

## ***Interim Unaudited Financial Statements***

*For the Six-Month Period Ended September 30, 2018*

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

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

### **NOTICE OF NO AUDITOR REVIEW OF THE INTERIM FINANCIAL STATEMENTS**

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

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



# MACKENZIE CUNDILL VALUE CLASS

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2018

GLOBAL EQUITY FUND

## STATEMENTS OF FINANCIAL POSITION

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

	Sep. 30 2018	Mar. 31 2018 (Audited)		Sep. 30 2018	Mar. 31 2018 (Audited)
	\$	\$		\$	\$
<b>ASSETS</b>					
<b>Current assets</b>					
Investments at fair value	341,036	347,403	Series R	6,640	6,876
Cash and cash equivalents	11,708	23	Series T6	900	1,700
Dividends receivable	313	638	Series T8	4,309	6,297
Accounts receivable for investments sold	–	6,232	Investor Series	31,015	35,586
Accounts receivable for securities issued	65	4	<b>Net assets attributable to securityholders</b>		
Unrealized gains on derivative contracts	1,417	194	<b>per security (note 3)</b>		
Taxes recoverable (note 5)	87	30	Series A	22.91	22.70
<b>Total assets</b>	<b>354,626</b>	<b>354,524</b>	Series AR	16.48	16.32
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable for investments purchased	3	4,248	Series B	11.96	11.85
Accounts payable for securities redeemed	279	682	Series C	–	12.11
Due to manager	56	37	Series D	11.27	11.18
Unrealized losses on derivative contracts	–	689	Series F	24.10	23.90
<b>Total liabilities</b>	<b>338</b>	<b>5,656</b>	Series F6	15.09	–
<b>Net assets attributable to securityholders</b>	<b>354,288</b>	<b>348,868</b>	Series F8	9.35	9.68
<b>Net assets attributable to securityholders</b>					
<b>per series (note 3)</b>					
Series A	87,849	120,599	Series FB	10.95	10.87
Series AR	6,769	6,770	Series FB5	14.08	14.35
Series B	205	357	Series I	26.20	25.99
Series C	–	116	Series J	14.98	14.85
Series D	290	165	Series OJ	15.91	15.77
Series F	72,428	34,218	Series O	27.55	27.42
Series F6	1	–	Series O6	17.33	17.81
Series F8	830	146	Series PW	11.70	11.59
Series FB	154	404	Series PWF	–	11.68
Series FB5	21	20	Series PWF8	–	12.64
Series I	1,462	1,423	Series PWFB	10.12	10.04
Series J	1,008	1,192	Series PWFB5	14.04	14.31
Series OJ	8	26	Series PWT6	13.74	14.05
Series O	22,495	22,438	Series PWT8	11.53	11.92
Series O6	24	23	Series PWX	11.97	11.91
Series PW	104,278	71,340	Series PWX8	11.61	12.06
Series PWF	–	29,556	Series R	14.13	14.07
Series PWF8	–	266	Series T6	10.83	11.07
Series PWFB	1,713	857	Series T8	8.59	8.88
Series PWFB5	1,115	187	Investor Series	12.08	11.98
Series PWT6	1,704	1,065			
Series PWT8	2,976	1,397			
Series PWX	6,041	5,792			
Series PWX8	53	52			

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



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# MACKENZIE CUNDILL VALUE CLASS

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2018

GLOBAL EQUITY FUND

## STATEMENTS OF COMPREHENSIVE INCOME

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

	2018	2017		2018	2017
	\$	\$		\$	\$
<b>Income</b>			<b>Series PWFB</b>	53	1
Dividends	4,367	4,056	<b>Series PWFB5</b>	14	(1)
Interest income	6	6	<b>Series PWT6</b>	45	21
Other changes in fair value of investments and other net assets			<b>Series PWT8</b>	60	2
Net realized gain (loss)	22,036	20,510	<b>Series PWX</b>	272	35
Net unrealized gain (loss)	(8,824)	(22,239)	<b>Series PWX8</b>	2	–
Securities lending income	78	174	<b>Series R</b>	339	30
<b>Total income (loss)</b>	<b>17,663</b>	<b>2,507</b>	<b>Series T6</b>	64	(43)
			<b>Series T8</b>	226	(92)
			<b>Investor Series</b>	1,342	(235)
<b>Expenses (note 6)</b>			<b>Increase (decrease) in net assets attributable to securityholders from operations per security</b>		
Management fees	2,829	3,202	<b>Series A</b>	0.97	(0.32)
Administration fees	369	436	<b>Series AR</b>	0.60	(0.12)
Interest charges	7	2	<b>Series B</b>	0.52	(0.08)
Commissions and other portfolio transaction costs	187	268	<b>Series C</b>	0.23	(0.04)
Independent Review Committee fees	1	1	<b>Series D</b>	0.45	(0.08)
Other	8	7	<b>Series E</b>	–	(0.40)
<b>Expenses before amounts absorbed by Manager</b>	<b>3,401</b>	<b>3,916</b>	<b>Series E8</b>	–	(0.30)
Expenses absorbed by Manager	–	–	<b>Series F</b>	0.96	(0.19)
<b>Net expenses</b>	<b>3,401</b>	<b>3,916</b>	<b>Series F6</b>	0.16	–
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	<b>14,262</b>	<b>(1,409)</b>	<b>Series F8</b>	0.33	(0.06)
Foreign withholding taxes	360	591	<b>Series FB</b>	0.60	(0.06)
Foreign income taxes paid (recovered)	1	–	<b>Series FB5</b>	0.61	(0.03)
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	<b>13,901</b>	<b>(2,000)</b>	<b>Series I</b>	1.05	(0.13)
<b>Increase (decrease) in net assets attributable to securityholders from operations per series</b>			<b>Series J</b>	0.59	(0.17)
<b>Series A</b>	4,197	(2,122)	<b>Series OJ</b>	0.71	(0.09)
<b>Series AR</b>	249	(55)	<b>Series O</b>	1.34	0.08
<b>Series B</b>	12	(2)	<b>Series O6</b>	0.86	0.09
<b>Series C</b>	2	–	<b>Series PW</b>	0.37	0.07
<b>Series D</b>	9	(2)	<b>Series PWF</b>	0.23	0.14
<b>Series E</b>	–	(2)	<b>Series PWF8</b>	0.25	0.18
<b>Series E8</b>	–	(1)	<b>Series PWFB</b>	0.41	0.05
<b>Series F</b>	2,283	(312)	<b>Series PWFB5</b>	0.58	(0.31)
<b>Series F6</b>	–	–	<b>Series PWT6</b>	0.42	0.31
<b>Series F8</b>	14	(1)	<b>Series PWT8</b>	0.31	0.02
<b>Series FB</b>	14	(1)	<b>Series PWX</b>	0.57	0.05
<b>Series FB5</b>	2	–	<b>Series PWX8</b>	0.58	0.06
<b>Series I</b>	59	(9)	<b>Series R</b>	0.71	0.05
<b>Series J</b>	45	(17)	<b>Series T6</b>	0.54	(0.24)
<b>Series OJ</b>	2	–	<b>Series T8</b>	0.38	(0.10)
<b>Series O</b>	1,101	77	<b>Investor Series</b>	0.48	(0.07)
<b>Series O6</b>	1	–			
<b>Series PW</b>	2,892	436			
<b>Series PWF</b>	596	289			
<b>Series PWF8</b>	6	4			

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



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# MACKENZIE CUNDILL VALUE CLASS

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2018

GLOBAL EQUITY FUND

## STATEMENTS OF CHANGES IN FINANCIAL POSITION

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

	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Series A		Series AR		Series B		Series C		Series D	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	120,599	191,195	6,770	7,280	357	424	116	188	165	117
Increase (decrease) in net assets from operations	4,197	(2,122)	249	(55)	12	(2)	2	–	9	(2)
Dividends paid to securityholders:										
Ordinary	–	–	–	–	–	–	–	–	–	–
Capital gains	(3,190)	–	(182)	–	(9)	–	(4)	(1)	(7)	(1)
Return of capital	–	–	–	–	–	–	–	–	–	–
Total dividends paid to securityholders	(3,190)	–	(182)	–	(9)	–	(4)	(1)	(7)	(1)
Security transactions:										
Proceeds from securities issued	3,180	6,061	42	18	–	–	–	–	81	58
Proceeds from securities issued on merger	5,012	–	–	–	–	–	–	–	43	–
Reinvested dividends	3,153	–	182	–	7	–	4	1	7	1
Payments on redemption of securities	(45,102)	(60,342)	(292)	(291)	(162)	(39)	(118)	(66)	(8)	(25)
Total security transactions	(33,757)	(54,281)	(68)	(273)	(155)	(39)	(114)	(65)	123	34
<b>Total increase (decrease) in net assets</b>	<b>(32,750)</b>	<b>(56,403)</b>	<b>(1)</b>	<b>(328)</b>	<b>(152)</b>	<b>(41)</b>	<b>(116)</b>	<b>(66)</b>	<b>125</b>	<b>31</b>
<b>End of period</b>	<b>87,849</b>	<b>134,792</b>	<b>6,769</b>	<b>6,952</b>	<b>205</b>	<b>383</b>	<b>–</b>	<b>122</b>	<b>290</b>	<b>148</b>

	Securities		Securities		Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>										
<b>Securities outstanding – beginning of period</b>	5,313	8,564	415	453	30	36	10	16	15	11
Issued	139	277	3	1	–	–	–	–	7	5
Issued on merger	216	–	–	–	–	–	–	–	4	–
Reinvested dividends	139	–	11	–	1	–	–	–	1	–
Redeemed	(1,973)	(2,758)	(18)	(18)	(14)	(3)	(10)	(6)	(1)	(2)
<b>Securities outstanding – end of period</b>	<b>3,834</b>	<b>6,083</b>	<b>411</b>	<b>436</b>	<b>17</b>	<b>33</b>	<b>–</b>	<b>10</b>	<b>26</b>	<b>14</b>

	Series E		Series E8		Series F		Series F6		Series F8	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	–	102	–	77	34,218	47,829	–	–	146	143
Increase (decrease) in net assets from operations	–	(2)	–	(1)	2,283	(312)	–	–	14	(1)
Dividends paid to securityholders:										
Ordinary	–	–	–	–	–	–	–	–	–	–
Capital gains	–	–	–	(1)	(1,247)	(378)	–	–	(5)	(2)
Return of capital	–	–	–	(2)	–	–	–	–	(19)	(7)
Total dividends paid to securityholders	–	–	–	(3)	(1,247)	(378)	–	–	(24)	(9)
Security transactions:										
Proceeds from securities issued	–	–	–	–	39,149	4,787	1	–	718	58
Proceeds from securities issued on merger	–	–	–	–	2,429	–	–	–	–	–
Reinvested dividends	–	–	–	3	1,124	392	–	–	19	5
Payments on redemption of securities	–	(100)	–	(76)	(5,528)	(15,110)	–	–	(43)	(3)
Total security transactions	–	(100)	–	(73)	37,174	(9,931)	1	–	694	60
<b>Total increase (decrease) in net assets</b>	<b>–</b>	<b>(102)</b>	<b>–</b>	<b>(77)</b>	<b>38,210</b>	<b>(10,621)</b>	<b>1</b>	<b>–</b>	<b>684</b>	<b>50</b>
<b>End of period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>72,428</b>	<b>37,208</b>	<b>1</b>	<b>–</b>	<b>830</b>	<b>193</b>

	Securities		Securities		Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>										
<b>Securities outstanding – beginning of period</b>	–	6	–	5	1,432	2,033	–	–	15	14
Issued	–	–	–	–	1,657	206	–	–	76	5
Issued on merger	–	–	–	–	99	–	–	–	–	–
Reinvested dividends	–	–	–	–	47	17	–	–	2	1
Redeemed	–	(6)	–	(5)	(229)	(656)	–	–	(4)	–
<b>Securities outstanding – end of period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,006</b>	<b>1,600</b>	<b>–</b>	<b>–</b>	<b>89</b>	<b>20</b>

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

# MACKENZIE CUNDILL VALUE CLASS

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2018

GLOBAL EQUITY FUND

## STATEMENTS OF CHANGES IN FINANCIAL POSITION (cont'd)

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

	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Series FB		Series FB5		Series I		Series J		Series OJ	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
Beginning of period	404	455	20	21	1,423	2,013	1,192	1,762	26	26
Increase (decrease) in net assets from operations	14	(1)	2	–	59	(9)	45	(17)	2	–
Dividends paid to securityholders:										
Ordinary	–	–	–	–	–	–	–	–	–	–
Capital gains	(14)	(4)	(1)	–	(46)	(10)	(34)	(3)	(1)	–
Return of capital	–	–	(1)	(1)	–	–	–	–	–	–
Total dividends paid to securityholders	(14)	(4)	(2)	(1)	(46)	(10)	(34)	(3)	(1)	–
Security transactions:										
Proceeds from securities issued	–	16	–	–	–	–	–	–	–	–
Proceeds from securities issued on merger	1	–	–	–	–	–	–	–	–	–
Reinvested dividends	14	4	1	–	46	11	34	3	1	–
Payments on redemption of securities	(265)	(84)	–	–	(20)	(414)	(229)	(453)	(20)	–
Total security transactions	(250)	(64)	1	–	26	(403)	(195)	(450)	(19)	–
<b>Total increase (decrease) in net assets</b>	<b>(250)</b>	<b>(69)</b>	<b>1</b>	<b>(1)</b>	<b>39</b>	<b>(422)</b>	<b>(184)</b>	<b>(470)</b>	<b>(18)</b>	<b>–</b>
<b>End of period</b>	<b>154</b>	<b>386</b>	<b>21</b>	<b>20</b>	<b>1,462</b>	<b>1,591</b>	<b>1,008</b>	<b>1,292</b>	<b>8</b>	<b>26</b>

### Increase (decrease) in fund securities (note 7):

	Securities		Securities		Securities		Securities		Securities	
Securities outstanding – beginning of period	37	43	1	1	55	79	80	121	2	2
Issued	–	1	–	–	–	–	–	–	–	–
Issued on merger	–	–	–	–	–	–	–	–	–	–
Reinvested dividends	1	–	–	–	2	–	2	–	–	–
Redeemed	(24)	(8)	–	–	(1)	(16)	(15)	(32)	(2)	–
<b>Securities outstanding – end of period</b>	<b>14</b>	<b>36</b>	<b>1</b>	<b>1</b>	<b>56</b>	<b>63</b>	<b>67</b>	<b>89</b>	<b>–</b>	<b>2</b>

	Series O		Series O6		Series PW		Series PWF		Series PWF8	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
Beginning of period	22,438	24,523	23	36	71,340	30,001	29,556	12,288	266	141
Increase (decrease) in net assets from operations	1,101	77	1	–	2,892	436	596	289	6	4
Dividends paid to securityholders:										
Ordinary	–	–	–	–	–	–	–	–	–	–
Capital gains	(1,002)	(565)	(1)	(1)	(2,091)	(90)	(1,119)	(282)	(10)	(2)
Return of capital	–	–	(1)	(1)	–	–	–	–	(4)	(8)
Total dividends paid to securityholders	(1,002)	(565)	(2)	(2)	(2,091)	(90)	(1,119)	(282)	(14)	(10)
Security transactions:										
Proceeds from securities issued	–	1,697	–	–	34,530	44,163	894	14,576	–	189
Proceeds from securities issued on merger	836	–	–	–	3,577	–	–	–	–	–
Reinvested dividends	937	609	2	2	2,057	89	1,022	274	13	9
Payments on redemption of securities	(1,815)	(2,189)	–	–	(8,027)	(5,820)	(30,949)	(973)	(271)	(75)
Total security transactions	(42)	117	2	2	32,137	38,432	(29,033)	13,877	(258)	123
<b>Total increase (decrease) in net assets</b>	<b>57</b>	<b>(371)</b>	<b>1</b>	<b>–</b>	<b>32,938</b>	<b>38,778</b>	<b>(29,556)</b>	<b>13,884</b>	<b>(266)</b>	<b>117</b>
<b>End of period</b>	<b>22,495</b>	<b>24,152</b>	<b>24</b>	<b>36</b>	<b>104,278</b>	<b>68,779</b>	<b>–</b>	<b>26,172</b>	<b>–</b>	<b>258</b>

### Increase (decrease) in fund securities (note 7):

	Securities		Securities		Securities		Securities		Securities	
Securities outstanding – beginning of period	818	904	1	2	6,155	2,636	2,530	1,068	21	10
Issued	–	62	–	–	2,963	3,966	76	1,296	–	15
Issued on merger	30	–	–	–	302	–	–	–	–	–
Reinvested dividends	35	23	–	–	178	8	88	24	1	1
Redeemed	(66)	(83)	–	–	(685)	(524)	(2,694)	(85)	(22)	(6)
<b>Securities outstanding – end of period</b>	<b>817</b>	<b>906</b>	<b>1</b>	<b>2</b>	<b>8,913</b>	<b>6,086</b>	<b>–</b>	<b>2,303</b>	<b>–</b>	<b>20</b>

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

# MACKENZIE CUNDILL VALUE CLASS

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2018

GLOBAL EQUITY FUND

## STATEMENTS OF CHANGES IN FINANCIAL POSITION (cont'd)

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

	2018	2017	2018	2017	2018	2017	2018	2017
	Series PWFB		Series PWFB5		Series PWT6		Series PWT8	
	\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>								
<b>Beginning of period</b>	857	–	187	–	1,065	–	1,397	817
Increase (decrease) in net assets from operations	53	1	14	(1)	45	21	60	2
Dividends paid to securityholders:								
Ordinary	–	–	–	–	–	–	–	–
Capital gains	(37)	(6)	(7)	(1)	(32)	(24)	(41)	(2)
Return of capital	–	–	(9)	(1)	(48)	(32)	(99)	(54)
Total dividends paid to securityholders	(37)	(6)	(16)	(2)	(80)	(56)	(140)	(56)
Security transactions:								
Proceeds from securities issued	799	423	926	49	796	1,073	1,752	593
Proceeds from securities issued on merger	11	–	–	–	–	–	–	–
Reinvested dividends	36	6	7	1	58	43	50	11
Payments on redemption of securities	(6)	–	(3)	–	(180)	(51)	(143)	(148)
Total security transactions	840	429	930	50	674	1,065	1,659	456
<b>Total increase (decrease) in net assets</b>	<b>856</b>	<b>424</b>	<b>928</b>	<b>47</b>	<b>639</b>	<b>1,030</b>	<b>1,579</b>	<b>402</b>
<b>End of period</b>	<b>1,713</b>	<b>424</b>	<b>1,115</b>	<b>47</b>	<b>1,704</b>	<b>1,030</b>	<b>2,976</b>	<b>1,219</b>

	Securities		Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>								
<b>Securities outstanding – beginning of period</b>	85	–	13	–	76	–	117	64
Issued	80	42	66	3	57	73	149	48
Issued on merger	1	–	–	–	–	–	–	–
Reinvested dividends	4	1	–	–	4	3	4	1
Redeemed	(1)	–	–	–	(13)	(3)	(12)	(12)
<b>Securities outstanding – end of period</b>	<b>169</b>	<b>43</b>	<b>79</b>	<b>3</b>	<b>124</b>	<b>73</b>	<b>258</b>	<b>101</b>

	Series PWX		Series PWX8		Series R		Series T6	
	\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>								
<b>Beginning of period</b>	5,792	8,175	52	59	6,876	7,841	1,700	3,100
Increase (decrease) in net assets from operations	272	35	2	–	339	30	64	(43)
Dividends paid to securityholders:								
Ordinary	–	–	–	–	–	–	–	–
Capital gains	(248)	(185)	(2)	(1)	(305)	(179)	(47)	–
Return of capital	–	–	(2)	(2)	–	–	(39)	(57)
Total dividends paid to securityholders	(248)	(185)	(4)	(3)	(305)	(179)	(86)	(57)
Security transactions:								
Proceeds from securities issued	–	–	–	–	–	–	95	170
Proceeds from securities issued on merger	373	–	–	–	–	–	–	–
Reinvested dividends	246	203	3	2	–	–	68	29
Payments on redemption of securities	(394)	(548)	–	(5)	(270)	(450)	(941)	(1,350)
Total security transactions	225	(345)	3	(3)	(270)	(450)	(778)	(1,151)
<b>Total increase (decrease) in net assets</b>	<b>249</b>	<b>(495)</b>	<b>1</b>	<b>(6)</b>	<b>(236)</b>	<b>(599)</b>	<b>(800)</b>	<b>(1,251)</b>
<b>End of period</b>	<b>6,041</b>	<b>7,680</b>	<b>53</b>	<b>53</b>	<b>6,640</b>	<b>7,242</b>	<b>900</b>	<b>1,849</b>

	Securities		Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>								
<b>Securities outstanding – beginning of period</b>	486	693	4	5	489	568	154	268
Issued	–	–	–	–	–	–	8	15
Issued on merger	31	–	–	–	–	–	–	–
Reinvested dividends	21	17	1	–	–	–	6	3
Redeemed	(33)	(47)	–	(1)	(19)	(34)	(85)	(120)
<b>Securities outstanding – end of period</b>	<b>505</b>	<b>663</b>	<b>5</b>	<b>4</b>	<b>470</b>	<b>534</b>	<b>83</b>	<b>166</b>

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

# MACKENZIE CUNDILL VALUE CLASS

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2018

GLOBAL EQUITY FUND

## STATEMENTS OF CHANGES IN FINANCIAL POSITION (cont'd)

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

	2018	2017	2018	2017	2018	2017
	Series T8		Investor Series		Total	
	\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>						
<b>Beginning of period</b>	<b>6,297</b>	<b>9,022</b>	<b>35,586</b>	<b>42,069</b>	<b>348,868</b>	<b>389,704</b>
Increase (decrease) in net assets from operations	226	(92)	1,342	(235)	13,901	(2,000)
Dividends paid to securityholders:						
Ordinary	–	–	–	–	–	–
Capital gains	(168)	–	(1,024)	(130)	(10,874)	(1,868)
Return of capital	(219)	(325)	–	–	(441)	(490)
Total dividends paid to securityholders	(387)	(325)	(1,024)	(130)	(11,315)	(2,358)
Security transactions:						
Proceeds from securities issued	609	303	–	–	83,572	74,234
Proceeds from securities issued on merger	–	–	–	–	12,282	–
Reinvested dividends	209	98	1,006	140	10,306	1,936
Payments on redemption of securities	(2,645)	(1,425)	(5,895)	(2,617)	(103,326)	(92,654)
Total security transactions	(1,827)	(1,024)	(4,889)	(2,477)	2,834	(16,484)
<b>Total increase (decrease) in net assets</b>	<b>(1,988)</b>	<b>(1,441)</b>	<b>(4,571)</b>	<b>(2,842)</b>	<b>5,420</b>	<b>(20,842)</b>
<b>End of period</b>	<b>4,309</b>	<b>7,581</b>	<b>31,015</b>	<b>39,227</b>	<b>354,288</b>	<b>368,862</b>
<b>Increase (decrease) in fund securities (note 7):</b>						
<b>Securities outstanding – beginning of period</b>	<b>709</b>	<b>952</b>	<b>2,970</b>	<b>3,575</b>		
Issued	69	33	–	–		
Issued on merger	–	–	–	–		
Reinvested dividends	24	11	84	12		
Redeemed	(300)	(156)	(487)	(226)		
<b>Securities outstanding – end of period</b>	<b>502</b>	<b>840</b>	<b>2,567</b>	<b>3,361</b>		

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



**MACKENZIE**  
Investments

# MACKENZIE CUNDILL VALUE CLASS

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2018

GLOBAL EQUITY FUND

## STATEMENTS OF CASH FLOWS

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

	2018	2017
	\$	\$
<b>Cash flows from operating activities</b>		
Net increase (decrease) in net assets attributable to securityholders from operations	13,901	(2,000)
Adjustments for:		
Net realized loss (gain) on investments	(23,790)	(20,510)
Change in net unrealized loss (gain) on investments	8,824	22,239
Purchase of investments	(58,294)	(78,451)
Proceeds from sale and maturity of investments	79,704	95,239
Change in dividends receivable	325	229
Change in due to manager	19	—
Change in taxes recoverable	(57)	—
<b>Net cash from operating activities</b>	<b>20,632</b>	<b>16,746</b>
<b>Cash flows from financing activities</b>		
Proceeds from securities issued	57,157	14,380
Payments on redemption of securities	(65,093)	(32,913)
Dividends paid net of reinvestments	(1,009)	(580)
<b>Net cash from financing activities</b>	<b>(8,945)</b>	<b>(19,113)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>11,687</b>	<b>(2,367)</b>
Cash and cash equivalents at beginning of period	23	2,741
Effect of exchange rate fluctuations on cash and cash equivalents	(2)	—
<b>Cash and cash equivalents at end of period</b>	<b>11,708</b>	<b>374</b>
Cash	11,708	374
Cash equivalents	—	—
<b>Cash and cash equivalents at end of period</b>	<b>11,708</b>	<b>374</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	4,692	4,285
Foreign taxes paid	361	591
Interest received	6	6
Interest paid	7	2

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



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# MACKENZIE CUNDILL VALUE CLASS

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2018

GLOBAL EQUITY FUND

## SCHEDULE OF INVESTMENTS

As at September 30, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>EQUITIES</b>					
Allergan PLC	United States	Health Care	36,361	9,695	8,951
Baidu Inc. ADR	China	Information Technology	31,377	7,276	9,273
Bank of America Corp.	United States	Financials	616,147	8,703	23,458
Barclays PLC	United Kingdom	Financials	2,282,830	8,292	6,604
BorgWarner Inc.	United States	Consumer Discretionary	111,563	6,000	6,168
Bristow Group Inc.	United States	Energy	250,165	4,257	3,922
Chesapeake Energy Corp.	United States	Energy	666,054	5,654	3,865
Chesapeake Energy Corp. 5.75% Conv. Pfd. Series A	United States	Energy	20,521	21,088	15,947
China Mobile Ltd.	China	Telecommunication Services	452,000	5,623	5,757
Cielo SA	Brazil	Information Technology	683,300	3,319	2,675
Citigroup Inc.	United States	Financials	266,313	11,932	24,689
CK Hutchison Holdings Ltd.	Hong Kong	Industrials	498,000	7,808	7,416
Corus Entertainment Inc. Class B non-voting	Canada	Consumer Discretionary	522,988	2,054	2,191
CVS Health Corp.	United States	Health Care	95,241	10,552	9,689
DAVITA Inc.	United States	Health Care	116,439	9,897	10,779
Discovery Communications Inc. Class C	United States	Consumer Discretionary	311,984	7,521	11,926
Fiat Chrysler Automobiles NV	United Kingdom	Consumer Discretionary	77,085	1,129	1,751
General Electric Co.	United States	Industrials	374,372	6,566	5,462
The Goldman Sachs Group Inc.	United States	Financials	27,560	5,536	7,987
Halliburton Co.	United States	Energy	143,390	7,917	7,510
Hang Lung Properties Ltd.	Hong Kong	Real Estate	1,338,000	3,614	3,380
Hitachi Ltd.	Japan	Information Technology	170,800	5,137	7,500
Hudson's Bay Co.	Canada	Consumer Discretionary	450,160	4,452	4,367
International Business Machines Corp.	United States	Information Technology	22,083	4,366	4,315
Liberty Global PLC Class A	United Kingdom	Consumer Discretionary	297,278	12,319	11,114
Mitsubishi Electric Corp.	Japan	Industrials	396,400	7,101	7,019
Novartis AG Reg.	Switzerland	Health Care	57,927	5,788	6,439
Oracle Corp.	United States	Information Technology	104,522	5,499	6,964
Philip Morris International Inc.	United States	Consumer Staples	97,257	12,068	10,248
POSCO	South Korea	Materials	12,580	3,792	4,314
Rowan Companies Inc.	United States	Energy	171,374	4,411	4,170
RPC Inc.	United States	Energy	314,145	8,141	6,284
Samsung Electronics Co. Ltd.	South Korea	Information Technology	117,200	3,153	6,339
Sanofi	France	Health Care	83,254	9,018	9,562
SoftBank Group Corp.	Japan	Telecommunication Services	54,200	3,946	7,072
Standard Chartered PLC	United Kingdom	Financials	737,916	9,505	7,908
Tenaris SA ADR	Luxembourg	Energy	164,501	5,851	7,126
UBS Group AG	Switzerland	Financials	290,597	5,883	5,932
Union Pacific Corp.	United States	Industrials	31,431	3,364	6,614
Wabtec Corp.	United States	Industrials	48,527	4,431	6,577
Weatherford International PLC	United States	Energy	1,727,541	7,546	6,050
Wells Fargo & Co.	United States	Financials	313,755	19,616	21,311
Zimmer Biomet Holdings Inc.	United States	Health Care	25,963	3,762	4,411
<b>Total equities</b>				<b>303,582</b>	<b>341,036</b>



**MACKENZIE**  
Investments

# MACKENZIE CUNDILL VALUE CLASS

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2018

GLOBAL EQUITY FUND

## SCHEDULE OF INVESTMENTS (cont'd)

As at September 30, 2018

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
Transaction costs				(452)	—
<b>Total investments</b>				<b>303,130</b>	<b>341,036</b>
Derivative instruments (see schedule of derivative instruments)					1,417
Cash and cash equivalents					11,708
Other assets less liabilities					127
<b>Total net assets</b>					<b>354,288</b>



**MACKENZIE**  
Investments

# MACKENZIE CUNDILL VALUE CLASS

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2018

GLOBAL EQUITY FUND

## SUMMARY OF INVESTMENT PORTFOLIO

September 30, 2018	
Portfolio Allocation	% of NAV
Equities	96.3
Cash and short-term investments	3.3
Other assets (liabilities)	0.4

Regional Allocation	
Regional Allocation	% of NAV
United States	61.4
United Kingdom	7.7
Japan	6.1
China	4.2
Switzerland	3.5
Cash and short-term investments	3.3
Hong Kong	3.0
South Korea	3.0
France	2.7
Luxembourg	2.0
Canada	1.9
Brazil	0.8
Other assets (liabilities)	0.4

Sector Allocation	
Sector Allocation	% of NAV
Financials	27.6
Energy	15.5
Health care	14.1
Consumer discretionary	10.6
Information technology	10.5
Industrials	9.3
Telecommunication services	3.6
Cash and short-term investments	3.3
Consumer staples	2.9
Materials	1.2
Real estate	1.0
Other assets (liabilities)	0.4

March 31, 2018	
Portfolio Allocation	% of NAV
Equities	99.6
Other assets (liabilities)	0.4

Regional Allocation	
Regional Allocation	% of NAV
United States	67.2
United Kingdom	11.2
Japan	4.4
South Korea	3.7
China	3.7
France	2.3
Luxembourg	2.2
Hong Kong	1.9
Switzerland	1.8
Canada	1.2
Other assets (liabilities)	0.4

Sector Allocation	
Sector Allocation	% of NAV
Financials	28.6
Consumer discretionary	15.9
Energy	12.5
Health care	12.2
Information technology	11.4
Industrials	8.6
Consumer staples	5.0
Telecommunication services	3.7
Materials	1.7
Other assets (liabilities)	0.4



**MACKENZIE**  
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# MACKENZIE CUNDILL VALUE CLASS

INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2018

GLOBAL EQUITY FUND

## SCHEDULE OF DERIVATIVE INSTRUMENTS

As at September 30, 2018

### Schedule of Forward Currency Contracts

Counterparty Credit Rating	Bought (\$ 000s)		Sold (\$ 000s)		Settlement Date	Contract Cost (\$ 000s)	Current Fair Value (\$ 000s)	Unrealized Gains (\$ 000s)
AA	7,297	Canadian dollar	(5,495)	U.S. dollar	Oct. 5, 2018	(7,297)	(7,099)	198
AA	6,902	Canadian dollar	(5,190)	U.S. dollar	Oct. 5, 2018	(6,902)	(6,705)	197
AA	2,852	Canadian dollar	(2,155)	U.S. dollar	Oct. 19, 2018	(2,852)	(2,782)	70
AA	8,759	Canadian dollar	(6,600)	U.S. dollar	Oct. 19, 2018	(8,759)	(8,522)	237
AA	6,717	Canadian dollar	(5,100)	U.S. dollar	Oct. 19, 2018	(6,717)	(6,585)	132
AA	4,994	Canadian dollar	(3,800)	U.S. dollar	Oct. 19, 2018	(4,994)	(4,906)	88
AA	610	Brazilian real	(195)	Canadian dollar	Oct. 19, 2018	195	195	–
AA	580	Brazilian real	(182)	Canadian dollar	Oct. 19, 2018	182	186	4
AA	3,241	Canadian dollar	(9,920)	Brazilian real	Oct. 19, 2018	(3,241)	(3,165)	76
AA	5,114	Canadian dollar	(3,940)	U.S. dollar	Oct. 26, 2018	(5,114)	(5,085)	29
AA	7,137	Canadian dollar	(5,495)	U.S. dollar	Nov. 2, 2018	(7,137)	(7,092)	45
AA	8,718	Canadian dollar	(6,680)	U.S. dollar	Nov. 2, 2018	(8,718)	(8,620)	98
AA	10,240	Canadian dollar	(7,790)	U.S. dollar	Nov. 2, 2018	(10,240)	(10,054)	186
A	10,855	Canadian dollar	(8,380)	U.S. dollar	Dec. 7, 2018	(10,855)	(10,808)	47
AA	2,788	Canadian dollar	(2,155)	U.S. dollar	Dec. 14, 2018	(2,788)	(2,778)	10
<b>Total forward currency contracts</b>								<b>1,417</b>
<b>Total derivative instruments at fair value</b>								<b>1,417</b>



**MACKENZIE**  
Investments

## NOTES TO FINANCIAL STATEMENTS

### 1. Fiscal Periods and General Information

The information provided in these financial statements and notes thereto is for the six-month periods ended or as at September 30, 2018 and 2017, except for the comparative information presented in the Statements of Financial Position and notes thereto, which is as at March 31, 2018, as applicable. In the year a Fund or series is established or reinstated, 'period' represents the period from inception or reinstatement. Refer to Note 9 for the formation date of the Fund and the inception date of each series.

The Fund is comprised of one or more classes of shares (referred to as "security" or "securities") of Mackenzie Financial Capital Corporation ("Capitalcorp"), a mutual fund corporation incorporated under the laws of the Province of Ontario, and is authorized to issue up to 1,000 classes of securities of multiple series. The address of the Fund's registered office is 180 Queen Street West, Toronto, Ontario, Canada. Reference is made to the Fund's Simplified Prospectus for additional information on the Fund's structure.

The foregoing financial statements and accompanying notes to the financial statements presented herein are for the Fund. Separate financial statements of each of the other funds of Capitalcorp have also been prepared.

Mackenzie Financial Corporation ("Mackenzie") is the manager of the Fund and is wholly owned by IGM Financial Inc., a subsidiary of Power Financial Corporation, which itself is a subsidiary of Power Corporation of Canada. The Great-West Life Assurance Company, London Life Insurance Company and The Canada Life Assurance Company (collectively, the "Related Insurance Companies") are wholly owned by Great-West Lifeco Inc., which is also a subsidiary of Power Financial Corporation. Investments in companies within the Power Group of companies held by the Fund are identified in the Schedule of Investments.

### 2. Basis of Preparation and Presentation

These unaudited interim financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including international Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). These financial statements were prepared using the same accounting policies, critical accounting judgements and estimates as applied in the Fund's most recent audited annual financial statements for the year ended March 31, 2018. A summary of the Fund's significant accounting policies under IFRS is presented in Note 3.

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

These financial statements were authorized for issue by the Board of Directors of Mackenzie Financial Corporation on November 13, 2018. Standards issued but not yet effective for the current accounting year, as applicable, are described in Note 3.

### 3. Significant Accounting Policies

#### (a) Financial instruments

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (cont'd)

#### (a) Financial instruments (cont'd)

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

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

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

#### (b) Fair value measurement

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

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

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

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

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

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

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

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

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

Refer to the Schedule of Derivative Instruments and Schedule of Options Purchased/Written, as applicable, included in the Schedule of Investments for a listing of derivative and options positions as at September 30, 2018.



## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (cont'd)

(c) Income recognition

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

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

(d) Commissions and other portfolio transaction costs

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

(e) Securities lending, repurchase and reverse repurchase transactions

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

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

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

(f) Offsetting

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

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

(g) Foreign currency

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

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

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

(h) Net assets attributable to securityholders per security

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

(i) Net asset value per security

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### 3. Significant Accounting Policies (cont'd)

#### (k) Mergers

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

### 4. Critical Accounting Estimates and Judgments

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

#### Use of Estimates

##### *Fair value of securities not quoted in an active market*

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

#### Use of Judgments

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

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

##### *Functional currency*

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

##### *Structured entities and associates*

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

### 5. Income Taxes

Capitalcorp qualifies as a mutual fund corporation under the provisions of the Income Tax Act (Canada). The taxation year-end for Capitalcorp is March 31.

Capitalcorp is a single legal entity for tax purposes and is not taxed on a fund-by-fund basis. As such, non-capital and capital losses of Capitalcorp may be applied against the income and/or capital gains attributable to Capitalcorp as a whole irrespective of the Fund from which the income, gains and/or losses arose. Therefore, where a Fund has positive net taxable income, the current tax liability has been offset with the utilization of unused tax losses of Capitalcorp to the extent possible.

Taxable Canadian dividends received and capital gains realized by Capitalcorp are subject to tax in a similar manner as any other corporation. Any taxes paid in respect of Canadian dividends or capital gains are refundable upon the payment of Canadian dividends or capital gains dividends, respectively, to securityholders based on a formula which includes proceeds paid on securities of Capitalcorp redeemed by securityholders. As a result, no tax provision is made in respect of Canadian dividends or capital gains. Any refundable tax allocated to the Fund is included in the Statement of Financial Position – Taxes recoverable. Payment of Canadian dividends, if any, will be made by Capitalcorp's taxation year-end and capital gains dividends, if any, will be paid within 60 days of Capitalcorp's taxation year-end. Dividends are declared separately for each series of each Fund.



## NOTES TO FINANCIAL STATEMENTS

### 5. Income Taxes (cont'd)

Income from other sources, such as interest and foreign income ("Ordinary Income"), is taxed at standard corporate rates. To the extent that Capitalcorp has positive Ordinary Income net of expenses ("Net Ordinary Income") Capitalcorp will be required to pay corporate income tax as a whole. The Fund is allocated a portion of this expense based on its series' contribution to Capitalcorp's overall tax liability. Any income tax expense allocated to the Fund is included in the Statement of Comprehensive Income – Income taxes. Due to deductible expenses and tax credits available to Capitalcorp, no taxes are currently payable in respect of Ordinary Income.

Capitalcorp follows the asset and liability method of accounting for income taxes whereby deferred income tax assets and liabilities reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are measured based on the enacted or substantively enacted tax rates which are expected to be in effect when the underlying items of Net Ordinary Income are expected to be realized.

Temporary differences between the carrying value of assets and liabilities for accounting and tax purposes give rise to deferred income tax assets and liabilities. Where the fair value of the portfolio investments exceeds their cost, a deferred tax liability arises. This deferred tax liability for refundable taxes payable is offset with the refund expected upon payment of capital gains dividends. Where the cost of the portfolio investments exceeds their market value, a deferred tax asset is generated. A full valuation allowance is taken to offset this asset given the uncertainty that such deferred assets will ultimately be realized. Unused capital and non-capital losses, as disclosed below, also represent deferred tax assets for which a full valuation allowance has been established.

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

### 6. Management Fees and Operating Expenses

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

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

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

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

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

### 7. Fund's Capital

The capital of the Fund, which is comprised of the net assets attributable to securityholders, is divided into different series with each series having an unlimited number of securities. The securities outstanding for the Fund as at September 30, 2018 and 2017 and securities issued, reinvested and redeemed for the periods are presented in the Statement of Changes in Financial Position. Mackenzie manages the capital of the Fund in accordance with the investment objectives as discussed in Note 9.

### 8. Financial Instruments Risk

#### i. Risk exposure and management

The Fund's investment activities expose it to a variety of financial risks, as defined in IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7"). The Fund's exposure to financial risks is concentrated in its investments, which are presented in the Schedule of Investments, as at September 30, 2018, grouped by asset type, with geographic and sector information.

## NOTES TO FINANCIAL STATEMENTS

### 8. Financial Instruments Risk (cont'd)

#### i. Risk exposure and management (cont'd)

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

#### ii. Liquidity risk

Liquidity risk arises when the Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable securities. In accordance with securities regulations, the Fund must maintain at least 90% of its assets in liquid investments (i.e., investments that can be readily sold). In addition, the Fund retains sufficient cash and short-term investment positions to maintain adequate liquidity. The Fund also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions.

#### iii. Currency risk

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

#### iv. Interest rate risk

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

#### v. Other price risk

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

#### vi. Credit risk

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

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

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

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

#### vii. Underlying funds

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

## NOTES TO FINANCIAL STATEMENTS

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

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

Date of Formation      October 26, 2000

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

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

Series A, Series T6 and Series T8 securities are offered to retail investors investing a minimum of \$500 (\$5,000 for Series T6 and Series T8). Investors in Series T6 and Series T8 securities also want to receive a regular monthly cash flow of 6% or 8% per year, respectively.

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

Series F, Series F6 and Series F8 securities are offered to investors who are enrolled in a dealer-sponsored fee-for-service or wrap program, who are subject to an asset-based fee rather than commissions on each transaction and who invest at least \$500 (\$5,000 for Series F6 and Series F8); they are also available to employees of Mackenzie and its subsidiaries, and directors of Mackenzie. Investors in Series F6 and Series F8 securities also want to receive a regular monthly cash flow of 6% and 8% per year, respectively.

Series FB and Series FB5 securities are offered to retail investors investing a minimum of \$500. Investors are required to negotiate their advisor service fee, which cannot exceed 1.50%, with their financial advisor. Investors in Series FB5 securities also want to receive a monthly cash flow of 5% per year.

Series PW, Series PWT6 and Series PWT8 securities are offered through our Private Wealth Solutions to certain high net worth investors who invest a minimum of \$100,000. Investors in Series PWT6 and Series PWT8 securities also want to receive a monthly cash flow of 6% or 8% per year, respectively.

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

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

Series AR, Series E, Series E8, Series I, Series J, Series OJ, Series O, Series O6, Series PWX and Series PWX8 securities are no longer available for sale.

Series B, Series C and Investor Series securities were created specifically for the purpose of implementing mergers affecting the Fund and are not available for sale. Effective June 1, 2018, Series C securities were consolidated into Series F securities.

Series PWF and Series PWF8 securities are no longer available for sale. Effective June 1, 2018, Series PWF and Series PWF8 securities were consolidated into Series F and Series F8 securities, respectively.

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



# MACKENZIE CUNDILL VALUE CLASS

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## NOTES TO FINANCIAL STATEMENTS

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

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

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees	Net Asset Value per Security (\$)	
				Sep. 30, 2018	Mar. 31, 2018
Series A	October 31, 2000	2.00%	0.28%	22.91	22.72
Series AR	December 7, 2011	2.00%	0.31%	16.48	16.34
Series B	August 16, 2013	2.00%	0.28% <sup>(10)</sup>	11.96	11.86
Series C	None issued <sup>(11)</sup>	1.00%	0.31%	—	12.12
Series D	January 3, 2014	1.25%	0.20%	11.27	11.19
Series E	None issued <sup>(4)</sup>	0.85%	0.25%	—	—
Series E8	None issued <sup>(5)</sup>	0.85%	0.28%	—	—
Series F	May 9, 2001	0.80% <sup>(6)</sup>	0.15% <sup>(9)</sup>	24.10	23.92
Series F6	June 1, 2018	0.80%	0.15%	15.09	—
Series F8	January 30, 2008	0.80% <sup>(6)</sup>	0.15% <sup>(9)</sup>	9.35	9.69
Series FB	October 26, 2015	1.00%	0.28%	10.95	10.88
Series FB5	October 26, 2015	1.00%	0.28%	14.08	14.36
Series I	November 22, 2000	1.35%	0.28%	26.20	26.01
Series J	December 2, 2010	1.75%	0.25%	14.98	14.86
Series OJ	September 25, 2008	1.70%	0.25%	15.91	15.78
Series O	September 4, 2001	— <sup>(1)</sup>	—*	27.55	27.44
Series O6	September 20, 2012	— <sup>(1)</sup>	—*	17.33	17.83
Series PW	October 16, 2013	1.80% <sup>(7)</sup>	0.15%	11.70	11.60
Series PWF	None issued <sup>(12)</sup>	0.90%	0.15%	—	11.69
Series PWF8	None issued <sup>(13)</sup>	0.90%	0.15%	—	12.65
Series PWFB	April 3, 2017	0.80% <sup>(8)</sup>	0.15%	10.12	10.05
Series PWFB5	April 3, 2017	0.80% <sup>(8)</sup>	0.15%	14.04	14.32
Series PWT6	April 3, 2017	1.80% <sup>(7)</sup>	0.15%	13.74	14.06
Series PWT8	November 1, 2013	1.80% <sup>(7)</sup>	0.15%	11.53	11.93
Series PWX	November 12, 2013	— <sup>(2)</sup>	— <sup>(2)</sup>	11.97	11.92
Series PWX8	December 20, 2013	— <sup>(2)</sup>	— <sup>(2)</sup>	11.61	12.07
Series R	July 8, 2013 <sup>(3)</sup>	—*	—*	14.13	14.08
Series T6	January 18, 2008	2.00%	0.28%	10.83	11.08
Series T8	January 16, 2008	2.00%	0.28%	8.59	8.88
Investor Series	August 16, 2013	1.60%	0.28%	12.08	11.99

\* Not applicable.

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

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

(3) The series' original start date was June 7, 2004. All securities in the series were redeemed on May 27, 2011. The series was reinstated at a price of \$10.00 per security on July 8, 2013.

(4) The series' original start date was September 18, 2008. All securities in the series were redeemed on April 13, 2017.

(5) The series' original start date was November 3, 2008. All securities in the series were redeemed on August 8, 2017.

(6) Prior to June 1, 2018, the management fee for this series was charged to the Fund at a rate of 1.00%.

(7) Prior to June 1, 2018, the management fee for this series was charged to the Fund at a rate of 1.90%.



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## NOTES TO FINANCIAL STATEMENTS

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

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

- (8) Prior to June 1, 2018, the management fee for this series was charged to the Fund at a rate of 0.90%.
- (9) Prior to June 1, 2018, the administration fee for this series was charged to the Fund at a rate of 0.20%.
- (10) Prior to August 17, 2018, the administration fee for Series B was charged to the Fund at a rate of 0.31%.
- (11) The series' original start date was August 16, 2013. All securities in the series were consolidated into Series F on June 1, 2018.
- (12) The series' original start date was October 21, 2013. All securities in the series were consolidated into Series F on June 1, 2018.
- (13) The series' original start date was January 6, 2015. All securities in the series were consolidated into Series F8 on June 1, 2018.

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

As at September 30, 2018, Mackenzie and other funds managed by Mackenzie had an investment of \$12 and \$6,640 (March 31, 2018 – \$8 and \$6,876), respectively, in the Fund.

#### (c) Securities Lending

The value of securities loaned and collateral received from securities lending at September 30, 2018 and March 31, 2018, were as follows:

	September 30, 2018	March 31, 2018
	(\$)	(\$)
Value of securities loaned	27,664	23,747
Value of collateral received	29,276	24,820

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 Fund for the periods ended September 30, 2018 and 2017 is as follows:

	2018		2017	
	(\$)	(%)	(\$)	(%)
Gross securities lending income	115	100.0	238	100.0
Tax withheld	(11)	(9.6)	(6)	(2.5)
	104	90.4	232	97.5
Payments to Securities Lending Agent	(26)	(22.6)	(58)	(24.4)
Securities lending income	78	67.8	174	73.1

#### (d) Commissions

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

	(\$)
September 30, 2018	37
September 30, 2017	10

#### (e) Fund Merger

At a meeting held on June 22, 2018, investors in Mackenzie Cundill Recovery Class (the "Terminating Fund") approved the merger of the Terminating Fund into the Fund. The merger was effective after the close of business on September 21, 2018. The merger was effected by transferring the net assets of the Terminating Fund in exchange for the securities of the Fund at fair market value. Series A, Series D, Series F, Series FB, Series O, Series PW, Series PWFB and Series PWX of the Terminating Fund were issued 410 Series A securities, 4 Series D securities, 99 Series F securities, 0.1 Series FB securities, 30 Series O securities, 302 Series PW securities, 1 Series PWFB and 31 Series PWX securities of the Fund in exchange for net assets of \$12,282 which was the fair value on September 21, 2018. The merger has been accounted for as an acquisition of the Terminating Fund.

Following the merger, the Terminating Fund was terminated. Mackenzie paid the expenses incurred to the effect the merger.

# MACKENZIE CUNDILL VALUE CLASS

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## NOTES TO FINANCIAL STATEMENTS

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

#### (f) Offsetting of Financial Assets and Liabilities

The table below presents financial assets and financial liabilities that are subject to master netting arrangements or other similar agreements and the net impact on the Fund's Statements of Financial Position if all set-off rights were exercised as part of future events such as bankruptcy or termination of contracts. No amounts were offset in the financial statements.

	September 30, 2018			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	602	–	–	602
Unrealized losses on derivative contracts	–	–	–	–
Liability for options written	–	–	–	–
Total	602	–	–	602

	March 31, 2018			
	Gross amount of assets/liabilities (\$)	Amount available for offset (\$)	Margin (\$)	Net amount (\$)
Unrealized gains on derivative contracts	35	–	–	35
Unrealized losses on derivative contracts	(281)	–	–	(281)
Liability for options written	–	–	–	–
Total	(246)	–	–	(246)

#### (g) Risks Associated with Financial Instruments

##### i. Risk exposure and management

The Fund seeks long-term capital growth by investing primarily in equities of companies located anywhere in the world. The Fund uses a value style of investing and depending on market conditions, may invest most of its assets in a single country or a single industry.

##### ii. Currency risk

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

Currency	September 30, 2018			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	244,810	(1,292)	(81,036)	162,482
Japanese yen	21,591	–	–	21,591
Hong Kong dollar	16,553	14	–	16,567
British pound	14,512	(87)	–	14,425
Swiss franc	12,371	–	–	12,371
Euro	11,313	–	–	11,313
South Korean won	10,653	–	–	10,653
Brazilian real	2,675	116	(2,784)	7
Total	334,478	(1,249)	(83,820)	249,409
% of Net Assets	94.4	(0.4)	(23.7)	70.3



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## NOTES TO FINANCIAL STATEMENTS

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

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

##### ii. Currency risk (cont'd)

Currency	March 31, 2018			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	261,723	–	(54,960)	206,763
British pound	22,725	–	–	22,725
Japanese yen	15,444	–	–	15,444
South Korean won	13,007	–	–	13,007
Euro	12,155	–	–	12,155
Hong Kong dollar	12,050	–	–	12,050
Swiss franc	6,284	–	–	6,284
Total	343,388	–	(54,960)	288,428
% of Net Assets	98.4	–	(15.8)	82.6

\* Includes both monetary and non-monetary financial instruments

As at September 30, 2018, 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 \$12,470 or 3.5% of total net assets (March 31, 2018 – \$14,421 or 4.1%). In practice, the actual trading results may differ and the difference could be material.

##### iii. Interest rate risk

As at September 30, 2018 and March 31, 2018, the Fund did not have a significant exposure to interest rate risk.

##### iv. Other price risk

The Fund's most significant exposure to price risk arises from its investment in equity securities. As at September 30, 2018, 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 \$34,104 or 9.6% of total net assets (March 31, 2018 – \$34,740 or 10.0%). In practice, the actual trading results may differ and the difference could be material.

##### v. Credit risk

As at September 30, 2018 and March 31, 2018, the Fund did not have a significant exposure to credit risk.



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GLOBAL EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS

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

#### (h) Fair Value Classification

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

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

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

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

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

	September 30, 2018				March 31, 2018			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	341,036	–	–	341,036	294,189	53,214	–	347,403
Derivative assets	–	1,417	–	1,417	–	194	–	194
Derivative liabilities	–	–	–	–	–	(689)	–	(689)
Total	341,036	1,417	–	342,453	294,189	52,719	–	346,908

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

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for non-North American equities when North American intraday stock market movements exceed pre-determined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, during the period ended September 30, 2018, non-North American equities frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices).

As at September 30, 2018, these securities were classified as Level 1. As at March 31, 2018, fair value adjustments were applied to the majority of securities in non-North American markets (Level 2) that were closed on the last business day. The remaining non-North American securities were classified as Level 1. Other than as described above, there were no significant transfers between Level 1 and Level 2.

Other financial instruments classified as Level 2 investments are valued through incorporating observable market data and using standard market convention practices.



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