

MACKENZIE MAXIMUM DIVERSIFICATION EMERGING MARKETS INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2019

STRATEGIC BETA INDEX ETF

MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

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

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

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

On behalf of Mackenzie Financial Corporation,
Manager of the ETF



Barry McInerney
President and Chief Executive Officer



Terry Rountes
Chief Financial Officer, Funds

June 3, 2019

INDEPENDENT AUDITOR'S REPORT

To the Securityholders of Mackenzie Maximum Diversification Emerging Markets Index ETF (the "ETF")

Opinion

We have audited the financial statements of the ETF, which comprise the statements of financial position as at March 31, 2019 and 2018, and the statements of comprehensive income, changes in financial position and cash flows for the periods then ended, as indicated in Note 1, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the ETF as at March 31, 2019 and 2018, and its financial performance and its cash flows for the periods then ended, as indicated in Note 1, in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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INDEPENDENT AUDITOR'S REPORT (cont'd)

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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



Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
June 3, 2019



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STATEMENTS OF FINANCIAL POSITION

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

	2019	2018
	\$	\$
ASSETS		
Current assets		
Investments at fair value	114,655	114,017
Cash and cash equivalents	467	162
Dividends receivable	280	114
Accounts receivable for investments sold	281	—
Accounts receivable for units issued	—	—
Total assets	115,683	114,293
LIABILITIES		
Current liabilities		
Accounts payable for investments purchased	563	—
Accounts payable for units redeemed	—	—
Due to manager	399	138
Total liabilities	962	138
Net assets attributable to unitholders	114,721	114,155
Net assets attributable to unitholders per series (note 3)		
Series E	114,721	114,155
Net assets attributable to unitholders per unit (note 3)		
Series E	23.90	25.37

STATEMENTS OF COMPREHENSIVE INCOME

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

	2019	2018
	\$	\$
Income		
Dividends	2,948	964
Interest income	5	1
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	(5,272)	1,817
Net unrealized gain (loss)	(3,942)	5,941
Securities lending income	51	6
Other	213	441
Total income (loss)	(5,997)	9,170
Expenses (note 6)		
Management fees	748	381
Management fee rebates	(240)	(72)
Interest charges	4	5
Commissions and other portfolio transaction costs	509	407
Independent Review Committee fees	—	—
Expenses before amounts absorbed by Manager	1,021	721
Expenses absorbed by Manager	—	—
Net expenses	1,021	721
Increase (decrease) in net assets attributable to unitholders from operations before tax	(7,018)	8,449
Foreign withholding taxes	494	156
Foreign income taxes paid (recovered)	—	—
Increase (decrease) in net assets attributable to unitholders from operations	(7,512)	8,293
Increase (decrease) in net assets attributable to unitholders from operations per series		
Series E	(7,512)	8,293
Increase (decrease) in net assets attributable to unitholders from operations per unit		
Series E	(1.46)	3.51

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



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STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the periods ended March 31 (note 1)

	2019	2018
	Series E	
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	\$	
Beginning of period	114,155	6,496
Increase (decrease) in net assets from operations	(7,512)	8,293
Distributions paid to unitholders:		
Investment income	(1,829)	(762)
Capital gains	–	–
Management fee rebates	(240)	(72)
Total distributions paid to unitholders	(2,069)	(834)
Unit transactions:		
Proceeds from units issued	37,975	100,200
Reinvested distributions	59	–
Payments on redemption of units	(27,887)	–
Total unit transactions	10,147	100,200
Total increase (decrease) in net assets	566	107,659
End of period	114,721	114,155
Increase (decrease) in units (note 7):	Units	
Units outstanding – beginning of period	4,500	300
Issued	1,500	4,200
Reinvested distributions	–	–
Redeemed	(1,200)	–
Units outstanding – end of period	4,800	4,500

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STATEMENTS OF CASH FLOWS

For the periods ended March 31 (note 1)

	2019	2018
	\$	\$
Cash flows from operating activities		
Net increase (decrease) in net assets attributable to unitholders from operations	(7,512)	8,293
Adjustments for:		
Net realized loss (gain) on investments	4,991	(1,817)
Change in net unrealized loss (gain) on investments	3,942	(5,941)
Purchase of investments	(103,593)	(121,534)
Proceeds from sale and maturity of investments	94,226	21,814
Change in dividends receivable	(166)	(107)
Change in due from manager	–	39
Change in due to manager	261	103
Net cash from operating activities	(7,851)	(99,150)
Cash flows from financing activities		
Proceeds from units issued	37,975	100,200
Payments on redemption of units	(27,887)	–
Distributions paid net of reinvestments	(2,010)	(834)
Net cash from financing activities	8,078	99,366
Net increase (decrease) in cash and cash equivalents	227	216
Cash and cash equivalents at beginning of period	162	18
Effect of exchange rate fluctuations on cash and cash equivalents	78	(72)
Cash and cash equivalents at end of period	467	162
Cash	467	162
Cash equivalents	–	–
Cash and cash equivalents at end of period	467	162
Supplementary disclosures on cash flow from operating activities:		
Dividends received	2,782	857
Foreign taxes paid	494	156
Interest received	5	1
Interest paid	4	5

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



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SCHEDULE OF INVESTMENTS

As at March 31, 2019

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES					
3SBio Inc.	China	Health Care	85,387	205	224
AAC Technologies Holdings Inc.	China	Information Technology	21,765	434	172
Accton Technology Corp.	Taiwan	Information Technology	79,594	319	430
Advanced Info Service PCL	Thailand	Communication Services	92,238	685	714
Airports of Thailand PCL	Thailand	Industrials	134,020	317	384
Alfa SA Series A	Mexico	Industrials	351,180	529	498
Alibaba Health Information Technology Ltd.	China	Health Care	158,082	199	244
Alibaba Pictures Group Ltd.	Hong Kong	Communication Services	2,478,544	430	586
Alpha Bank AE	Greece	Financials	204,185	549	378
Amorepacific Corp.	South Korea	Consumer Staples	729	258	162
AmorePacific Group	South Korea	Consumer Staples	1,482	237	121
AngloGold Ltd.	South Africa	Materials	72,767	927	1,292
Anta Sports Products Ltd.	China	Consumer Discretionary	103,731	607	943
Apollo Hospitals Enterprise Ltd.	India	Health Care	16,457	341	390
Asian Paints Ltd.	India	Materials	15,901	378	458
ASUSTeK Computer Inc.	Taiwan	Information Technology	27,421	323	265
Axiata Group BHD	Malaysia	Communication Services	131,427	209	178
Axis Bank Ltd.	India	Financials	35,963	372	539
Ayala Corp.	Philippines	Financials	16,281	389	389
Ayala Land Inc.	Philippines	Real Estate	300,345	310	343
B2W Companhia Global do Varejo	Brazil	Consumer Discretionary	30,615	389	441
Bajaj Auto Ltd.	India	Consumer Discretionary	5,083	299	285
Bajaj Finance Ltd.	India	Financials	5,726	201	334
Bajaj Finserv Ltd.	India	Financials	3,450	349	468
Balkrishna Industries Ltd.	India	Consumer Discretionary	16,838	354	323
Banco Bradesco SA	Brazil	Financials	39,142	545	503
Banco do Brasil SA	Brazil	Financials	28,334	438	472
Banco do Estado do Rio Grande do Sul SA	Brazil	Financials	52,626	407	437
Bangkok Bank PCL	Thailand	Financials	42,485	340	386
Bangkok Dusit Medical Services PCL	Thailand	Health Care	538,929	498	563
Bangkok Expressway and Metro PCL	Thailand	Industrials	875,358	268	372
Bank of Baroda	India	Financials	150,432	426	373
Bank of Philippine Islands	Philippines	Financials	119,730	306	256
BeiGene Ltd.	China	Health Care	3,132	571	552
Beijing Capital International Airport Co. Ltd. H	China	Industrials	176,254	333	223
Berger Paints India Ltd.	India	Materials	31,948	168	199
Berli Jucker PCL	Thailand	Consumer Staples	190,428	399	397
BGF Retail Co. Ltd.	South Korea	Consumer Staples	1,474	318	379
Bharat Petroleum Corp. Ltd.	India	Energy	21,274	196	163
Bharti Airtel Ltd.	India	Communication Services	31,420	254	202
Bharti Infratel Ltd.	India	Communication Services	110,217	763	666
Bid Corp. Ltd.	South Africa	Consumer Staples	13,307	374	367
BIM Birlesik Magazalar AS	Turkey	Consumer Staples	16,705	382	301
Biocon Ltd.	India	Health Care	38,921	405	458
BOC Hong Kong (Holdings) Ltd.	China	Financials	69,523	443	385
BRF SA	Brazil	Consumer Staples	34,128	404	264
Britannia Industries Ltd.	India	Consumer Staples	3,672	171	218
Bumrungrad Hospital Public Co. Ltd.	Thailand	Health Care	66,897	515	506
Cadila Healthcare Ltd.	India	Health Care	31,900	277	213



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	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Castrol India Ltd.	India	Materials	67,620	251	217
Cathay Financial Holding Co. Ltd.	Taiwan	Financials	245,407	538	478
Celltrion Inc.	South Korea	Health Care	1,807	429	385
Celltrion Pharm Inc.	South Korea	Health Care	3,029	319	197
Central Pattana PCL	Thailand	Real Estate	105,778	316	326
China Communication Services Corp. Ltd.	Hong Kong	Communication Services	250,903	317	299
China Conch Venture Holdings Ltd.	China	Industrials	74,945	346	358
China Everbright International Ltd.	China	Industrials	205,375	359	279
China Evergrande Group	China	Real Estate	70,559	270	313
China First Capital Group Ltd.	Hong Kong	Consumer Discretionary	627,619	461	443
China Gas Holdings Ltd.	Hong Kong	Utilities	91,679	416	431
China Huishan Dairy Holdings Co. Ltd.	China	Consumer Staples	77,481	37	—
China Mengniu Dairy Co. Ltd.	China	Consumer Staples	79,349	350	394
China Mobile Ltd.	China	Communication Services	112,534	1,449	1,532
China Resources Enterprise Ltd.	China	Consumer Staples	56,127	254	316
China Resources Gas Group Ltd.	China	Utilities	148,262	768	934
China Steel Corp.	Taiwan	Materials	320,080	338	351
China Telecom Corp. Ltd. H	China	Communication Services	521,013	324	387
China Unicom (Hong Kong) Ltd.	China	Communication Services	232,714	407	394
China Water Affairs Group Ltd.	Hong Kong	Utilities	197,141	293	275
Cholamandalam Investment and Finance Co. Ltd.	India	Financials	14,637	385	410
Chunghwa Telecom Co. Ltd.	Taiwan	Communication Services	68,590	316	326
Cielo SA	Brazil	Information Technology	94,876	307	308
Cipla Ltd./India	India	Health Care	33,597	382	343
CJ O Shopping Co. Ltd.	South Korea	Consumer Discretionary	773	225	212
Companhia de Saneamento de Minas Gerais - COPASA MG	Brazil	Utilities	24,365	456	512
Companhia Paranaense de Energia - COPEL Pfd. B	Brazil	Utilities	34,759	466	435
Compania de Minas Buenaventura SA ADR	Peru	Materials	15,542	279	359
Coway Co. Ltd.	South Korea	Consumer Discretionary	4,958	545	551
CP ALL PCL	Thailand	Consumer Staples	427,927	1,228	1,347
CSPC Pharmaceuticals Group Ltd.	China	Health Care	123,402	335	307
CTBC Financial Holding Co. Ltd.	Taiwan	Financials	308,660	270	272
Cummins India Ltd.	India	Industrials	12,492	209	180
Dali Foods Group Co. Ltd.	China	Consumer Staples	504,176	555	504
DB Insurance Co. Ltd.	South Korea	Financials	5,573	468	451
Dialog Group BHD	Malaysia	Energy	496,462	531	515
DiGi.Com BHD	Malaysia	Communication Services	265,936	401	396
Divi's Laboratories Ltd.	India	Health Care	11,781	322	387
Doosan Infracore Co. Ltd.	South Korea	Industrials	19,335	211	160
Dr. Reddy's Laboratories Ltd.	India	Health Care	6,303	324	338
E Ink Holdings Inc.	Taiwan	Information Technology	165,126	234	247
Eclat Textile Co. Ltd.	Taiwan	Consumer Discretionary	20,068	305	361
EFG Eurobank Ergasias	Greece	Financials	319,040	398	340
Embraer SA	Brazil	Industrials	103,420	727	658
Energy Absolute PCL	Thailand	Energy	314,091	514	635
ENN Energy Holdings Ltd.	China	Utilities	55,219	602	713
Eregli Demir Ve Celik Fabrikalari TAS	Turkey	Materials	137,984	349	298
Estacio Participacoes SA	Brazil	Consumer Discretionary	51,536	389	470
EVA Airways Corp.	Taiwan	Industrials	358,934	220	235



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As at March 31, 2019

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Far EasTone Telecommunications Co. Ltd.	Taiwan	Communication Services	255,243	822	822
The Federal Bank Ltd.	India	Financials	152,195	269	283
Fila Korea Ltd.	South Korea	Consumer Discretionary	5,927	396	544
Fomento Economico Mexicano SA de CV UBD	Mexico	Consumer Staples	85,517	1,008	1,054
Formosa Plastics Corp.	Taiwan	Materials	100,643	426	478
Fubon Financial Holding Co. Ltd.	Taiwan	Financials	224,266	481	447
Fullshare Holdings Ltd.	Hong Kong	Industrials	1,321,102	749	236
Gamuda BHD	Malaysia	Industrials	306,353	308	289
Genexine Co. Ltd.	South Korea	Health Care	1,129	137	113
Genting Malaysia BHD	Malaysia	Consumer Discretionary	198,835	322	208
Glenmark Pharmaceuticals Ltd.	India	Health Care	27,675	345	345
Gold Fields Ltd.	South Africa	Materials	129,458	639	639
GOME Electrical Appliance Holdings Ltd.	China	Consumer Discretionary	2,187,742	339	272
Gruh Finance Ltd.	India	Financials	50,375	296	268
Grupo Elektra SAB de CV	Mexico	Financials	14,034	582	1,015
Grupo Financiero Banorte SAB de CV Series O	Mexico	Financials	60,140	435	437
Grupo Televisa SAB	Mexico	Communication Services	113,474	604	335
Guangdong Investment Ltd.	China	Utilities	208,967	417	539
Hana Financial Group Inc.	South Korea	Financials	4,945	262	212
Hanmi Pharm Co. Ltd.	South Korea	Health Care	372	187	200
Hanmi Science Co. Ltd.	South Korea	Health Care	3,372	321	307
Hanon Systems	South Korea	Consumer Discretionary	19,560	263	261
HCL Technologies Ltd.	India	Information Technology	30,506	542	640
Hellenic Telecommunications Organization SA (OTE)	Greece	Communication Services	11,384	181	204
Hengan International Group Co. Ltd.	China	Consumer Staples	33,553	393	393
HengTen Networks Group Ltd.	China	Consumer Discretionary	7,831,524	408	317
Hero MotoCorp Ltd.	India	Consumer Discretionary	4,721	337	232
Hindustan Lever Ltd.	India	Consumer Staples	45,027	1,158	1,482
Hindustan Petroleum Corp. Ltd.	India	Energy	104,282	499	571
HLB Inc.	South Korea	Consumer Discretionary	6,149	416	579
Home Product Center PCL	Thailand	Consumer Discretionary	596,643	320	384
Hon Hai Precision Industry Co. Ltd.	Taiwan	Information Technology	214,323	1,126	683
Housing Development Finance Corp. Ltd.	India	Financials	5,373	185	204
Hyundai Elevator Co. Ltd.	South Korea	Industrials	2,461	305	259
Hyundai Engineering & Construction Co. Ltd.	South Korea	Industrials	2,696	204	169
Hyundai Glovis Co. Ltd.	South Korea	Industrials	2,284	339	345
Hyundai Marine & Fire Insurance Co. Ltd.	South Korea	Financials	8,162	395	364
Hyundai Merchant Marine Co. Ltd.	South Korea	Industrials	33,437	200	143
Hyundai Mobis	South Korea	Consumer Discretionary	1,845	507	453
Hyundai Motor Co. Ltd. 1st Pfd.	South Korea	Consumer Discretionary	3,403	358	277
Hyundai Motor Co. Ltd. 2nd Pfd.	South Korea	Consumer Discretionary	2,739	314	246
Hyundai Rotem Co. Ltd.	South Korea	Industrials	8,145	312	223
IHH Healthcare BHD	Malaysia	Health Care	117,984	221	223
Indiabulls Housing Finance Ltd.	India	Financials	14,558	197	241
Indorama Ventures PCL	Thailand	Materials	173,050	334	362
Indraprastha Gas Ltd.	India	Utilities	55,384	297	326
Info Edge (India) Ltd.	India	Communication Services	9,468	342	336
Infosys Ltd.	India	Information Technology	115,383	1,229	1,656
Innolux Corp.	Taiwan	Information Technology	352,076	199	153



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SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2019

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
InterGlobe Aviation Ltd.	India	Industrials	17,242	354	475
Inventec Corp.	Taiwan	Information Technology	176,604	180	180
IRB Brasil Resseguros SA	Brazil	Financials	11,491	354	359
Jollibee Foods Corp.	Philippines	Consumer Discretionary	96,976	619	782
Jubilant Life Sciences Ltd.	India	Health Care	18,663	298	239
Kasikornbank PCL	Thailand	Financials	65,032	541	515
Kingdee International Software Co. Ltd.	Hong Kong	Information Technology	107,114	160	166
Korea Aerospace Industries Ltd.	South Korea	Industrials	12,099	622	503
Kroton Educacional SA	Brazil	Consumer Discretionary	112,787	542	406
Largan Precision Co. Ltd.	Taiwan	Information Technology	2,040	427	407
Lenovo Group Ltd.	China	Information Technology	187,044	145	225
LG Electronics Inc.	South Korea	Consumer Discretionary	2,451	253	217
LG Household & Health Care Ltd.	South Korea	Consumer Staples	197	290	329
LG Uplus Corp.	South Korea	Communication Services	28,775	497	523
Li Ning Co. Ltd.	China	Consumer Discretionary	387,997	466	814
Linx SA	Brazil	Information Technology	27,374	289	347
Lite-On Technology Corp.	Taiwan	Information Technology	127,126	240	247
Localiza Rent a Car SA	Brazil	Industrials	44,123	422	495
Lojas Renner SA	Brazil	Consumer Discretionary	34,170	457	511
Lotte Shopping Co. Ltd.	South Korea	Consumer Discretionary	727	200	152
Lupin Ltd.	India	Health Care	35,825	708	511
Luye Pharma Group Ltd.	China	Health Care	221,717	311	259
Magazine Luiza SA	Brazil	Consumer Discretionary	6,313	383	372
Mahindra & Mahindra Ltd.	India	Consumer Discretionary	28,995	430	377
Makalot Industrial Co. Ltd.	Taiwan	Consumer Discretionary	34,651	308	324
Malayan Banking BHD	Malaysia	Financials	164,478	495	499
Maruti Suzuki India Ltd.	India	Consumer Discretionary	3,617	585	465
Max Financial Services Ltd.	India	Financials	35,853	389	301
Maxis BHD	Malaysia	Communication Services	141,661	262	248
MediaTek Inc.	Taiwan	Information Technology	31,777	399	389
Medy-Tox Inc.	South Korea	Health Care	772	499	530
Mega Financial Holding Co. Ltd.	Taiwan	Financials	221,832	241	270
Meitu Inc.	China	Information Technology	397,028	253	249
Mindtree Ltd.	India	Information Technology	15,055	275	274
MOL Magyar Olaj-es Gazipari RT	Hungary	Energy	31,554	439	482
Motor Oil (Hellas) Corinth Refineries SA	Greece	Energy	11,824	387	367
Mphasis Ltd.	India	Information Technology	15,602	330	298
Muthoot Finance Ltd.	India	Financials	24,705	285	293
Nan Ya Plastic Corp.	Taiwan	Materials	90,461	304	309
Naver Corp.	South Korea	Communication Services	2,424	402	354
NCsoft Corp.	South Korea	Communication Services	487	241	284
Nestle India Ltd.	India	Consumer Staples	1,103	171	233
Nien Made Enterprise Co. Ltd.	Taiwan	Consumer Discretionary	26,647	280	314
OCI Co. Ltd.	South Korea	Materials	1,401	183	153
OdontoPrev SA	Brazil	Health Care	77,122	443	437
OPAP SA	Greece	Consumer Discretionary	24,772	363	342
Orion Corp./Republic of Korea	South Korea	Consumer Staples	3,346	474	394
OTP Bank NYRT	Hungary	Financials	4,979	243	293
Ottogi Corp.	South Korea	Consumer Staples	209	187	190



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MACKENZIE MAXIMUM DIVERSIFICATION EMERGING MARKETS INDEX ETF

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STRATEGIC BETA INDEX ETF

SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2019

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Petroleo Brasileiro SA - Petrobras Pfd.	Brazil	Energy	76,970	461	735
Petroleo Brasileiro SA - Petrobras	Brazil	Energy	75,231	636	801
PharmaEssentia Corp.	Taiwan	Health Care	27,224	202	190
Phison Electronics Corp.	Taiwan	Information Technology	16,737	223	219
Piramal Enterprises Ltd.	India	Health Care	3,823	195	204
PLDT Inc.	Philippines	Communication Services	18,634	607	545
Polymetal International PLC	Russia	Materials	31,918	367	480
Power Grid Corp. of India Ltd.	India	Utilities	61,196	245	234
President Chain Store Corp.	Taiwan	Consumer Staples	46,980	580	618
PT Astra International TBK	Indonesia	Consumer Discretionary	511,244	386	351
PT Bank Central Asia TBK	Indonesia	Financials	206,920	406	539
PT Bank Mandiri (Persero) TBK	Indonesia	Financials	204,063	134	143
PT Bank Rakyat Indonesia (Persero) TBK	Indonesia	Financials	538,728	160	208
PT Matahari Department Store TBK	Indonesia	Consumer Discretionary	469,031	373	180
PT Perusahaan Gas Negara	Indonesia	Utilities	2,028,292	407	447
PT Telekomunikasi Indonesia TBK	Indonesia	Communication Services	2,399,652	943	889
PTT PCL	Thailand	Energy	247,661	498	500
Public Bank BHD	Malaysia	Financials	69,275	477	525
Punjab National Bank	India	Financials	307,135	573	566
Qualicorp SA	Brazil	Health Care	87,756	413	472
Rec Ltd.	India	Financials	95,800	268	282
Reliance Industries Ltd.	India	Energy	51,868	904	1,364
Richter Gedeon Nyrt	Hungary	Health Care	7,256	220	183
S1 Corp.	South Korea	Industrials	2,823	336	334
Samsung Engineering Co. Ltd.	South Korea	Industrials	7,548	116	143
Samsung Fire & Marine Insurance Co. Ltd.	South Korea	Financials	1,035	369	367
Samsung Heavy Industries Co. Ltd.	South Korea	Industrials	17,477	165	170
Samsung Life Insurance Co. Ltd.	South Korea	Financials	3,408	471	337
Samsung SDI Co. Ltd.	South Korea	Information Technology	578	144	146
Sappi Ltd.	South Africa	Materials	40,150	327	248
Semiconductor Manufacturing International Corp.	China	Information Technology	242,634	419	328
Shandong Weigao Group Medical Polymer Co. Ltd. Class H	China	Health Care	277,556	272	354
Shenzhen International Group Holdings Ltd.	China	Consumer Discretionary	77,780	932	1,393
Shinhan Financial Group Co. Ltd.	South Korea	Financials	4,976	258	246
Siam Commercial Bank PCL	Thailand	Financials	26,601	154	148
Sibanye Gold Ltd.	South Africa	Materials	244,237	228	356
Silergy Corp.	China	Information Technology	12,608	358	251
Silicon Motion Technology Corp. ADR	Taiwan	Information Technology	7,235	469	383
SillaJen Inc.	South Korea	Health Care	2,660	304	201
Sino Biopharmaceutical Ltd.	Hong Kong	Health Care	193,146	253	235
Sinopec Engineering (Group) Co. Ltd.	China	Industrials	143,889	193	188
Sinopharm Group Co. H	China	Health Care	36,815	216	205
Sinotruk Hong Kong Ltd.	China	Industrials	74,568	218	212
SK Hynix Inc.	South Korea	Information Technology	5,132	476	448
SK Telecom Co. Ltd.	South Korea	Communication Services	1,092	322	323
SM Prime Holdings Inc.	Philippines	Real Estate	370,756	328	376
St. Shine Optical Co. Ltd.	Taiwan	Health Care	7,779	243	202
State Bank of India	India	Financials	57,297	328	354
Sun Pharmaceutical Industries Ltd.	India	Health Care	131,006	1,357	1,210



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SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2019

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Suzano Papel e Celulose SA	Brazil	Materials	78,954	777	1,255
Taiwan Mobile Co. Ltd.	Taiwan	Communication Services	189,736	895	917
Taiwan Semiconductor Manufacturing Co. Ltd.	Taiwan	Information Technology	144,399	1,421	1,538
Tata Consultancy Services Ltd.	India	Information Technology	22,878	670	883
Tatung Co. Ltd.	Taiwan	Consumer Discretionary	339,734	349	358
TAV Havalimanlari Holding AS	Turkey	Industrials	36,752	206	203
TCI Co. Ltd.	Taiwan	Consumer Staples	12,716	226	233
Tech Mahindra Ltd.	India	Information Technology	31,178	335	467
Tekfen Holding AS	Turkey	Industrials	40,020	238	213
Thai Oil PCL	Thailand	Energy	80,912	291	237
Thai Union Group PCL	Thailand	Consumer Staples	495,802	377	403
Tingyi (Cayman Islands) Holding Corp.	China	Consumer Staples	373,427	833	822
Tisco Financial Group PCL	Thailand	Financials	41,895	134	156
Titan Co. Ltd.	India	Consumer Discretionary	14,630	203	322
TMB Bank PCL	Thailand	Financials	3,412,229	342	293
Top Glove Corp. BHD	Malaysia	Health Care	255,217	415	386
Total Access Communication PCL - Foreign	Thailand	Communication Services	115,896	216	259
TOTVS SA	Brazil	Information Technology	15,078	124	204
True Corp. PCL	Thailand	Communication Services	2,023,930	507	406
Tupras-Turkiye Petrol Rafinerileri AS	Turkey	Energy	13,685	410	404
Turk Hava Yollari AO	Turkey	Industrials	166,454	702	509
Unimicron Technology Corp.	Taiwan	Information Technology	228,410	256	293
Uni-President Enterprises Corp.	Taiwan	Consumer Staples	123,883	355	402
United Breweries Ltd.	India	Consumer Staples	8,863	176	238
United Microelectronics Corp.	Taiwan	Information Technology	416,633	273	210
United Spirits Ltd.	India	Consumer Staples	53,581	595	572
United Tractors TBK PT	Indonesia	Energy	199,310	609	506
Universal Robina Corp.	Philippines	Consumer Staples	83,284	293	322
ViroMed Co. Ltd.	South Korea	Health Care	851	207	280
Vodafone Idea Ltd. Rights 04-24-2019	India	Communication Services	1,735,519	314	—
Vodafone Idea Ltd.	India	Communication Services	758,043	457	267
Wipro Ltd.	India	Information Technology	39,426	164	194
Wistron Corp.	Taiwan	Information Technology	193,034	206	198
WNS (Holdings) Ltd.	India	Information Technology	8,840	584	629
Yandex NV	Russia	Communication Services	8,558	407	393
Yes Bank Ltd.	India	Financials	147,320	659	782
Zee Entertainment Enterprises Ltd.	India	Communication Services	36,896	324	317
Total equities				112,042	114,371
EXCHANGE-TRADED FUNDS/NOTES					
Vanguard FTSE Emerging Markets ETF	United States	Exchange-Traded Funds/Notes	5,008	282	284
Total exchange-traded funds/notes				282	284
Transaction costs				(145)	—
Total investments				112,179	114,655
Cash and cash equivalents					467
Other assets less liabilities					(401)
Total net assets					114,721



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MACKENZIE MAXIMUM DIVERSIFICATION EMERGING MARKETS INDEX ETF

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SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2019	
Portfolio Allocation	% of NAV
Equities	99.7
Cash and short-term investments	0.4
Exchange-traded funds/notes	0.2
Other assets (liabilities)	(0.3)

Regional Allocation	
	% of NAV
India	22.7
China	14.0
South Korea	12.1
Taiwan	12.0
Brazil	9.5
Thailand	8.1
Malaysia	3.0
Mexico	2.9
Indonesia	2.8
Philippines	2.6
South Africa	2.5
Hong Kong	2.3
Other	2.3
Turkey	1.7
Greece	1.4
Cash and short-term investments	0.4
Other assets (liabilities)	(0.3)

Sector Allocation	
	% of NAV
Financials	15.4
Consumer discretionary	13.5
Information technology	12.0
Communication services	11.4
Consumer staples	10.9
Health care	10.8
Industrials	7.4
Materials	6.5
Energy	6.4
Utilities	4.2
Real estate	1.2
Cash and short-term investments	0.4
Exchange-traded funds/notes	0.2
Other assets (liabilities)	(0.3)

March 31, 2018	
Portfolio Allocation	% of NAV
Equities	99.8
Cash and short-term investments	0.1
Exchange-traded funds/notes	0.1

Regional Allocation	
	% of NAV
China	21.4
India	18.8
Taiwan	14.6
South Korea	12.9
Thailand	9.2
Indonesia	4.7
Brazil	3.4
Philippines	2.4
Malaysia	2.2
Mexico	2.1
South Africa	2.1
Hong Kong	1.6
Greece	1.6
Turkey	1.4
Hungary	1.0
Other	0.5
Cash and short-term investments	0.1

Sector Allocation	
	% of NAV
Information technology	16.6
Consumer discretionary	15.7
Financials	12.8
Consumer staples	11.7
Health care	11.1
Telecommunication services	8.8
Materials	7.4
Industrials	6.4
Energy	3.9
Real estate	3.3
Utilities	2.1
Cash and short-term investments	0.1
Exchange-traded funds/notes	0.1



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MACKENZIE MAXIMUM DIVERSIFICATION EMERGING MARKETS INDEX ETF

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NOTES TO FINANCIAL STATEMENTS

1. Fiscal Periods and General Information

The information provided in these financial statements and notes thereto is for the periods ended or as at March 31, 2019 and 2018, as applicable. In the year an exchange-traded fund (“the ETF”) is established, ‘period’ represents the period from inception to the period end of that fiscal year. Refer to Note 10 for the formation date of the ETF.

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

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

2. Basis of Preparation and Presentation

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

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

These financial statements were authorized for issue by the Board of Directors of Mackenzie Financial Corporation on June 3, 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 ETF classifies and measures financial instruments in accordance with IFRS 9 *Financial Instruments* (“IFRS 9”). Upon initial recognition, financial instruments are classified as fair value through profit or loss (“FVTPL”). All financial instruments are recognized in the Statement of Financial Position when the ETF becomes a party to the contractual requirements of the instrument. Financial assets are derecognized when the right to receive cash flows from the instrument has expired or the ETF has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled or expires. As such, investment purchase and sale transactions are recorded as of the trade date.

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

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

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

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



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

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

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

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

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

Premiums received from writing options are included in the Statement of Financial Position as a liability and subsequently adjusted daily to fair value. If a written option expires unexercised, the premium received is recognized as a realized gain. If a written call option is exercised, the difference between the proceeds of the sale plus the value of the premium, and the cost of the security is recognized as a realized gain or loss. If a written put option is exercised, the cost of the security acquired is the exercise price of the option less the premium received.

Refer to the Schedule of Derivative Instruments and Schedule of Options Purchased/Written, as applicable, included in the Schedule of Investments for a listing of derivative and options positions as at March 31, 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 or realized gains (losses) on sale of investments, as appropriate.

(d) Commissions and other portfolio transaction costs

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

(e) Securities lending, repurchase and reverse repurchase transactions

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

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

(f) Offsetting

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

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

(g) Foreign currency

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

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

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

(h) Net assets attributable to unitholders per unit

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

(i) Net asset value per unit

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

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

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



NOTES TO FINANCIAL STATEMENTS

4. Critical Accounting Estimates and Judgments

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

Use of Estimates

Fair value of securities not quoted in an active market

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

Use of Judgments

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

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

Functional currency

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

Structured entities and associates

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

5. Income Taxes

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

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

6. Management Fees and Operating Expenses

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

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



NOTES TO FINANCIAL STATEMENTS

6. Management Fees and Operating Expenses (cont'd)

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

7. Units and Unit Transactions

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

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

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

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

8. ETF's Capital

The capital of the ETF is comprised of the net assets attributable to unitholders. The units outstanding for the ETF as at March 31, 2019 and 2018 and units issued, reinvested and redeemed for the periods are presented in the Statement of Changes in Financial Position. Mackenzie manages the capital of the ETF in accordance with the investment objectives as discussed in Note 10.

9. Financial Instruments Risk

i. Risk exposure and management

The ETF's investment activities expose it to a variety of financial risks, as defined in IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7"). The ETF's exposure to financial risks is concentrated in its investments, which are presented in the Schedule of Investments, as at March 31, 2019, grouped by asset type, with geographic and sector information.

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

ii. Liquidity risk

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



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9. Financial Instruments Risk (cont'd)

iii. Currency risk

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

iv. Interest rate risk

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

v. Other price risk

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

vi. Credit risk

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

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

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

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

vii. Underlying ETFs

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



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

(a) ETF Formation and Series Information

Date of Formation June 3, 2016

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

Series E units were listed on the TSX under the symbol MEE on January 23, 2017. The closing market price, or the midpoint of the bid and ask prices in the absence of a closing market price, at March 31, 2019 was \$24.13 (2018 – \$25.76).

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

As at March 31, 2019, the ETF's NAV per unit was \$23.94 (2018 – \$25.32) and its Net Assets per unit calculated in accordance with IFRS was \$23.90 (2018 – \$25.37).

(b) Investments by Mackenzie and Affiliates

As at March 31, 2019, other funds managed by Mackenzie had an investment of \$14,235 (2018 – \$36,926) in the ETF.

(c) Loss Carryforwards

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

(d) Securities Lending

The value of securities loaned and collateral received from securities lending at March 31, 2019 and 2018, were as follows:

	March 31, 2019	March 31, 2018
	(\$)	(\$)
Value of securities loaned	1,976	1,526
Value of collateral received	2,085	1,616

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

A reconciliation of the gross amount generated from the securities lending transactions to the security lending income to the ETF for the periods ended March 31, 2019 and 2018 is as follows:

	2019		2018	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	68	100.0	8	100.0
Tax withheld	–	–	–	–
	68	100.0	8	100.0
Payments to Securities Lending Agent	(17)	(25.0)	(2)	(25.0)
Securities lending income	51	75.0	6	75.0

(e) Offsetting of Financial Assets and Liabilities

As at March 31, 2019 and 2018, there were no amounts subject to offsetting.



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NOTES TO FINANCIAL STATEMENTS

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

(f) Risks Associated with Financial Instruments

i. Risk exposure and management

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

ii. Currency risk

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

Currency	March 31, 2019			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
Indian rupee	25,470	–	–	25,470
Hong Kong dollar	17,863	–	–	17,863
South Korean won	13,937	–	–	13,937
Taiwanese dollar	13,617	–	–	13,617
Brazilian real	10,894	6	–	10,900
Thai baht	9,293	–	–	9,293
Malaysian ringgit	3,467	6	–	3,473
Mexican peso	3,339	–	–	3,339
Indonesian rupiah	3,263	–	–	3,263
Philippine peso	3,013	3	–	3,016
South African rand	2,902	–	–	2,902
U.S. dollar	2,600	41	–	2,641
Turkish lira	1,928	–	–	1,928
Euro	1,631	–	–	1,631
Hungarian forint	958	–	–	958
British pound	480	–	–	480
Total	114,655	56	–	114,711
% of Net Assets	99.9	–	–	99.9



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NOTES TO FINANCIAL STATEMENTS

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

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

ii. Currency risk (cont'd)

Currency	March 31, 2018			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
Indian rupee	21,204	18	–	21,222
Hong Kong dollar	20,367	–	–	20,367
Taiwanese dollar	16,629	–	–	16,629
South Korean won	14,758	–	–	14,758
Thai baht	10,535	–	–	10,535
U.S. dollar	6,505	1	–	6,506
Indonesian rupiah	5,319	–	–	5,319
Brazilian real	3,902	–	–	3,902
Philippine peso	2,771	–	–	2,771
Malaysian ringgit	2,555	5	–	2,560
South African rand	2,512	–	–	2,512
Mexican peso	2,444	4	–	2,448
Euro	1,778	–	–	1,778
Turkish lira	1,545	–	–	1,545
Hungarian forint	1,193	–	–	1,193
Total	114,017	28	–	114,045
% of Net Assets	99.9	–	–	99.9

* Includes both monetary and non-monetary financial instruments

As at March 31, 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 \$5,736 or 5.0% of total net assets (2018 – \$5,702 or 5.0%). In practice, the actual trading results may differ and the difference could be material.

iii. Interest rate risk

As at March 31, 2019 and 2018, the ETF did not have a significant exposure to interest rate risk.

iv. Other price risk

The ETF's most significant exposure to price risk arises from its investment in equity securities and exchange-traded funds/notes. As at March 31, 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 \$11,466 or 10.0% of total net assets (2018 – \$11,402 or 10.0%). In practice, the actual trading results may differ and the difference could be material.

v. Credit risk

As at March 31, 2019 and 2018, the ETF did not have a significant exposure to credit risk.



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

(g) Fair Value Classification

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

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

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

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

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

	March 31, 2019				March 31, 2018			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	113,657	714	–	114,371	104,259	9,692	–	113,951
Exchange-traded funds/notes	284	–	–	284	66	–	–	66
Total	113,941	714	–	114,655	104,325	9,692	–	114,017

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

Financial instruments classified as Level 2 investments are valued through incorporating observable market data and using standard market convention prices.

For the period ended March 31, 2019, equities with a fair value of \$6,784 (2018 – \$Nil) were transferred from Level 2 to Level 1 as a result of changes in the inputs used for valuation.



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