

MACKENZIE MAXIMUM DIVERSIFICATION DEVELOPED EUROPE 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 Developed Europe Index ETF (the "ETF"). The Manager is responsible for the integrity, objectivity and reliability of the data presented. This responsibility includes selecting appropriate accounting principles and making judgments and estimates consistent with International Financial Reporting Standards. The Manager is also responsible for the development of internal controls over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

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

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

On behalf of Mackenzie Financial Corporation,
Manager of the ETF



Barry McNerney
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 Developed Europe Index ETF (the "ETF")

Opinion

We have audited the financial statements of the ETF, which comprise the statements of financial position as at March 31, 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	56,187	80,557
Cash and cash equivalents	224	347
Dividends receivable	222	194
Accounts receivable for investments sold	142	105
Accounts receivable for units issued	–	–
Due from manager	–	41
Total assets	56,775	81,244
LIABILITIES		
Current liabilities		
Accounts payable for investments purchased	286	395
Accounts payable for units redeemed	–	–
Due to manager	76	102
Total liabilities	362	497
Net assets attributable to unitholders	56,413	80,747
Net assets attributable to unitholders per series (note 3)		
Series E	56,413	80,747
Net assets attributable to unitholders per unit (note 3)		
Series E	22.57	23.07

STATEMENTS OF COMPREHENSIVE INCOME

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

	2019	2018
	\$	\$
Income		
Dividends	2,866	726
Interest income	1	–
Other changes in fair value of investments and other net assets		
Net realized gain (loss)	(2,235)	1,171
Net unrealized gain (loss)	(200)	998
Securities lending income	40	7
Other	123	238
Total income (loss)	595	3,140
Expenses (note 6)		
Management fees	439	240
Management fee rebates	(28)	(12)
Interest charges	1	–
Commissions and other portfolio transaction costs	230	387
Independent Review Committee fees	–	–
Expenses before amounts absorbed by Manager	642	615
Expenses absorbed by Manager	–	58
Net expenses	642	557
Increase (decrease) in net assets attributable to unitholders from operations before tax	(47)	2,583
Foreign withholding taxes	277	90
Foreign income taxes paid (recovered)	–	–
Increase (decrease) in net assets attributable to unitholders from operations	(324)	2,493
Increase (decrease) in net assets attributable to unitholders from operations per series		
Series E	(324)	2,493
Increase (decrease) in net assets attributable to unitholders from operations per unit		
Series E	(0.10)	1.56

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



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STATEMENTS OF CHANGES IN FINANCIAL POSITION

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

	2019	2018
	Series E	
	\$	
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		
Beginning of period	80,747	4,199
Increase (decrease) in net assets from operations	(324)	2,493
Distributions paid to unitholders:		
Investment income	(2,253)	(224)
Capital gains	(838)	(16)
Management fee rebates	(28)	(12)
Total distributions paid to unitholders	(3,119)	(252)
Unit transactions:		
Proceeds from units issued	8,851	74,291
Reinvested distributions	1,599	16
Payments on redemption of units	(31,341)	–
Total unit transactions	(20,891)	74,307
Total increase (decrease) in net assets	(24,334)	76,548
End of period	56,413	80,747
Increase (decrease) in units (note 7):		Units
Units outstanding – beginning of period	3,500	200
Issued	400	3,300
Reinvested distributions	–	–
Redeemed	(1,400)	–
Units outstanding – end of period	2,500	3,500

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STATEMENTS OF CASH FLOWS

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

	2019	2018
	\$	\$
Cash flows from operating activities		
Net increase (decrease) in net assets attributable to unitholders from operations	(324)	2,493
Adjustments for:		
Net realized loss (gain) on investments	2,235	(1,171)
Change in net unrealized loss (gain) on investments	200	(998)
Purchase of investments	(52,448)	(101,341)
Proceeds from sale and maturity of investments	74,245	27,431
Change in dividends receivable	(28)	(186)
Change in due from manager	41	(35)
Change in due to manager	(26)	94
Net cash from operating activities	23,895	(73,713)
Cash flows from financing activities		
Proceeds from units issued	8,851	74,291
Payments on redemption of units	(31,341)	–
Distributions paid net of reinvestments	(1,520)	(236)
Net cash from financing activities	(24,010)	74,055
Net increase (decrease) in cash and cash equivalents	(115)	342
Cash and cash equivalents at beginning of period	347	6
Effect of exchange rate fluctuations on cash and cash equivalents	(8)	(1)
Cash and cash equivalents at end of period	224	347
Cash	224	347
Cash equivalents	–	–
Cash and cash equivalents at end of period	224	347
Supplementary disclosures on cash flow from operating activities:		
Dividends received	2,838	540
Foreign taxes paid	277	90
Interest received	1	–
Interest paid	1	–

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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					
A.P. Moller - Maersk AS Class A	Denmark	Industrials	14	26	23
A.P. Moller - Maersk AS Class B	Denmark	Industrials	32	65	54
ABN AMRO Group NV	Netherlands	Financials	2,273	87	69
Accor SA	France	Consumer Discretionary	613	41	33
Adidas AG	Germany	Consumer Discretionary	889	246	289
Admiral Group PLC	United Kingdom	Financials	1,065	36	40
Aegon NV	Netherlands	Financials	7,612	59	49
Aena SA	Spain	Industrials	355	86	85
Aeroports de Paris	France	Industrials	161	37	42
Ageas	Belgium	Financials	967	62	62
AIB Group PLC	Ireland	Financials	75,670	610	454
Air France-KLM	France	Industrials	28,103	338	423
Akzo Nobel NV	Netherlands	Materials	1,037	134	123
Alfa Laval AB	Sweden	Industrials	565	16	17
Alstom SA	France	Industrials	735	45	43
Amarin Corp. PLC	United Kingdom	Health Care	28,145	588	780
Ambu AS	Denmark	Health Care	14,223	545	503
Andritz AG	Austria	Industrials	5,614	385	322
Anglo American PLC	United Kingdom	Materials	9,246	232	331
Anheuser-Busch InBev NV	Belgium	Consumer Staples	3,295	317	370
Antofagasta PLC	Chile	Materials	4,635	74	78
Aroundtown SA	Germany	Real Estate	4,987	57	55
ASML Holding NV	Netherlands	Information Technology	29	6	7
ASR Nederland NV	Netherlands	Financials	681	37	38
Assicurazioni Generali SPA	Italy	Financials	5,398	126	134
Associated British Foods PLC	United Kingdom	Consumer Staples	1,738	81	74
AstraZeneca PLC	United Kingdom	Health Care	6,114	621	653
Atlantia SPA	Italy	Industrials	13,000	389	450
Auto Trader Group PLC	United Kingdom	Communication Services	4,307	29	39
AXA SA	France	Financials	7,136	237	240
Axel Springer SE	Germany	Communication Services	589	50	41
B&M European Value Retail SA	United Kingdom	Consumer Discretionary	6,917	37	45
Banco Bilbao Vizcaya Argentaria SA	Spain	Financials	27,812	234	212
Banco BPM SPA	Italy	Financials	40,641	125	112
Banco De Sabadell SA	Spain	Financials	25,245	62	34
Bank of Ireland Group PLC	Ireland	Financials	11,689	119	93
Bankia SA	Spain	Financials	65,729	384	228
Bankinter SA	Spain	Financials	3,095	37	32
Barclays PLC	United Kingdom	Financials	54,757	185	147
Barratt Developments PLC	United Kingdom	Consumer Discretionary	4,883	46	51
Barry Callebaut AG	Switzerland	Consumer Staples	20	45	48
Bayerische Motoren Werke (BMW) AG Pfd.	Germany	Consumer Discretionary	267	30	23
Bayerische Motoren Werke (BMW) AG	Germany	Consumer Discretionary	1,539	174	159
Beiersdorf AG	Germany	Consumer Staples	474	70	66
Bellway PLC	United Kingdom	Consumer Discretionary	589	30	31
The Berkeley Group Holdings PLC	United Kingdom	Consumer Discretionary	580	37	37
BioMerieux SA	France	Health Care	205	22	23
Boliden AB	Sweden	Materials	305	11	12
Bollor SA	France	Industrials	4,289	27	26



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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)					
Brenntag AG	Germany	Industrials	723	54	50
The British Land Co. PLC	United Kingdom	Real Estate	1,089	12	11
Britvic PLC	United Kingdom	Consumer Staples	1,275	18	21
BT Group PLC	United Kingdom	Communication Services	40,813	170	158
Bunzl PLC	United Kingdom	Industrials	1,619	62	71
Burberry Group PLC	United Kingdom	Consumer Discretionary	1,736	59	59
Bureau Veritas SA	France	Industrials	361	12	11
CaixaBank SA	Spain	Financials	17,113	102	71
Capital & Counties Properties PLC	United Kingdom	Real Estate	3,948	18	17
Carl Zeiss Meditec AG	Germany	Health Care	177	20	20
Carlsberg AS B	Denmark	Consumer Staples	510	80	85
Carnival PLC	United States	Consumer Discretionary	786	58	52
Carrefour SA	France	Consumer Staples	23,857	599	596
Castellum AB	Sweden	Real Estate	1,019	21	26
Cellnex Telecom SA	Spain	Communication Services	1,302	43	51
Centrica PLC	United Kingdom	Utilities	185,176	439	368
Chr. Hansen Holding AS	Denmark	Materials	471	54	64
Cineworld Group PLC	United Kingdom	Communication Services	49,039	231	250
CNP Assurances SA	France	Financials	720	23	21
Cobham PLC	United Kingdom	Industrials	230,781	515	443
Coca-Cola HBC AG-DI	Switzerland	Consumer Staples	941	39	43
Coloplast AS	Denmark	Health Care	1,729	213	254
Colruyt SA	Belgium	Consumer Staples	6,610	500	653
Compagnie Financiere Richemont SA	Switzerland	Consumer Discretionary	763	85	74
Compagnie Generale des Etablissements Michelin B	France	Consumer Discretionary	867	142	137
Compass Group PLC	United Kingdom	Consumer Discretionary	7,926	224	249
Continental AG	Germany	Consumer Discretionary	521	111	105
Covivio	France	Real Estate	189	26	27
Credit Agricole SA	France	Financials	6,032	128	97
CYBG PLC	United Kingdom	Financials	6,890	30	24
Danone SA	France	Consumer Staples	2,909	293	300
Danske Bank AS	Denmark	Financials	6,855	259	161
Dassault Aviation SA	France	Industrials	13	34	26
Dassault Systemes SA	France	Information Technology	577	81	115
Davide Campari Milano SPA	Italy	Consumer Staples	2,733	29	36
Dechra Pharmaceuticals PLC	United Kingdom	Health Care	8,639	350	406
Delivery Hero AG	Germany	Consumer Discretionary	530	24	26
Demant AS	Denmark	Health Care	495	24	20
Deutsche Bank AG Reg.	Germany	Financials	5,481	113	60
Deutsche Boerse AG	Germany	Financials	873	133	150
Deutsche Lufthansa AG Reg.	Germany	Industrials	2,296	86	67
Deutsche Post AG Reg.	Germany	Industrials	392	17	17
Deutsche Wohnen AG	Germany	Real Estate	7,171	397	465
Diageo PLC	United Kingdom	Consumer Staples	10,847	535	593
Direct Line Insurance Group PLC	United Kingdom	Financials	6,628	42	41
DnB ASA	Norway	Financials	5,083	130	125
DSV AS	Denmark	Industrials	859	85	95
Dufry Group Reg.	Switzerland	Consumer Discretionary	199	32	28
E.ON SE	Germany	Utilities	10,461	146	156



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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)					
easyJet PLC	United Kingdom	Industrials	1,269	33	25
Edenred	France	Industrials	1,146	58	70
EDF SA (Electricite de France)	France	Utilities	2,718	48	50
Eiffage SA	France	Industrials	82	11	11
Electrocomponents PLC	United Kingdom	Information Technology	2,138	23	21
Electrolux AB B	Sweden	Consumer Discretionary	298	9	10
Elekta AB B	Sweden	Health Care	17,318	260	288
Elis SA	France	Industrials	1,662	51	36
Elisa OYJ	Finland	Communication Services	1,583	90	96
EMS-Chemie Holding AG	Switzerland	Materials	36	30	26
Enagas SA	Spain	Energy	1,088	39	42
Endesa SA	Spain	Utilities	2,535	78	86
Enel SPA	Italy	Utilities	9,471	77	81
Engie SA	France	Utilities	3,874	83	77
Epiroc AB Class A	Sweden	Industrials	3,976	53	54
Epiroc AB Class B	Sweden	Industrials	1,884	24	24
Equinor ASA	Norway	Energy	3,610	125	106
Erste Group Bank AG	Austria	Financials	4,069	226	200
EssilorLuxottica	France	Consumer Discretionary	1,362	226	199
Essity Aktiebolag Class B	Sweden	Consumer Staples	3,271	118	126
Eurofins Scientific	Luxembourg	Health Care	56	40	31
Euronext NV	Netherlands	Financials	256	21	22
Eutelsat Communications SA	France	Communication Services	16,511	496	386
Evotec AG	Germany	Health Care	5,761	162	205
Fabege AB	Sweden	Real Estate	1,176	21	23
Ferrovial SA	Spain	Industrials	2,125	63	67
Fiat Chrysler Automobiles NV	United Kingdom	Consumer Discretionary	4,897	110	97
FinecoBank Banca Fineco SpA	Italy	Financials	1,638	24	29
Flughafen Zuerich AG	Switzerland	Industrials	90	20	22
Fortum OYJ	Finland	Utilities	2,036	53	56
Fraport AG	Germany	Industrials	180	22	18
Freenet AG	Germany	Communication Services	617	16	18
Fresenius Medical Care AG & Co.	Germany	Health Care	1,026	94	111
Fresenius SE & Co. KGaA	Germany	Health Care	1,982	130	148
Fuchs Petrolub SE	Germany	Materials	337	18	19
G4S PLC	United Kingdom	Industrials	7,485	24	24
Galapagos NV	Belgium	Health Care	202	29	31
Galp Energia SGPS SA	Portugal	Energy	2,367	53	51
Gas Natural SDG SA	Spain	Utilities	2,686	85	100
GEA Group AG	Germany	Industrials	809	46	28
Geberit AG	Switzerland	Industrials	177	99	97
Gecina SA	France	Real Estate	254	54	50
Genmab AS	Denmark	Health Care	3,380	768	783
Georg Fischer AG	Switzerland	Industrials	14	19	17
Getlink SE	France	Industrials	21,510	400	436
Givaudan SA	Switzerland	Materials	36	104	123
Gjensidige Forsikring ASA	Norway	Financials	908	20	21
Glanbia PLC	Ireland	Consumer Staples	19,489	467	510
GlaxoSmithKline PLC	United Kingdom	Health Care	23,954	615	666



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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)					
Glencore PLC	Switzerland	Materials	55,791	330	309
GN Store Nord AS (GN Great Nordic)	Denmark	Health Care	1,460	88	91
GRENKE AG	Germany	Financials	132	21	17
Grifols SA Class B	Spain	Health Care	1,263	32	33
Grifols SA	Spain	Health Care	1,392	49	52
GVC Holdings PLC	United Kingdom	Consumer Discretionary	2,779	46	27
GW Pharmaceuticals PLC	United Kingdom	Health Care	2,566	497	578
H. Lundbeck AS	Denmark	Health Care	5,946	418	344
Hammerson PLC	United Kingdom	Real Estate	69,864	556	408
Hannover Rueckversicherung SE Reg.	Germany	Financials	219	39	42
Heineken Holding NV A	Netherlands	Consumer Staples	486	60	65
Heineken NV	Netherlands	Consumer Staples	909	122	128
Helvetia Holding AG	Switzerland	Financials	32	23	26
Henkel AG & Co. KGaA Pfd.	Germany	Consumer Staples	550	80	75
Henkel AG & Co. KGaA	Germany	Consumer Staples	488	74	62
Hennes & Mauritz AB B	Sweden	Consumer Discretionary	20,189	469	451
Hermes International	France	Consumer Discretionary	150	103	132
Hikma Pharmaceuticals PLC	Jordan	Health Care	2,017	59	63
Hiscox Ltd.	United Kingdom	Financials	5,110	138	139
Hochtief AG	Germany	Industrials	168	35	33
HomeServe PLC	United Kingdom	Industrials	1,368	19	24
Howden Joinery Group PLC	United Kingdom	Industrials	5,931	48	50
HSBC Holdings PLC	United Kingdom	Financials	24,560	307	266
Hugo Boss AG	Germany	Consumer Discretionary	1,542	165	141
Huhtamaki Oyj	Finland	Materials	440	23	22
Husqvarna AB-B	Sweden	Consumer Discretionary	1,994	25	22
Iberdrola SA	Spain	Utilities	30,739	306	361
ICA Gruppen AB	Sweden	Consumer Staples	3,227	163	173
IG Group Holdings PLC	United Kingdom	Financials	35,532	410	322
Inchcape PLC	United Kingdom	Consumer Discretionary	1,967	26	20
Industria de Diseno Textil SA (Inditex)	Spain	Consumer Discretionary	5,337	224	210
Informa PLC	United Kingdom	Communication Services	6,039	76	78
Ingenico SA	France	Information Technology	5,474	567	522
International Consolidated Airlines Group SA	United Kingdom	Industrials	4,535	46	40
Intertek Group PLC	United Kingdom	Industrials	777	65	66
Intesa Sanpaolo SPA	Italy	Financials	72,204	286	235
Ipsen SA	France	Health Care	476	80	87
ISS AS	Denmark	Industrials	886	44	36
J Sainsbury PLC	United Kingdom	Consumer Staples	47,217	190	194
Jeronimo Martins SGPS SA	Portugal	Consumer Staples	16,411	328	324
John Wood Group PLC	United Kingdom	Energy	3,237	36	29
Just Eat PLC	United Kingdom	Consumer Discretionary	26,016	306	340
K+S AG	Germany	Materials	895	29	22
KBC Groep NV	Belgium	Financials	883	93	82
Kerry Group PLC A (Irish traded shares)	Ireland	Consumer Staples	5,918	754	882
Kesko OYJ	Finland	Consumer Staples	5,344	375	435
Kingfisher PLC	United Kingdom	Consumer Discretionary	59,212	287	242
Kingspan Group PLC	Ireland	Industrials	2,642	162	164
Kion Group AG	Germany	Industrials	311	33	22



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MACKENZIE MAXIMUM DIVERSIFICATION DEVELOPED EUROPE INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2019

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)					
Klepierre	France	Real Estate	1,141	59	53
Kone OYJ B	Finland	Industrials	1,690	113	114
Koninklijke (Royal) KPN NV	Netherlands	Communication Services	21,665	92	92
Koninklijke Ahold Delhaize NV	Netherlands	Consumer Staples	18,475	551	658
Koninklijke Vopak NV	Netherlands	Energy	312	18	20
Kuehne + Nagel International AG	Switzerland	Industrials	266	56	49
Lagardere SCA	France	Communication Services	578	22	20
Land Securities Group PLC	United Kingdom	Real Estate	3,341	53	53
LEG Immobilien GmbH	Germany	Real Estate	293	39	48
Lindt & Sprungli AG-PC	Switzerland	Consumer Staples	93	732	844
Lloyds Banking Group PLC	United Kingdom	Financials	334,632	354	362
London Stock Exchange Group PLC	United Kingdom	Financials	311	26	26
L'Oréal	France	Consumer Staples	357	110	128
Mapfre SA	Spain	Financials	4,665	19	17
Marks & Spencer Group PLC	United Kingdom	Consumer Discretionary	17,824	87	87
Mediobanca SPA	Italy	Financials	4,069	56	57
Merck KGaA	Germany	Health Care	624	89	95
Metro Wholesale & Food Specialist	Germany	Consumer Staples	16,252	333	361
Micro Focus International PLC	United Kingdom	Information Technology	24,222	635	841
Moncler SPA	Italy	Consumer Discretionary	845	34	46
MorphoSys AG	Germany	Health Care	53	7	6
Mowi ASA	Norway	Consumer Staples	21,877	601	653
Muenchener Rueckversicherungs - Gesellschaft AG (MunichRe)	Germany	Financials	684	197	216
National Grid PLC	United Kingdom	Utilities	16,437	219	243
Neste Oil OYJ	Finland	Energy	6,140	441	874
Nestlé SA Reg.	Switzerland	Consumer Staples	6,958	731	885
Next PLC	United Kingdom	Consumer Discretionary	4,415	359	429
NN Group NV	Netherlands	Financials	1,416	76	79
Nokia OYJ	Finland	Information Technology	26,644	202	203
Nokian Renkaat OYJ	Finland	Consumer Discretionary	654	36	29
Nordea Bank ABP	Sweden	Financials	11,150	157	114
Norsk Hydro ASA	Norway	Materials	32,924	244	179
Novartis AG Reg.	Switzerland	Health Care	6,082	654	780
Novo Nordisk AS B	Denmark	Health Care	10,537	643	738
Novozymes AS	Denmark	Materials	3,631	234	223
Ocado Group PLC	United Kingdom	Consumer Discretionary	19,534	274	466
OMV AG	Austria	Energy	1,083	79	79
Orange SA	France	Communication Services	9,674	203	210
Orion OYJ	Finland	Health Care	8,893	407	446
Orkla ASA	Norway	Consumer Staples	3,558	40	37
Orpea SA	France	Health Care	87	15	14
Orsted A/S	Denmark	Utilities	1,053	85	107
Osram Licht AG	Germany	Industrials	4,760	291	219
Paddy Power Betfair PLC	Ireland	Consumer Discretionary	4,356	587	451
Pandora AS	Denmark	Consumer Discretionary	9,661	1,071	605
Pearson PLC	United Kingdom	Communication Services	47,623	684	693
Pennon Group PLC	United Kingdom	Utilities	10,661	137	138
Pernod Ricard SA*	France	Consumer Staples	819	157	197
Persimmon PLC	United Kingdom	Consumer Discretionary	1,514	65	57



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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)					
Philips Lighting NV	Netherlands	Industrials	8,324	302	298
Poste Italiane SPA	Italy	Financials	2,254	22	29
ProSiebenSat.1 Media SE	Germany	Communication Services	1,342	54	26
Proximus SA	Belgium	Communication Services	685	27	26
PSA Peugeot Citroen	France	Consumer Discretionary	2,712	91	88
PSP Swiss Property AG Reg.	Switzerland	Real Estate	401	53	58
Publicis Groupe SA	France	Communication Services	1,002	86	72
Puma AG Rudolf Dassler Sport	Germany	Consumer Discretionary	294	207	228
Qiagen NV	United States	Health Care	115	6	6
Raiffeisen International Bank-Holding AG	Austria	Financials	655	27	20
Reckitt Benckiser Group PLC	United Kingdom	Consumer Staples	3,427	361	381
Red Electrica Corporacion SA	Spain	Utilities	6,159	178	176
RELX PLC	United Kingdom	Industrials	4,338	125	124
Remy Cointreau SA	France	Consumer Staples	106	20	19
Rentokil Initial PLC	United Kingdom	Industrials	6,224	37	38
Rightmove PLC	United Kingdom	Communication Services	4,299	32	38
Roche Holding AG Genusscheine	Switzerland	Health Care	2,282	689	839
The Royal Bank of Scotland Group PLC	United Kingdom	Financials	21,912	101	94
Royal Mail PLC	United Kingdom	Industrials	85,859	538	356
Royal Unibrew AS	Denmark	Consumer Staples	2,836	291	280
RSA Insurance Group PLC	United Kingdom	Financials	4,956	53	44
Rubis SCA	France	Utilities	2,888	217	211
Saab AB Class B	Sweden	Industrials	160	9	7
The Sage Group PLC	United Kingdom	Information Technology	4,972	53	61
Sampo OYJ A	Finland	Financials	440	28	27
Sanofi	France	Health Care	4,666	552	551
Sartorius AG Pref.	Germany	Health Care	50	11	11
Sartorius Stedim Biotech SA	France	Health Care	113	19	19
SBM Offshore NV	Netherlands	Energy	5,981	129	152
Schibsted ASA Class B	Norway	Communication Services	452	18	22
SCOR SE	France	Financials	1,287	75	73
SEB SA	France	Consumer Discretionary	127	30	29
Segro PLC	United Kingdom	Real Estate	5,117	60	60
SES SA	Luxembourg	Communication Services	30,694	708	638
Severn Trent PLC	United Kingdom	Utilities	3,686	123	127
Siemens Gamesa Renewable Energy SA	Spain	Industrials	15,446	295	329
Sika AG	Switzerland	Materials	574	91	107
SimCorp AS	Denmark	Information Technology	638	68	82
Skandinaviska Enskilda Banken AB (SEB) A	Sweden	Financials	1,205	16	14
Skanska AB	Sweden	Industrials	1,858	45	45
Smith & Nephew PLC	United Kingdom	Health Care	2,934	77	78
Smurfit Kappa Group PLC	Ireland	Materials	1,135	53	43
Snam SPA	Italy	Energy	9,867	60	68
Societe Generale	France	Financials	3,569	217	138
Sodexo SA	France	Consumer Discretionary	1,334	187	196
Sonova Holding AG	Switzerland	Health Care	251	56	66
Spectris PLC	United Kingdom	Information Technology	1,462	58	64
SSE PLC	United Kingdom	Utilities	4,813	108	99
SSP Group PLC	United Kingdom	Consumer Discretionary	3,025	32	36



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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)					
Standard Chartered PLC	United Kingdom	Financials	2,451	32	25
Standard Life Aberdeen PLC	United Kingdom	Financials	12,025	62	55
Stora Enso OYJ R	Finland	Materials	605	10	10
Storebrand ASA	Norway	Financials	2,230	24	23
Suez Environnement SA	France	Utilities	7,729	145	137
Sunrise Communications Group AG	Switzerland	Communication Services	1,685	175	166
Svenska Handelsbanken AB A	Sweden	Financials	1,511	26	21
Swedbank AB	Sweden	Financials	4,745	121	90
Swedish Orphan Biovitrum AB	Sweden	Health Care	3,592	112	113
Swiss Prime Site AG	Switzerland	Real Estate	354	41	41
Swiss Re Ltd.	Switzerland	Financials	1,343	177	175
Swisscom AG Reg.	Switzerland	Communication Services	122	83	80
Symrise AG	Germany	Materials	286	29	34
TAG Immobilien AG	Germany	Real Estate	756	24	25
Takeda Pharmaceutical Co. Ltd. ADR	United States	Health Care	4,498	224	245
Tate & Lyle PLC	United Kingdom	Consumer Staples	30,541	346	386
Taylor Wimpey PLC	United Kingdom	Consumer Discretionary	15,800	48	48
Tele2 AB	Sweden	Communication Services	2,149	36	38
Telecom Italia SPA RNC (RSP Share)	Italy	Communication Services	165,058	129	125
Telecom Italia SPA RNC	Italy	Communication Services	77,197	85	64
Telefonaktiebolaget LM Ericsson B	Sweden	Information Technology	19,997	186	246
Telefonica SA	Spain	Communication Services	2,558	30	29
Telenor ASA	Norway	Communication Services	3,188	89	85
Teleperformance	France	Industrials	206	44	50
TeliaSonera AB	Sweden	Communication Services	11,547	71	70
Tenaris SA	Luxembourg	Energy	913	17	17
Terna SPA	Italy	Utilities	6,806	50	58
Tesco PLC	United Kingdom	Consumer Staples	145,473	549	588
ThyssenKrupp AG	Germany	Materials	747	14	14
Tomra Systems ASA	Norway	Industrials	2,424	77	97
Travis Perkins PLC	United Kingdom	Industrials	3,676	73	88
Tryg AS	Denmark	Financials	543	18	20
TUI AG	Germany	Consumer Discretionary	901	16	12
Tullow Oil PLC	United Kingdom	Energy	6,678	22	28
UBI Banca - Unione di Banche Italiane SCPA	Italy	Financials	99,409	547	352
Ubisoft Entertainment SA	France	Communication Services	366	42	44
UCB SA	Belgium	Health Care	5,424	535	623
Umicore SA*	Belgium	Materials	958	56	57
UniCredit SPA	Italy	Financials	10,223	247	175
Unilever NV CVA	United Kingdom	Consumer Staples	6,145	444	477
Unilever PLC	United Kingdom	Consumer Staples	5,316	380	407
Uniper SE	Germany	Utilities	411	14	17
United Utilities Group PLC	United Kingdom	Utilities	9,308	123	132
UPM-Kymmene OYJ	Finland	Materials	194	8	8
Valeo SA	France	Consumer Discretionary	1,147	60	44
VAT Group AG	Switzerland	Industrials	125	23	18
Veolia Environnement	France	Utilities	2,169	59	65
Vestas Wind Systems AS	Denmark	Industrials	5,802	556	653
Victrex PLC	United Kingdom	Materials	205	11	8



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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)					
Vivendi SA	France	Communication Services	3,584	121	139
Vodafone Group PLC	United Kingdom	Communication Services	43,336	139	105
Voestalpine AG	Austria	Materials	545	35	22
Vonovia SE	Germany	Real Estate	2,513	145	174
Whitbread PLC	United Kingdom	Consumer Discretionary	872	79	77
Wienerberger AG	Austria	Materials	556	18	16
William Morrison Supermarkets PLC	United Kingdom	Consumer Staples	11,090	43	44
Wirecard AG	Germany	Information Technology	555	72	93
Wolters Kluwer NV	Netherlands	Industrials	1,311	98	119
WPP PLC	United Kingdom	Communication Services	5,809	122	82
Zalando SE	Germany	Consumer Discretionary	2,816	155	147
Zurich Insurance Group AG	Switzerland	Financials	250	108	111
Total equities				55,176	56,044
EXCHANGE-TRADED FUNDS/NOTES					
Vanguard FTSE Europe ETF	United States	Exchange-Traded Funds/Notes	1,999	143	143
Total exchange-traded funds/notes				143	143
Transaction costs				(138)	–
Total investments				55,181	56,187
Cash and cash equivalents					224
Other assets less liabilities					2
Total net assets					56,413

* Related to Mackenzie. See Note 1.



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MACKENZIE MAXIMUM DIVERSIFICATION DEVELOPED EUROPE INDEX ETF

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2019

STRATEGIC BETA INDEX ETF

SUMMARY OF INVESTMENT PORTFOLIO

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

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

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

March 31, 2018	
Portfolio Allocation	% of NAV
Equities	99.7
Cash and short-term investments	0.4
Exchange-traded funds/notes	0.1
Other assets (liabilities)	(0.2)

Regional Allocation	% of NAV
United Kingdom	25.1
Switzerland	12.5
Germany	11.0
France	9.5
Denmark	7.3
Other	6.9
Netherlands	4.5
Ireland	4.4
Finland	4.0
Spain	3.7
Sweden	2.6
Belgium	2.5
Italy	2.4
Austria	1.9
Jersey	1.5
Cash and short-term investments	0.4
Other assets (liabilities)	(0.2)

Sector Allocation	% of NAV
Health care	15.3
Consumer discretionary	15.1
Consumer staples	14.9
Financials	13.7
Materials	11.4
Industrials	8.5
Information technology	6.6
Energy	4.5
Utilities	3.6
Telecommunication services	3.5
Real estate	2.6
Cash and short-term investments	0.4
Exchange-traded funds/notes	0.1
Other assets (liabilities)	(0.2)



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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.

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.

NOTES TO FINANCIAL STATEMENTS

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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NOTES TO FINANCIAL STATEMENTS

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

(a) ETF Formation and Series Information

Date of Formation June 3, 2016

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

Series E units were listed on the TSX under the symbol MEU on September 7, 2016. The closing market price, or the midpoint of the bid and ask prices in the absence of a closing market price, at March 31, 2019 was \$22.65 (2018 – \$23.16).

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

As at March 31, 2019, the ETF's NAV per unit was \$22.57 (2018 – \$23.07) and its Net Assets per unit calculated in accordance with IFRS was \$22.57 (2018 – \$23.07).

(b) Investments by Mackenzie and Affiliates

As at March 31, 2019, other funds managed by Mackenzie had an investment of \$4,634 (2018 – \$4,675) 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	4,820	5,072
Value of collateral received	5,346	5,364

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	53	100.0	9	100.0
Tax withheld	–	–	–	–
	53	100.0	9	100.0
Payments to Securities Lending Agent	(13)	(24.5)	(2)	(22.2)
Securities lending income	40	75.5	7	77.8

(e) Offsetting of Financial Assets and Liabilities

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

(f) Risks Associated with Financial Instruments

i. Risk exposure and management

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



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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

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

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

March 31, 2018				
Currency	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
Euro	34,343	36	–	34,379
British pound	20,281	21	–	20,302
Swiss franc	10,605	3	–	10,608
U.S. dollar	8,091	4	–	8,095
Danish krone	4,642	166	–	4,808
Swedish krona	2,069	1	–	2,070
Norwegian krone	526	19	–	545
Total	80,557	250	–	80,807
% of Net Assets	99.8	0.3	–	100.1

* 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 \$2,813 or 5.0% of total net assets (2018 – \$4,040 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.

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

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

iv. Other price risk

The ETF's most significant exposure to price risk arises from its investment in equity securities and exchange-traded funds/notes. As at March 31, 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 \$5,619 or 10.0% of total net assets (2018 – \$8,056 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.

(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	56,044	–	–	56,044	80,452	–	–	80,452
Exchange-traded funds/notes	143	–	–	143	105	–	–	105
Total	56,187	–	–	56,187	80,557	–	–	80,557

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

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



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