

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

## MANAGEMENT REPORT

### Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by Mackenzie Financial Corporation, as Manager of Mackenzie Emerging Markets Class (the "Fund"). 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 Capital 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 Fund. 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 Fund



Barry McInerney  
President and Chief Executive Officer



Terry Rountes  
Chief Financial Officer, Funds

June 8, 2021

## INDEPENDENT AUDITOR'S REPORT

To the Securityholders of Mackenzie Emerging Markets Class (the "Fund")

### Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at March 31, 2021 and 2020, 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 Fund as at March 31, 2021 and 2020, 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 Fund 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 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.

# MACKENZIE EMERGING MARKETS CLASS

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## INDEPENDENT AUDITOR'S REPORT (cont'd)

In preparing the financial statements, management is responsible for assessing the Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 Fund'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 Fund'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 Fund 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.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
Toronto, Ontario  
June 8, 2021

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

## STATEMENTS OF FINANCIAL POSITION

at March 31 (in \$ 000 except per security amounts)

	2021 \$	2020 \$	Net assets attributable to securityholders (note 3)				
			per security		per series		
			2021	2020	2021	2020	
<b>ASSETS</b>							
<b>Current assets</b>							
Investments at fair value	159,324	141,281	Series A	22.39	15.77	42,886	37,980
Cash and cash equivalents	2,307	1,815	Series D	16.01	11.39	1,473	1,353
Dividends receivable	346	673	Series F	40.21	28.77	25,196	29,741
Accounts receivable for investments sold	2,101	1,223	Series FB	13.92	9.92	29	28
Accounts receivable for securities issued	–	–	Series I	28.23	20.04	2,475	1,678
Taxes recoverable (note 5)	149	65	Series J	11.83	8.35	72	53
<b>Total assets</b>	<b>164,227</b>	<b>145,057</b>	Series OJ	11.71	8.27	6	4
			Series M	36.79	26.00	3,022	2,079
			Series O	38.56	25.35	6,563	5,712
<b>LIABILITIES</b>			Series PW	15.47	10.94	27,432	19,129
<b>Current liabilities</b>			Series PWF	11.78	8.43	596	496
Accounts payable for investments purchased	3,106	919	Series PWX	16.72	12.11	881	673
Accounts payable for securities redeemed	124	416	Series R	–	9.00	–	845
Due to manager	8	7	Series S	11.45	8.29	1	1
Taxes payable (note 5)	482	1,167	Series U	20.85	14.73	6,417	5,356
<b>Total liabilities</b>	<b>3,720</b>	<b>2,509</b>	Q Series	34.26	24.13	24,555	21,245
<b>Net assets attributable to securityholders</b>	<b>160,507</b>	<b>142,548</b>	H Series	38.84	27.72	873	695
			HW Series	11.54	8.27	315	311
			L Series	17.90	12.66	8,318	6,168
			N Series	18.10	13.10	7,667	7,469
			QF Series	13.67	9.75	1,467	1,355
			QFW Series	11.53	8.26	263	177
						<b>160,507</b>	<b>142,548</b>

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

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

## STATEMENTS OF COMPREHENSIVE INCOME

for the periods ended March 31 (in \$ 000 except per security amounts)

	2021 \$	2020 \$	Increase (decrease) in net assets attributable to securityholders from operations (note 3)				
			per security		per series		
			2021	2020	2021	2020	
<b>Income</b>							
Dividends	4,882	11,124					
Interest income	15	46					
Other changes in fair value of investments and other net assets							
Net realized gain (loss)	29,477	13,337					
Net unrealized gain (loss)	35,999	(38,007)					
<b>Total income (loss)</b>	<b>70,373</b>	<b>(13,500)</b>					
<b>Expenses (note 6)</b>							
Management fees	2,577	3,135					
Administration fees	346	432					
Interest charges	2	19					
Commissions and other portfolio transaction costs	1,118	1,930					
Independent Review Committee fees	–	1					
Other	–	3					
<b>Expenses before amounts absorbed by Manager</b>	<b>4,043</b>	<b>5,520</b>					
Expenses absorbed by Manager	–	–					
<b>Net expenses</b>	<b>4,043</b>	<b>5,520</b>					
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	<b>66,330</b>	<b>(19,020)</b>					
Foreign withholding taxes	689	1,262					
Income taxes (note 5)	726	14					
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	<b>64,915</b>	<b>(20,296)</b>					
					<b>64,915</b>	<b>(20,296)</b>	
			Series A	7.86	(1.98)	17,682	(5,736)
			Series D	5.73	(1.27)	631	(187)
			Series F	15.02	(3.00)	11,899	(4,191)
			Series FB	5.10	(0.65)	12	(3)
			Series I	9.90	(2.86)	861	(241)
			Series J	4.17	(1.25)	27	(7)
			Series OJ	4.05	(1.23)	2	(1)
			Series M	12.76	(3.62)	1,053	(313)
			Series O	14.08	(0.10)	2,716	(305)
			Series PW	5.35	(1.52)	9,405	(2,890)
			Series PWFB	4.29	(1.03)	229	(65)
			Series PWX	6.13	(1.49)	322	(84)
			Series R	6.47	(0.02)	55	(14)
			Series S	4.17	(1.05)	–	–
			Series U	7.28	(1.95)	2,563	(791)
			Q Series	11.99	(3.19)	9,862	(3,244)
			H Series	13.79	(3.34)	342	(101)
			HW Series	4.26	(1.22)	122	(48)
			L Series	6.23	(1.69)	3,018	(965)
			N Series	6.80	(1.35)	3,382	(892)
			QF Series	4.94	(1.22)	642	(192)
			QFW Series	4.31	(0.87)	90	(26)

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

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

## STATEMENTS OF CHANGES IN FINANCIAL POSITION

for the periods ended March 31 (in \$ 000 except per security amounts)

	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Series A		Series D		Series F		Series FB		Series I	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	<b>37,980</b>	<b>59,643</b>	<b>1,353</b>	<b>2,301</b>	<b>29,741</b>	<b>54,437</b>	<b>28</b>	<b>73</b>	<b>1,678</b>	<b>1,983</b>
Increase (decrease) in net assets from operations	17,682	(5,736)	631	(187)	11,899	(4,191)	12	(3)	861	(241)
Dividends paid to securityholders:										
Ordinary	(145)	(152)	(12)	(10)	(290)	(238)	–	–	(18)	(12)
Capital gains	(2,395)	(63)	(99)	(23)	(2,365)	(863)	(2)	(1)	(124)	(17)
Total dividends paid to securityholders	(2,540)	(215)	(111)	(33)	(2,655)	(1,101)	(2)	(1)	(142)	(29)
Security transactions:										
Proceeds from securities issued	1,944	4,736	–	52	1	4,282	–	18	–	–
Reinvested dividends	2,525	213	108	32	1,616	653	2	1	133	26
Payments on redemption of securities	(14,705)	(20,661)	(508)	(812)	(15,406)	(24,339)	(11)	(60)	(55)	(61)
Total security transactions	(10,236)	(15,712)	(400)	(728)	(13,789)	(19,404)	(9)	(41)	78	(35)
<b>Total increase (decrease) in net assets</b>	<b>4,906</b>	<b>(21,663)</b>	<b>120</b>	<b>(948)</b>	<b>(4,545)</b>	<b>(24,696)</b>	<b>1</b>	<b>(45)</b>	<b>797</b>	<b>(305)</b>
<b>End of period</b>	<b>42,886</b>	<b>37,980</b>	<b>1,473</b>	<b>1,353</b>	<b>25,196</b>	<b>29,741</b>	<b>29</b>	<b>28</b>	<b>2,475</b>	<b>1,678</b>
<b>Increase (decrease) in fund securities (note 7):</b>										
<b>Securities outstanding – beginning of period</b>	<b>2,408</b>	<b>3,269</b>	<b>119</b>	<b>174</b>	<b>1,034</b>	<b>1,625</b>	<b>3</b>	<b>6</b>	<b>84</b>	<b>85</b>
Issued	98	260	–	4	–	128	–	2	–	–
Reinvested dividends	157	13	9	3	55	21	–	–	6	1
Redeemed	(748)	(1,134)	(36)	(62)	(462)	(740)	(1)	(5)	(2)	(2)
<b>Securities outstanding – end of period</b>	<b>1,915</b>	<b>2,408</b>	<b>92</b>	<b>119</b>	<b>627</b>	<b>1,034</b>	<b>2</b>	<b>3</b>	<b>88</b>	<b>84</b>
	Series J		Series OJ		Series M		Series O		Series PW	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	<b>53</b>	<b>60</b>	<b>4</b>	<b>5</b>	<b>2,079</b>	<b>2,809</b>	<b>5,712</b>	<b>102,560</b>	<b>19,129</b>	<b>25,307</b>
Increase (decrease) in net assets from operations	27	(7)	2	(1)	1,053	(313)	2,716	(305)	9,405	(2,890)
Dividends paid to securityholders:										
Ordinary	–	–	–	–	(15)	(12)	(113)	(1,123)	(147)	(119)
Capital gains	(4)	–	–	–	(140)	(11)	–	(8,626)	(1,301)	(121)
Total dividends paid to securityholders	(4)	–	–	–	(155)	(23)	(113)	(9,749)	(1,448)	(240)
Security transactions:										
Proceeds from securities issued	–	–	–	–	–	–	–	3	3,448	3,989
Reinvested dividends	4	–	–	–	151	22	112	9,745	1,392	232
Payments on redemption of securities	(8)	–	–	–	(106)	(416)	(1,864)	(96,542)	(4,494)	(7,269)
Total security transactions	(4)	–	–	–	45	(394)	(1,752)	(86,794)	346	(3,048)
<b>Total increase (decrease) in net assets</b>	<b>19</b>	<b>(7)</b>	<b>2</b>	<b>(1)</b>	<b>943</b>	<b>(730)</b>	<b>851</b>	<b>(96,848)</b>	<b>8,303</b>	<b>(6,178)</b>
<b>End of period</b>	<b>72</b>	<b>53</b>	<b>6</b>	<b>4</b>	<b>3,022</b>	<b>2,079</b>	<b>6,563</b>	<b>5,712</b>	<b>27,432</b>	<b>19,129</b>
<b>Increase (decrease) in fund securities (note 7):</b>										
<b>Securities outstanding – beginning of period</b>	<b>6</b>	<b>6</b>	<b>–</b>	<b>–</b>	<b>80</b>	<b>93</b>	<b>225</b>	<b>3,260</b>	<b>1,748</b>	<b>1,995</b>
Issued	–	–	–	–	–	–	–	–	243	311
Reinvested dividends	–	–	1	–	6	1	3	332	123	20
Redeemed	–	–	–	–	(4)	(14)	(58)	(3,367)	(341)	(578)
<b>Securities outstanding – end of period</b>	<b>6</b>	<b>6</b>	<b>1</b>	<b>–</b>	<b>82</b>	<b>80</b>	<b>170</b>	<b>225</b>	<b>1,773</b>	<b>1,748</b>

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

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

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

for the periods ended March 31 (in \$ 000 except per security amounts)

	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Series PWF		Series PWX		Series R		Series S		Series U	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	496	623	673	815	845	11,902	1	1	5,356	8,161
Increase (decrease) in net assets from operations	229	(65)	322	(84)	55	(14)	–	–	2,563	(791)
Dividends paid to securityholders:										
Ordinary	(7)	(4)	(15)	(6)	–	(8)	–	–	(32)	(31)
Capital gains	(41)	(10)	(60)	(22)	(13)	(332)	–	–	(360)	(32)
Total dividends paid to securityholders	(48)	(14)	(75)	(28)	(13)	(340)	–	–	(392)	(63)
Security transactions:										
Proceeds from securities issued	8	81	–	–	–	3,526	–	–	–	–
Reinvested dividends	45	13	75	28	–	–	–	–	382	62
Payments on redemption of securities	(134)	(142)	(114)	(58)	(887)	(14,229)	–	–	(1,492)	(2,013)
Total security transactions	(81)	(48)	(39)	(30)	(887)	(10,703)	–	–	(1,110)	(1,951)
<b>Total increase (decrease) in net assets</b>	<b>100</b>	<b>(127)</b>	<b>208</b>	<b>(142)</b>	<b>(845)</b>	<b>(11,057)</b>	<b>–</b>	<b>–</b>	<b>1,061</b>	<b>(2,805)</b>
<b>End of period</b>	<b>596</b>	<b>496</b>	<b>881</b>	<b>673</b>	<b>–</b>	<b>845</b>	<b>1</b>	<b>1</b>	<b>6,417</b>	<b>5,356</b>

	Securities		Securities		Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>										
<b>Securities outstanding – beginning of period</b>	59	63	56	58	94	1,131	–	–	363	478
Issued	1	9	–	–	–	341	–	–	–	–
Reinvested dividends	5	1	6	2	–	–	–	–	25	4
Redeemed	(14)	(14)	(9)	(4)	(94)	(1,378)	–	–	(80)	(119)
<b>Securities outstanding – end of period</b>	<b>51</b>	<b>59</b>	<b>53</b>	<b>56</b>	<b>–</b>	<b>94</b>	<b>–</b>	<b>–</b>	<b>308</b>	<b>363</b>

	Q Series		H Series		HW Series		L Series		N Series	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	21,245	31,335	695	1,047	311	355	6,168	9,172	7,469	9,839
Increase (decrease) in net assets from operations	9,862	(3,244)	342	(101)	122	(48)	3,018	(965)	3,382	(892)
Dividends paid to securityholders:										
Ordinary	(82)	(83)	(9)	(5)	(4)	(2)	(45)	(40)	(132)	(70)
Capital gains	(1,319)	(28)	(55)	(14)	(19)	(7)	(417)	(41)	(711)	(262)
Total dividends paid to securityholders	(1,401)	(111)	(64)	(19)	(23)	(9)	(462)	(81)	(843)	(332)
Security transactions:										
Proceeds from securities issued	97	1,486	1	47	15	36	609	840	23	2,478
Reinvested dividends	1,401	111	64	19	23	9	462	80	843	331
Payments on redemption of securities	(6,649)	(8,332)	(165)	(298)	(133)	(32)	(1,477)	(2,878)	(3,207)	(3,955)
Total security transactions	(5,151)	(6,735)	(100)	(232)	(95)	13	(406)	(1,958)	(2,341)	(1,146)
<b>Total increase (decrease) in net assets</b>	<b>3,310</b>	<b>(10,090)</b>	<b>178</b>	<b>(352)</b>	<b>4</b>	<b>(44)</b>	<b>2,150</b>	<b>(3,004)</b>	<b>198</b>	<b>(2,370)</b>
<b>End of period</b>	<b>24,555</b>	<b>21,245</b>	<b>873</b>	<b>695</b>	<b>315</b>	<b>311</b>	<b>8,318</b>	<b>6,168</b>	<b>7,667</b>	<b>7,469</b>

	Securities		Securities		Securities		Securities		Securities	
<b>Increase (decrease) in fund securities (note 7):</b>										
<b>Securities outstanding – beginning of period</b>	880	1,123	25	32	38	37	487	625	570	643
Issued	4	52	–	2	–	4	38	57	1	166
Reinvested dividends	57	5	2	1	3	1	35	6	63	23
Redeemed	(224)	(300)	(5)	(10)	(14)	(4)	(95)	(201)	(211)	(262)
<b>Securities outstanding – end of period</b>	<b>717</b>	<b>880</b>	<b>22</b>	<b>25</b>	<b>27</b>	<b>38</b>	<b>465</b>	<b>487</b>	<b>423</b>	<b>570</b>

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

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

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

for the periods ended March 31 (in \$ 000 except per security amounts)

	2021	2020	2021	2020	2021	2020
	QF Series		QFW Series		Total	
	\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>						
<b>Beginning of period</b>	<b>1,355</b>	<b>1,739</b>	<b>177</b>	<b>314</b>	<b>142,548</b>	<b>324,481</b>
Increase (decrease) in net assets from operations	642	(192)	90	(26)	64,915	(20,296)
Dividends paid to securityholders:						
Ordinary	(14)	(10)	(3)	(1)	(1,083)	(1,926)
Capital gains	(105)	(23)	(12)	(6)	(9,542)	(10,502)
Total dividends paid to securityholders	(119)	(33)	(15)	(7)	(10,625)	(12,428)
Security transactions:						
Proceeds from securities issued	8	367	136	85	6,290	22,026
Reinvested dividends	119	33	15	7	9,472	11,617
Payments on redemption of securities	(538)	(559)	(140)	(196)	(52,093)	(182,852)
Total security transactions	(411)	(159)	11	(104)	(36,331)	(149,209)
<b>Total increase (decrease) in net assets</b>	<b>112</b>	<b>(384)</b>	<b>86</b>	<b>(137)</b>	<b>17,959</b>	<b>(181,933)</b>
<b>End of period</b>	<b>1,467</b>	<b>1,355</b>	<b>263</b>	<b>177</b>	<b>160,507</b>	<b>142,548</b>
<b>Increase (decrease) in fund securities (note 7):</b>						
<b>Securities outstanding – beginning of period</b>	<b>139</b>	<b>153</b>	<b>21</b>	<b>33</b>		
Issued	–	33	13	8		
Reinvested dividends	12	3	2	1		
Redeemed	(44)	(50)	(13)	(21)		
<b>Securities outstanding – end of period</b>	<b>107</b>	<b>139</b>	<b>23</b>	<b>21</b>		

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

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

## STATEMENTS OF CASH FLOWS

for the periods ended March 31 (in \$ 000 except per security amounts)

	2021	2020
	\$	\$
<b>Cash flows from operating activities</b>		
Net increase (decrease) in net assets attributable to securityholders from operations	64,915	(20,296)
Adjustments for:		
Net realized loss (gain) on investments	(30,184)	(12,515)
Change in net unrealized loss (gain) on investments	(35,999)	38,007
Purchase of investments	(262,502)	(477,689)
Proceeds from sale and maturity of investments	311,981	632,589
Change in dividends receivable	327	413
Change in taxes recoverable	(84)	199
Change in due to manager	1	7
Change in taxes payable	(685)	(245)
<b>Net cash from operating activities</b>	<b>47,770</b>	<b>160,470</b>
<b>Cash flows from financing activities</b>		
Proceeds from securities issued	–	16,125
Payments on redemption of securities	(46,095)	(177,131)
Dividends paid net of reinvestments	(1,153)	(811)
<b>Net cash from financing activities</b>	<b>(47,248)</b>	<b>(161,817)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>522</b>	<b>(1,347)</b>
Cash and cash equivalents at beginning of period	1,815	3,538
Effect of exchange rate fluctuations on cash and cash equivalents	(30)	(376)
<b>Cash and cash equivalents at end of period</b>	<b>2,307</b>	<b>1,815</b>
Cash	2,307	1,815
Cash equivalents	–	–
<b>Cash and cash equivalents at end of period</b>	<b>2,307</b>	<b>1,815</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	5,209	11,537
Taxes paid	2,100	1,521
Interest received	15	46
Interest paid	2	19

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



# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

## SCHEDULE OF INVESTMENTS

As at March 31, 2021

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>EQUITIES</b>					
ACES Electronic Co. Ltd.	Taiwan	Information Technology	403,000	800	805
Agile Property Holdings Ltd.	China	Real Estate	712,000	1,286	1,469
Al Rajhi Bank	Saudi Arabia	Financials	4,541	143	150
Alfa SA Series A	Mexico	Industrials	1,666,562	1,268	1,209
Alibaba Group Holding Ltd. ADR	China	Consumer Discretionary	35,300	9,728	10,057
Anadolu Efes Biracilik ve Malt Sanayii AS	Turkey	Consumer Staples	127,792	475	410
Arvind Ltd.	India	Consumer Discretionary	411,150	453	466
AU Optronics Corp.	Taiwan	Information Technology	1,821,000	1,202	1,711
Baidu Inc. ADR	China	Communication Services	1,500	550	410
Banco do Brasil SA	Brazil	Financials	394,300	3,006	2,688
Banco do Estado do Rio Grande do Sul SA	Brazil	Financials	493,894	2,348	1,331
Banco Macro SA ADR	Argentina	Financials	10,734	179	180
Banco Santander Mexico SA Institucion de Banca Multiple Grupo Financiero Santander	Mexico	Financials	24,281	101	168
Bank of Jiangsu Co. Ltd. Class A	China	Financials	1,683,825	1,904	2,089
Barlorld Ltd.	South Africa	Industrials	87,175	435	670
CAP SA	Chile	Materials	57,525	944	1,171
Chaozhou Three-Circle Group Co. Ltd.	China	Information Technology	101,200	761	814
China Construction Bank Corp. H	China	Financials	3,571,000	4,341	3,773
China Fortune Land Development Co. Ltd.	China	Real Estate	328,999	504	396
China Merchants Land Ltd.	China	Real Estate	1,616,957	394	298
China Overseas Grand Oceans Group Ltd.	China	Real Estate	108,583	86	89
China Petroleum and Chemical Corp. H (Sinopec)	China	Energy	1,422,000	968	955
China Resources Power Holdings Co. Ltd.	China	Utilities	848,496	1,376	1,418
China Water Affairs Group Ltd.	China	Utilities	136,029	141	140
Chong Kun Dang Holdings Corp.	South Korea	Health Care	5,430	707	628
Com7 PCL	Thailand	Consumer Discretionary	747,900	1,805	1,926
Contemporary Amperex Technology Co. Ltd.	China	Industrials	6,500	399	404
Country Garden Services Holdings Co. Ltd.	China	Industrials	238,000	1,905	3,050
Creativ Industrial Group GDR	Ukraine	Consumer Staples	214,662	–	–
Creativ Industrial Group	Ukraine	Consumer Staples	16,394	–	–
Danaos Corp.	Greece	Industrials	13,190	438	822
DataTec Ltd.	South Africa	Information Technology	69,203	155	153
Detsky Mir PJSC	Russia	Consumer Discretionary	579,160	1,245	1,373
DGB Financial Group Inc.	South Korea	Financials	123,134	982	1,155
DongKuk Steel Mill Co. Ltd.	South Korea	Materials	125,436	1,443	1,916
E-Mart Co. Ltd.	South Korea	Consumer Staples	10,285	1,453	1,969
Erajaya Swasembada Tbk PT	Indonesia	Information Technology	9,558,500	288	417
Evergreen Marine Corp.	Taiwan	Industrials	69,000	106	140
Far East Horizon Ltd.	China	Financials	190,165	251	287
The Federal Bank Ltd.	India	Financials	1,100,567	1,411	1,436
FinVolution Group	China	Financials	23,921	198	211
Focus Media Information Technology Co. Ltd. Class A	China	Communication Services	239,587	506	428
Ginko International Co. Ltd.	Taiwan	Health Care	71,427	489	570
Great Wall Automobile Holdings Co. Ltd.	China	Consumer Discretionary	216,500	291	760
Hana Financial Group Inc.	South Korea	Financials	60,431	1,874	2,876
Hengdian Group DMEGC Magnetics Co. Ltd.	China	Information Technology	272,000	792	793
Hindustan Petroleum Corp. Ltd.	India	Energy	157,399	659	634
Hon Hai Precision Industry Co. Ltd.	Taiwan	Information Technology	123,000	456	680
Hyprop Investments Ltd.	South Africa	Real Estate	318,333	758	764

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

## SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2021

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>EQUITIES (cont'd)</b>					
Infosys Ltd. ADR	India	Information Technology	40,900	808	962
Innolux Corp.	Taiwan	Information Technology	3,168,000	1,278	2,980
Jiangsu Hengli Hydraulic Co. Ltd.	China	Industrials	137,362	3,158	2,364
JNBY Design Ltd.	China	Consumer Discretionary	175,500	371	394
KB Financial Group Inc.	South Korea	Financials	39,311	1,600	2,457
Kia Motors Corp.	South Korea	Consumer Discretionary	7,150	267	664
Kingboard Laminates Holdings Ltd.	China	Information Technology	768,000	1,489	2,108
Kinsus Interconnect Technology Corp.	Taiwan	Information Technology	129,000	384	642
Kossan Rubber Industries	Malaysia	Health Care	89,700	180	89
Kot Addu Power Co. Ltd.	Pakistan	Utilities	1,447,000	412	474
Kumba Iron Ore Ltd.	South Africa	Materials	32,275	1,600	1,671
KWG Property Holding Ltd.	China	Real Estate	975,500	1,682	2,103
Kyeryong Construction Industrial Co. Ltd.	South Korea	Industrials	1,728	58	61
Lenovo Group Ltd.	China	Information Technology	904,000	1,502	1,625
LG Display Co. Ltd.	South Korea	Information Technology	88,270	1,958	2,249
LG Electronics Inc.	South Korea	Consumer Discretionary	17,092	1,420	2,873
LG International Corp.	South Korea	Industrials	6,606	233	235
Lotte Himart Co. Ltd.	South Korea	Consumer Discretionary	14,107	549	660
Magnit PJSC	Russia	Consumer Staples	25,632	2,181	2,271
MediaTek Inc.	Taiwan	Information Technology	5,000	208	216
Meituan Dianping	China	Consumer Discretionary	6,300	340	305
Metropolitan Bank & Trust Co.	Philippines	Financials	94,800	113	109
MMC Corp. BHD	Malaysia	Industrials	1,284,251	334	402
MTN Group Ltd.	South Africa	Communication Services	396,787	1,859	2,930
Naspers Ltd.	South Africa	Consumer Discretionary	2,539	710	765
Novatek Microelectronics Corp.	Taiwan	Information Technology	77,000	741	1,976
NTPC Ltd.	India	Utilities	520,327	973	954
Oil & Natural Gas Corp. Ltd.	India	Energy	1,422,371	2,827	2,495
PetroChina Co. Ltd. H	China	Energy	5,638,000	2,651	2,562
Petróleo Brasileiro SA - Petrobras Pfd.	Brazil	Energy	406,100	2,449	2,193
PICC Property & Casualty Co. Ltd. H	China	Financials	472,000	473	515
Ping An Insurance (Group) Co. of China Ltd. H	China	Financials	42,500	653	638
POSCO	South Korea	Materials	4,254	1,400	1,538
Power Finance Corp.	India	Financials	989,943	1,957	1,935
Powerlong Real Estate Holdings Ltd.	China	Real Estate	555,029	642	696
PPC Ltd.	South Africa	Materials	1,656,556	227	338
PT Suryainti Permata TBK	Indonesia	Real Estate	173,647,393	–	–
Rec Ltd.	India	Financials	864,222	1,758	1,950
Redington (India) Ltd.	India	Information Technology	70,343	170	231
Rossmax International Ltd.	Taiwan	Health Care	224,000	216	206
Samsung Electronics Co. Ltd.	South Korea	Information Technology	69,375	3,949	6,321
Saudi Arabian Oil Co.	Saudi Arabia	Energy	83,200	977	1,004
Sberbank of Russia PJSC	Russia	Financials	222,530	1,080	1,073
Severstal PAO	Russia	Materials	38,462	706	983
SK Hynix Inc.	South Korea	Information Technology	1,295	187	192
Somboon Advance Technology PCL	Thailand	Consumer Discretionary	421,500	333	314
Southern Province Cement Co.	Saudi Arabia	Materials	130	4	4
Sri Trang Gloves Thailand PCL	Thailand	Health Care	254,100	413	419
Steel Authority of India Ltd.	India	Materials	1,917,859	2,219	2,602
Supermax Corp. BHD	Malaysia	Health Care	2,059,000	2,810	2,373
Taiwan Semiconductor Manufacturing Co. Ltd.	Taiwan	Information Technology	436,001	5,858	11,419

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

## SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2021

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>EQUITIES (cont'd)</b>					
Telkom SA SOC Ltd.	South Africa	Communication Services	265,792	715	961
Tencent Holdings Ltd.	China	Communication Services	105,639	8,461	10,465
Tingyi (Cayman Islands) Holding Corp.	China	Consumer Staples	870,000	2,057	2,011
Truworths International Ltd.	South Africa	Consumer Discretionary	30,928	134	126
Turkiye Garanti Bankasi AS	Turkey	Financials	200,982	224	206
Vale SA ADR	Brazil	Materials	38,100	642	832
Vedanta Ltd.	India	Materials	715,933	1,262	2,817
Vyborg Shipyard JSC	Russia	Industrials	21,305	184	324
Walaa Cooperative Insurance Co.	Saudi Arabia	Financials	72,875	546	573
Wanhua Chemical Group Co. Ltd.	China	Materials	112,690	2,426	2,292
Wowprime Corp.	Taiwan	Consumer Discretionary	186,000	1,473	1,510
Xilinmen Furniture Co. Ltd.	China	Consumer Discretionary	86,600	427	439
Yadea Group Holdings Ltd.	China	Consumer Discretionary	900,000	2,934	2,524
Zai Lab Ltd. ADR	China	Health Care	7,900	1,180	1,324
Zenith Bank Ltd.	Nigeria	Financials	1,630,374	129	121
<b>Total equities</b>				<b>135,165</b>	<b>159,324</b>
Transaction costs				(185)	–
<b>Total investments</b>				<b>134,980</b>	<b>159,324</b>
Cash and cash equivalents					2,307
Other assets less liabilities					(1,124)
<b>Net assets attributable to securityholders</b>					<b>160,507</b>

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

## SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2021	
Portfolio Allocation	% of NAV
Equities	99.3
Cash and short-term investments	1.4
Other assets (liabilities)	(0.7)

Regional Allocation	% of NAV
China	37.4
South Korea	16.1
Taiwan	14.2
India	10.3
South Africa	5.2
Brazil	4.4
Russia	3.8
Malaysia	1.8
Thailand	1.7
Cash and short-term investments	1.4
Saudi Arabia	1.1
Mexico	0.9
Other	0.8
Chile	0.7
Greece	0.5
Turkey	0.4
Other assets (liabilities)	(0.7)

Sector Allocation	% of NAV
Information technology	22.7
Financials	16.1
Consumer discretionary	15.7
Materials	10.1
Communication services	9.5
Energy	6.1
Industrials	6.0
Consumer staples	4.1
Real estate	3.6
Health care	3.5
Utilities	1.9
Cash and short-term investments	1.4
Other assets (liabilities)	(0.7)

March 31, 2020	
Portfolio Allocation	% of NAV
Equities	99.1
Cash and short-term investments	1.3
Other assets (liabilities)	(0.4)

Regional Allocation	% of NAV
China	39.9
Taiwan	16.4
South Korea	14.0
India	7.3
Brazil	4.8
South Africa	3.2
Russia	3.1
Saudi Arabia	2.5
Mexico	1.9
Other	1.6
Cash and short-term investments	1.3
Philippines	1.2
Indonesia	1.2
Thailand	1.1
United Arab Emirates	0.9
Other assets (liabilities)	(0.4)

Sector Allocation	% of NAV
Financials	19.7
Information technology	18.6
Consumer discretionary	14.2
Communication services	13.5
Materials	8.2
Industrials	6.5
Health care	5.8
Consumer staples	5.1
Energy	4.2
Real estate	2.0
Cash and short-term investments	1.3
Utilities	1.3
Other assets (liabilities)	(0.4)

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

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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, 2021 and 2020, as applicable. In the year a Fund or series is established or reinstated, 'period' represents the period from inception or reinstatement. Where a series of a Fund was terminated during either period, the information for the series is provided up to close of business on the termination date. Refer to Note 10 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 Corporation of Canada. Canada Life Investment Management Ltd. ("CLIML") is wholly owned by The Canada Life Assurance Company ("Canada Life"), a subsidiary of Power Corporation of Canada. 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 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 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 June 8, 2021.

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

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 any 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.

The Fund's redeemable securities entitle securityholders the right to redeem their interest in the Fund for cash equal to their proportionate share of the net asset value of the Fund, amongst other contractual rights. The Fund's redeemable securities 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.

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

## NOTES TO FINANCIAL STATEMENTS

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

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

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

#### (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.

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 change in unrealized gains or losses that are best determined at the settlement price. These unrealized gains or losses are recorded and reported as such until the Fund closes out the contract or the contract expires. Margin paid or deposited in respect of futures contracts or swaps is reflected as a receivable in the Statement of Financial Position – Margin on derivatives. Any change in the variation margin requirement is settled daily.

Premiums paid for purchasing an option are recorded in the Statement of Financial Position – Investments at fair value.

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, 2021.

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

## NOTES TO FINANCIAL STATEMENTS

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

#### (b) Fair value measurement (cont'd)

The Fund categorizes the fair value of its assets and liabilities into three categories, which are differentiated based on the observable nature of the inputs and extent of estimation required.

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. Examples of Level 2 valuations include quoted prices for similar securities, quoted prices on inactive markets and from recognized investment dealers, and the application of factors derived from observable data to non-North American quoted prices in order to estimate the impact of differences in market closing times.

Financial instruments classified as Level 2 investments are valued based on the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data and using standard market convention practices. Short-term investments classified as Level 2 investments are valued based on amortized cost plus accrued interest which closely approximates fair value.

The estimated fair values for these securities may be different from the values that would have been used had a ready market for the investment existed; 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.

See Note 10 for the fair value classifications of the Fund.

#### (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, on the ex-dividend or distribution date.

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, exchanges, brokers, dealers and other intermediaries. The total brokerage commissions incurred by the Fund in connection with portfolio transactions for the periods, together with other transaction charges, is disclosed in the Statements of Comprehensive Income. Brokerage business is allocated to brokers based on the best net result for the Fund. Subject to this criteria, 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.

#### (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.

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 included in the Statement of Comprehensive Income and recognized when earned. Securities lending transactions are administered by The Bank of New York Mellon (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.

Note 10 summarizes the details of securities loaned and collateral received, as well as a reconciliation of securities lending income, if applicable. Collateral received is comprised of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments, and financial institutions.

#### (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 10 summarizes the details of such offsetting, if applicable, subject to master netting arrangements or other similar agreements and the net impact to the Statements of Financial Position if all such rights were exercised.

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

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## NOTES TO FINANCIAL STATEMENTS

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

(f) Offsetting (cont'd)

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) 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 and is disclosed in Note 10.

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

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

(k) Mergers

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

(l) Future accounting changes

The Fund has determined there are no material implications to the Fund’s financial statements arising from IFRS issued but not yet effective.

### 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.

Governments worldwide have enacted various measures in seeking to combat the spread of the COVID-19 virus. These measures have led to significant volatility in equity markets and material disruption to businesses globally, resulting in an economic slowdown.

Ongoing uncertainty regarding the duration and long-term impact of the pandemic and the implementation of vaccination programs, as well as the efficacy of government and central bank monetary and fiscal interventions, may continue to affect the Fund’s performance in future periods.

The following discusses the most significant accounting judgments and estimates made in preparing the financial statements:

#### 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.



# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

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## NOTES TO FINANCIAL STATEMENTS

### 4. Critical Accounting Estimates and Judgments (cont'd)

#### 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.

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.

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.

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

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## NOTES TO FINANCIAL STATEMENTS

### 6. Management Fees and Operating Expenses

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

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

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

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

Mackenzie may waive or absorb management fees and/or Administration Fees at its discretion and stop waiving or absorbing such fees at any time without notice. Refer to Note 10 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 March 31, 2021 and 2020 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 10.

### 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 March 31, 2021, grouped by asset type, with geographic and sector information.

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

#### ii. Liquidity risk

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

In order to comply with securities regulations, the Fund must maintain at least 85% of its assets in liquid investments (i.e., investments that can be readily sold).

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

## NOTES TO FINANCIAL STATEMENTS

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

#### iii. Currency risk

Currency risk is the risk that financial instruments which are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's functional currency, will fluctuate due to changes in exchange rates. Generally, foreign denominated investments increase in value when the value of the Canadian dollar (relative to foreign currencies) falls. Conversely, when the value of the Canadian dollar rises relative to foreign currencies, the values of foreign denominated investments fall.

Note 10 indicates the foreign currencies, if applicable, to which the Fund had significant exposure, including both monetary and non-monetary financial instruments, and illustrates the potential impact, in Canadian dollar terms, to the Fund's net assets had the Canadian dollar strengthened or weakened by 5% relative to all foreign currencies, all other variables held constant. In practice, the actual trading results may differ and the difference could be material.

The Fund's sensitivity to currency risk illustrated in Note 10 includes potential indirect impacts from underlying funds and ETFs in which the Fund invests, and/or derivative contracts including forward currency contracts. Other financial assets and liabilities (including dividends and interest receivable, and receivables/payables for investments sold/purchased) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

#### iv. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Generally, these securities increase in value when interest rates fall and decrease in value when interest rates rise.

If significant, Note 10 summarizes the Fund's interest-bearing financial instruments by remaining term to maturity and illustrates the potential impact to the Fund's net assets had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, all other variables held constant. In practice, the actual trading results may differ and the difference could be material.

The Fund's sensitivity to interest rate risk illustrated in Note 10 includes potential indirect impacts from underlying funds and ETFs in which the Fund invests, and/or derivative contracts. Cash and cash equivalents and other money market instruments are short term in nature and are not generally subject to significant amounts of 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, theoretically 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.

Other price risk typically arises from exposure to equity and commodity securities. If significant, Note 10 illustrates the potential increase or decrease in the Fund's net assets, had the prices on the respective exchanges for these securities increased or decreased by 10%, all other variables held constant. In practice, the actual trading results may differ and the difference could be material.

The Fund's sensitivity to other price risk illustrated in Note 10 includes potential indirect impacts from underlying funds and ETFs in which the Fund invests, and/or derivative contracts.

#### 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 10 summarizes the Fund's exposure, if applicable and significant, to credit risk.

If presented, credit ratings and rating categories are based on ratings issued by a designated rating organization. Indirect exposure to credit risk may arise from fixed-income securities, such as bonds, held by underlying funds and ETFs, if any. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer.

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.

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

## NOTES TO FINANCIAL STATEMENTS

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

#### vi. Credit risk (cont'd)

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 10 summarizes the Fund's exposure, if applicable and significant, to these risks from underlying funds.

### 9. Other Information

#### Abbreviations

Foreign currencies, if any, are presented in these financial statements using the following abbreviated currency codes:

Currency Code	Description	Currency Code	Description	Currency Code	Description
AUD	Australian dollars	HKD	Hong Kong dollars	PKR	Pakistani rupee
AED	United Arab Emirates Dirham	HUF	Hungarian forint	PLN	Polish zloty
BRL	Brazilian real	IDR	Indonesian rupiah	QAR	Qatar Rial
CAD	Canadian dollars	ILS	Israeli shekel	RON	Romanian leu
CHF	Swiss franc	INR	Indian rupee	RUB	Russian ruble
CKZ	Czech koruna	JPY	Japanese yen	SAR	Saudi riyal
CLP	Chilean peso	KOR	South Korean won	SEK	Swedish krona
CNY	Chinese yuan	MXN	Mexican peso	SGD	Singapore dollars
COP	Colombian peso	MYR	Malaysian ringgit	THB	Thailand baht
CZK	Czech koruna	NGN	Nigerian naira	TRL	Turkish lira
DKK	Danish krone	NOK	Norwegian krona	USD	United States dollars
EGP	Egyptian pound	NTD	New Taiwan dollar	VND	Vietnamese dong
EUR	Euro	NZD	New Zealand dollars	ZAR	South African rand
GBP	United Kingdom pounds	PEN	Peruvian nuevo sol	ZMW	Zambian kwacha
GHS	Ghana Cedi	PHP	Philippine peso		

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

## NOTES TO FINANCIAL STATEMENTS

### 10. Fund Specific Information (in '000, 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](http://www.mackenzieinvestments.com))

Series A, Series D, Series F, Series FB, Series I, Series J, Series OJ, Series M, Series O, Series PW, Series PWFB, Series PWX, Series R, Series S and Series U securities are closed to new sales.

**Series Distributed by Quadrus Investment Services Ltd.** (255 Dufferin Ave., London, Ontario, N6A 4K1; 1-888-532-3322; [www.canadalifeinvest.ca](http://www.canadalifeinvest.ca))

Q Series, H Series, HW Series, L Series, N Series, QF Series and QFW Series are closed to new sales. Before August 14, 2020, Q Series securities were known as Quadrus Series.

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees
Series A	November 1, 2000	2.00%	0.28%
Series D	January 2, 2014	1.25%	0.20%
Series F	August 9, 2002	0.80%	0.15%
Series FB	October 26, 2015	1.00%	0.28%
Series I	November 22, 2000	1.35%	0.28%
Series J	July 6, 2018 <sup>(3)</sup>	1.75%	0.30%
Series OJ	July 6, 2018	1.70%	0.30%
Series M	August 9, 2002	Up to 1.75%	0.28%
Series O	August 9, 2002	— <sup>(1)</sup>	—*
Series PW	October 17, 2013	1.80%	0.15%
Series PWFB	April 3, 2017	0.80%	0.15%
Series PWX	February 5, 2014	— <sup>(2)</sup>	— <sup>(2)</sup>
Series R	None issued <sup>(6)</sup>	—*	—*
Series S	July 6, 2018 <sup>(4)</sup>	— <sup>(1)</sup>	0.03%
Series U	May 5, 2009	1.75%	0.28%
Q Series <sup>(5)</sup>	August 9, 2002	2.00%	0.28%
H Series	August 9, 2002	1.00%	0.15%
HW Series	August 7, 2018	0.80%	0.15%
L Series	December 16, 2011	1.80%	0.15%
N Series	December 6, 2011	— <sup>(7)</sup>	— <sup>(7)</sup>
QF Series	July 12, 2016	1.00%	0.28%
QFW Series	August 7, 2018	0.80%	0.15%

\* 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 December 30, 2010. All securities in the series were redeemed on April 24, 2018. The series was reinstated at a price of \$10.00 per security on July 6, 2018.

(4) The series' original start date was August 24, 2004. All securities in the series were redeemed on June 5, 2018. The series was reinstated at a price of \$10.00 per security on July 6, 2018.

(5) Before August 14, 2020, Q Series securities were known as Quadrus Series.

(6) The series' original start date was July 3, 2007. All securities in the series were redeemed on August 4, 2020.

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

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

## NOTES TO FINANCIAL STATEMENTS

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

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

As at March 31, 2021, Mackenzie, other funds managed by Mackenzie and segregated funds managed by Canada Life had an investment of \$15, \$Nil and \$1 (2020 – \$10, \$845 and \$1), respectively, in the Fund.

#### (c) Securities Lending

The value of securities loaned and collateral received from securities lending at March 31, 2021 and 2020, were as follows:

	March 31, 2021	March 31, 2020
	(\$)	(\$)
Value of securities loaned	3,672	–
Value of collateral received	3,900	–

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

#### (d) Commissions

	(\$)
March 31, 2021	86
March 31, 2020	140

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

As at March 31, 2021 and 2020, there were no amounts subject to offsetting.

#### (f) Subsequent Events

On May 20, 2021, the Mackenzie Funds' Independent Review Committee approved a proposal to wind up Mackenzie Financial Capital Corporation because it is in a taxable position. As a result of this wind-up, the Fund will merge into an equivalent trust fund that will have a substantially similar investment objectives to that of the Fund and is managed by the same portfolio management team. This merger will take place on a tax-deferred basis on or about July 30, 2021. All costs and expenses associated with the merger will be borne by Mackenzie.

#### (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 in emerging markets. The Fund will focus its investments in those countries where the portfolio manager identifies strongly developing economies and in which the markets are becoming more sophisticated.

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

## NOTES TO FINANCIAL STATEMENTS

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

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

##### *ii. Currency risk*

The tables below summarize the Fund's exposure to currency risk.

Currency	March 31, 2021			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
HKD	38,185	(255)	–	37,930
KOR	25,794	(108)	–	25,686
NTD	22,855	(238)	–	22,617
INR	15,520	1,953	–	17,473
USD	15,290	530	–	15,820
CNY	10,019	398	–	10,417
ZAR	8,378	(62)	–	8,316
BRL	6,212	17	–	6,229
RUB	5,700	–	–	5,700
THB	2,659	645	–	3,304
MYR	2,864	214	–	3,078
SAR	1,731	515	–	2,246
MXN	1,209	–	–	1,209
CLP	1,171	–	–	1,171
NGN	121	608	–	729
TRL	616	–	–	616
PKR	474	–	–	474
IDR	417	–	–	417
PHP	109	–	–	109
Total	159,324	4,217	–	163,541
% of Net Assets	99.3	2.6	–	101.9

# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

## NOTES TO FINANCIAL STATEMENTS

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

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

*ii. Currency risk (cont'd)*

Currency	March 31, 2020			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
HKD	37,417	510	–	37,927
NTD	23,392	(37)	–	23,355
KOR	19,946	72	–	20,018
USD	14,137	310	–	14,447
INR	9,548	364	–	9,912
CNY	7,340	20	–	7,360
BRL	6,172	29	–	6,201
ZAR	4,578	116	–	4,694
RUB	4,205	–	–	4,205
SAR	3,585	–	–	3,585
MXN	2,456	–	–	2,456
PHP	1,778	11	–	1,789
IDR	1,766	–	–	1,766
THB	1,549	(148)	–	1,401
AED	1,348	–	–	1,348
TRL	1,155	18	–	1,173
NGN	344	66	–	410
CLP	–	389	–	389
MYR	364	–	–	364
EGP	201	85	–	286
COP	–	(40)	–	(40)
Total	141,281	1,765	–	143,046
% of Net Assets	99.1	1.2	–	100.3

\* Includes both monetary and non-monetary financial instruments

As at March 31, 2021, 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 \$8,177 or 5.1% of total net assets (2020 – \$7,152 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, 2021 and 2020, the Fund did not have a significant exposure to interest rate risk.



# MACKENZIE EMERGING MARKETS CLASS

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2021

## NOTES TO FINANCIAL STATEMENTS

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

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

##### iv. Other price risk

The table below summarizes the Fund's exposure to other price risk.

Impact on net assets	Increased by 10%		Decreased by 10%	
	(\$)	(%)	(\$)	(%)
March 31, 2021	15,932	9.9	(15,932)	(9.9)
March 31, 2020	14,128	9.9	(14,128)	(9.9)

##### v. Credit risk

As at March 31, 2021 and 2020, the Fund did not have a significant exposure to credit risk.

#### (h) Fair Value Classification

The table below summarizes the fair value of the Fund's financial instruments using the fair value hierarchy described in note 3.

	March 31, 2021				March 31, 2020			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	29,757	129,243	324	159,324	23,444	117,581	256	141,281
Total	29,757	129,243	324	159,324	23,444	117,581	256	141,281

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

During the period ended March 31, 2021, non-North American equities frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at March 31, 2021, these securities were classified as Level 2 (March 31, 2020 – Level 2).

The table below presents a reconciliation of financial instruments measured at fair value using unobservable inputs (Level 3) for the period ended March 31, 2021 and 2020:

	March 31, 2021	March 31, 2020
	Equities (\$)	Equities (\$)
Balance – beginning of period	256	308
Purchases	–	–
Sales	–	(33)
Transfers in	–	–
Transfers out	–	–
Gains (losses) during the period:		
Realized	–	33
Unrealized	68	(52)
Balance – end of period	324	256
Change in unrealized gains (losses) during the period attributable to securities held at end of period	68	(52)

Changing one or more of the inputs to reasonably possible alternative assumptions for valuing Level 3 financial instruments would not significantly affect the fair value of those instruments.