75
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	2,610	(790)
Net unrealized gain (loss)	36,404	(27,116)
Total income (loss)	52,558	(24,327)
Expenses (note 6)		
Interest charges	36	4
Commissions and other portfolio transaction costs	579	1,492
Independent Review Committee fees	1	1
Expenses before amounts absorbed by Manager	616	1,497
Expenses absorbed by Manager	–	–
Net expenses	616	1,497
Increase (decrease) in net assets attributable to securityholders from operations before tax		
Foreign withholding taxes	2,822	561
Foreign income taxes paid (recovered)	–	–
Increase (decrease) in net assets attributable to securityholders from operations	49,120	(26,385)
Increase (decrease) in net assets attributable to securityholders from operations per series		
Series R	1,924	(305)
Series IG	47,196	(26,080)
Increase (decrease) in net assets attributable to securityholders from operations per security		
Series R	0.67	(0.11)
Series IG	0.62	(0.42)

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 September 30 (note 1)
In thousands

	2019	2018	2019	2018	2019	2018
	Series R		Series IG		Total	
	\$		\$		\$	
NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS						
Beginning of period	34,550	34,277	741,461	–	776,011	34,277
Increase (decrease) in net assets from operations	1,924	(305)	47,196	(26,080)	49,120	(26,385)
Distributions paid to securityholders:						
Investment income	(498)	(560)	(10,361)	(1,873)	(10,859)	(2,433)
Capital gains	–	–	–	–	–	–
Total distributions paid to securityholders	(498)	(560)	(10,361)	(1,873)	(10,859)	(2,433)
Security transactions:						
Proceeds from securities issued	–	–	161,870	741,468	161,870	741,468
Reinvested distributions	–	–	10,361	1,873	10,361	1,873
Payments on redemption of securities	–	–	(89,860)	–	(89,860)	–
Total security transactions	–	–	82,371	743,341	82,371	743,341
Total increase (decrease) in net assets	1,426	(865)	119,206	715,388	120,632	714,523
End of period	35,976	33,412	860,667	715,388	896,643	748,800
Increase (decrease) in fund securities (note 7):						
Securities outstanding – beginning of period	2,889	2,887	75,729	–		
Issued	–	–	16,595	75,297		
Reinvested distributions	–	–	1,037	195		
Redeemed	–	–	(8,941)	–		
Securities outstanding – end of period	2,889	2,887	84,420	75,492		

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



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MACKENZIE INTERNATIONAL DIVIDEND FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2019

INTERNATIONAL 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	49,120	(26,385)
Adjustments for:		
Net realized loss (gain) on investments	(3,142)	(439)
Change in net unrealized loss (gain) on investments	(36,404)	27,116
Purchase of investments	(391,126)	(742,171)
Proceeds from sale and maturity of investments	304,461	4,887
Change in dividends receivable	1,042	(29)
Net cash from operating activities	(76,049)	(737,021)
Cash flows from financing activities		
Proceeds from securities issued	161,870	741,468
Payments on redemption of securities	(89,860)	–
Distributions paid net of reinvestments	(498)	(560)
Net cash from financing activities	71,512	740,908
Net increase (decrease) in cash and cash equivalents	(4,537)	3,887
Cash and cash equivalents at beginning of period	900	99
Effect of exchange rate fluctuations on cash and cash equivalents	(1)	(1)
Cash and cash equivalents at end of period	(3,638)	3,985
Cash	–	536
Cash equivalents	–	3,449
Bank indebtedness	(3,638)	–
Cash and cash equivalents at end of period	(3,638)	3,985
Supplementary disclosures on cash flow from operating activities:		
Dividends received	14,554	3,475
Foreign taxes paid	2,822	561
Interest received	32	75
Interest paid	36	4

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



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MACKENZIE INTERNATIONAL DIVIDEND FUND

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2019

INTERNATIONAL 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					
Aena SA	Spain	Industrials	165,500	40,217	40,121
Air Liquide SA	France	Materials	148,882	24,979	28,058
Alibaba Group Holding Ltd. ADR	China	Consumer Discretionary	231,800	55,024	51,308
Bayer AG	Germany	Health Care	350,065	43,810	32,678
Brenntag AG	Germany	Industrials	517,800	36,518	33,175
British American Tobacco PLC	United Kingdom	Consumer Staples	484,900	29,503	23,744
Compagnie Financière Richemont SA	Switzerland	Consumer Discretionary	310,900	34,920	30,191
Deutsche Boerse AG	Germany	Financials	289,100	51,401	59,822
Eurofins Scientific	Luxembourg	Health Care	62,700	34,409	38,579
Hannover Rueckversicherung SE Reg.	Germany	Financials	207,800	42,899	46,508
Heineken Holding NV A	Netherlands	Consumer Staples	340,300	43,778	44,858
Keyence Corp.	Japan	Information Technology	42,300	31,933	34,651
Koninklijke Philips NV	Netherlands	Health Care	514,700	27,364	31,565
Kweichow Moutai Co. Ltd. Class A	China	Consumer Staples	207,815	30,800	44,251
London Stock Exchange Group PLC	United Kingdom	Financials	223,000	17,135	26,533
Micro Focus International PLC	United Kingdom	Information Technology	893,698	21,136	16,541
Nestlé SA Reg.	Switzerland	Consumer Staples	251,900	27,546	36,175
Nokia OYJ	Finland	Information Technology	2,009,100	15,428	13,481
Novo Nordisk AS B	Denmark	Health Care	512,800	31,660	34,902
Pernod Ricard SA*	France	Consumer Staples	90,200	19,685	21,268
Safran SA	France	Industrials	311,200	49,503	64,867
SAP AG	Germany	Information Technology	299,000	46,654	46,546
Sika AG	Switzerland	Materials	185,212	33,154	35,863
Sony Corp.	Japan	Consumer Discretionary	445,700	31,163	34,639
Tencent Holdings Ltd.	China	Communication Services	413,000	26,774	23,028
Total equities				847,393	893,352
Transaction costs				(1,332)	—
Total investments				846,061	893,352
Bank indebtedness					(3,638)
Other assets less liabilities					6,929
Total net assets					896,643

* Related to Mackenzie. See Note 1.



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MACKENZIE INTERNATIONAL DIVIDEND FUND

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INTERNATIONAL EQUITY FUND

SUMMARY OF INVESTMENT PORTFOLIO

September 30, 2019	
Portfolio Allocation	% of NAV
Equities	99.6
Other assets (liabilities)	0.8
Cash and short-term investments	(0.4)

Regional Allocation	
Regional Allocation	% of NAV
Germany	24.4
China	13.2
France	12.7
Switzerland	11.4
Netherlands	8.5
Japan	7.7
United Kingdom	7.5
Spain	4.5
Luxembourg	4.3
Denmark	3.9
Finland	1.5
Other assets (liabilities)	0.8
Cash and short-term investments	(0.4)

Sector Allocation	
Sector Allocation	% of NAV
Consumer staples	18.9
Industrials	15.4
Health care	15.4
Financials	14.8
Consumer discretionary	13.0
Information technology	12.4
Materials	7.1
Communication services	2.6
Other assets (liabilities)	0.8
Cash and short-term investments	(0.4)

March 31, 2019	
Portfolio Allocation	% of NAV
Equities	99.7
Other assets (liabilities)	0.2
Cash and short-term investments	0.1

Regional Allocation	
Regional Allocation	% of NAV
Germany	19.9
United Kingdom	14.9
China	13.7
France	11.7
Switzerland	10.6
Japan	8.7
Netherlands	7.1
Spain	3.9
Denmark	3.6
Luxembourg	3.1
Finland	2.5
Other assets (liabilities)	0.2
Cash and short-term investments	0.1

Sector Allocation	
Sector Allocation	% of NAV
Consumer staples	21.6
Industrials	16.3
Information technology	15.5
Health care	12.0
Financials	10.4
Consumer discretionary	10.2
Materials	7.0
Communication services	6.7
Other assets (liabilities)	0.2
Cash and short-term investments	0.1



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NOTES TO FINANCIAL STATEMENTS

1. Fiscal Periods and General Information

The information provided in these financial statements and notes thereto is for the 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 unit 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 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 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 unlisted open-ended investment funds and exchange-traded funds in which the Fund invests, does 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 annual information form. 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 unit 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

No management fee or operating expenses, other than certain specific fund costs, are charged to the Fund.

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), fees paid to external service providers associated with tax reclaims, refunds or the preparation of foreign tax reports on behalf of the Funds, any 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 annual information form, 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 annual information form.

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.

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.

NOTES TO FINANCIAL STATEMENTS

8. Financial Instruments Risk (cont'd)

v. Other price risk

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

vi. Credit risk

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

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

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

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

vii. Underlying funds

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



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NOTES TO FINANCIAL STATEMENTS

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

(a) Fund Formation and Series Information

Date of Formation February 9, 2017

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

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

Series A, Series T5 and Series T8 securities are offered to retail investors investing a minimum of \$500 (\$5,000 for Series T5 and Series T8). Investors in Series T5 and Series T8 securities also want to receive a monthly cash flow of 5% or 8% per year, respectively.

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

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

Series F, Series F5 and Series F8 securities are offered to investors who are enrolled in a dealer-sponsored fee-for-service or wrap program, who are subject to an asset-based fee rather than commissions on each transaction and who invest at least \$500 (\$5,000 for Series F5 and Series F8); they are also available to employees of Mackenzie and its subsidiaries, and directors of Mackenzie. Investors in Series F5 and Series F8 securities also want to receive a monthly cash flow of 5% or 8% per year, respectively.

Series FB and Series FB5 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. Investors in Series FB5 securities also want to receive a monthly cash flow of 5% per year.

Series IG securities are offered exclusively to mutual funds managed by I.G. Investment Management, Ltd.

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, Series PWT5 and Series PWT8 securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors in Series PWT5 and Series PWT8 securities also want to receive a monthly cash flow of 5% or 8% per year, respectively.

Series PWFB and Series PWFB5 securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor. Investors in Series PWFB5 securities also want to receive a monthly cash flow of 5% per year.

Series PWR securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000 in a Registered Disability Savings Plan offered by Mackenzie.

Series PWX and Series PWX8 securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor. Investors in Series PWX8 securities also want to receive a monthly cash flow of 8% per year.

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



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NOTES TO FINANCIAL STATEMENTS

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

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

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees	Net Asset Value per Security (\$)	
				Sep. 30, 2019	Mar. 31, 2019
Series A	None issued	2.00%	0.28%	—	—
Series AR	None issued	2.00%	0.31%	—	—
Series D	None issued	1.25%	0.20%	—	—
Series F	None issued	0.80%	0.15%	—	—
Series F5	None issued	0.80%	0.15%	—	—
Series F8	None issued	0.80%	0.15%	—	—
Series FB	None issued	1.00%	0.28%	—	—
Series FB5	None issued	1.00%	0.28%	—	—
Series IG	June 5, 2018	— *	— *	10.20	9.79
Series O	None issued	— ⁽¹⁾	— *	—	—
Series PW	None issued	1.80%	0.15%	—	—
Series PWFB	None issued	0.80%	0.15%	—	—
Series PWFB5	None issued	0.80%	0.15%	—	—
Series PWR	None issued	1.80%	0.15%	—	—
Series PWT5	None issued	1.80%	0.15%	—	—
Series PWT8	None issued	1.80%	0.15%	—	—
Series PWX	None issued	0.80%	0.15%	—	—
Series PWX8	None issued	0.80%	0.15%	—	—
Series R	February 21, 2017	—*	—*	12.45	11.96
Series T5	None issued	2.00%	0.28%	—	—
Series T8	None issued	2.00%	0.28%	—	—

* Not applicable.

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

(b) Investments by Mackenzie and Affiliates

As at September 30, 2019, other funds managed by Mackenzie and funds managed by I.G. Investment Management, Ltd. had an investment of \$35,976 and \$860,667 (March 31, 2019 – \$34,550 and \$741,461), respectively, in the Fund.

(c) Loss Carryforwards

As at the last taxation year-end, the Fund has capital losses of \$9,308 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

As at September 30, 2019 and March 31, 2019, the Fund did not have any open securities lending, repurchase or reverse repurchase transactions.

(e) Commissions

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

	(\$)
September 30, 2019	68
September 30, 2018	3

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INTERNATIONAL EQUITY FUND

NOTES TO FINANCIAL STATEMENTS

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

(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 and current income by investing primarily in equities of companies anywhere in the world, outside of Canada and the U.S., that are expected to pay dividends or distribute income.

ii. Currency risk

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

Currency	September 30, 2019			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
Euro	501,526	–	–	501,526
Swiss franc	102,229	–	–	102,229
Japanese yen	69,290	–	–	69,290
British pound	66,818	–	–	66,818
U.S. dollar	51,308	–	–	51,308
Chinese yuan	44,251	–	–	44,251
Danish krone	34,902	–	–	34,902
Hong Kong dollar	23,028	–	–	23,028
Total	893,352	–	–	893,352
% of Net Assets	99.6	–	–	99.6

Currency	March 31, 2019			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
Euro	374,693	–	–	374,693
British pound	115,533	–	–	115,533
Swiss franc	82,434	–	–	82,434
Japanese yen	67,308	–	–	67,308
Chinese yuan	43,449	38	–	43,487
U.S. dollar	39,712	–	–	39,712
Danish krone	27,748	–	–	27,748
Hong Kong dollar	23,055	–	–	23,055
Total	773,932	38	–	773,970
% of Net Assets	99.7	–	–	99.7

* Includes both monetary and non-monetary financial instruments

MACKENZIE INTERNATIONAL DIVIDEND FUND

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NOTES TO FINANCIAL STATEMENTS

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

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

ii. Currency risk (cont'd)

As at September 30, 2019, had the Canadian dollar increased or decreased by 5% relative to all foreign currencies, with all other variables held constant, net assets would have decreased or increased by approximately \$44,668 or 5.0% (March 31, 2019 – \$38,699 or 5.0%) of total net assets. In practice, the actual trading results may differ and the difference could be material.

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. 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 \$89,335 or 10.0% (March 31, 2019 – \$77,393 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 September 30, 2019 and March 31, 2019, the Fund did not have a significant exposure to credit risk.

(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	893,352	–	–	893,352	773,932	–	–	773,932
Total	893,352	–	–	893,352	773,932	–	–	773,932

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.

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for non-North American equities when North American intraday stock market movements exceed pre-determined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, during the period ended September 30, 2019, non-North American equities frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at September 30, 2019, these securities were classified as Level 1 (March 31, 2019 – Level 1).



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