



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

*For the Six-Month Period Ended September 30, 2011*

*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 calling the toll-free number 1-800-387-0614, by writing to us at Mackenzie Financial Corporation, 180 Queen Street West, Toronto, Ontario M5V 3K1, by visiting our website at [www.mackenziefinancial.com](http://www.mackenziefinancial.com) 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 Canadian Institute of Chartered Accountants.*

# MACKENZIE SENTINEL MONEY MARKET FUND



INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2011

CANADIAN MONEY MARKET

## STATEMENTS OF NET ASSETS

In thousands (except per security figures)

|   | September 30<br>2011 | March 31<br>2011<br>(Audited) |
|---|----------------------|-------------------------------|
|   | \$                   | \$                            |
| <b>Assets</b>                           |                      |                               |
| Investments at fair value               | 165,293              | 185,254                       |
| Cash and short-term investments         | 231,872              | 177,044                       |
| Accrued interest receivable             | 652                  | 587                           |
| Receivables for securities sold         | –                    | –                             |
| Subscriptions receivable                | –                    | –                             |
|   | 397,817              | 362,885                       |
| <b>Liabilities</b>                      |                      |                               |
| Payables for securities purchased       | 2                    | 1                             |
| Redemptions payable                     | –                    | –                             |
| Distributions payable                   | 7                    | 7                             |
| Operating expenses payable              | –                    | –                             |
|   | 9                    | 8                             |
| <b>Net assets</b>                       | <b>397,808</b>       | <b>362,877</b>                |
| <b>Series net assets (note 2)</b>       |                      |                               |
| Series A                                | 273,762              | 251,178                       |
| Series B                                | 106,493              | 93,989                        |
| Series F                                | 1,083                | 759                           |
| Series G                                | 388                  | 511                           |
| Series GP                               | 112                  | 29                            |
| Series I                                | 655                  | 949                           |
| Series J                                | 1                    | 1                             |
| Series O                                | 4,297                | 4,582                         |
| Series R                                | 4,320                | 3,809                         |
| Series SP                               | 0.40                 | 16                            |
| Investor Series                         | 6,697                | 7,054                         |
| <b>Net assets per security (note 2)</b> |                      |                               |
| Series A                                | 10.00                | 10.00                         |
| Series B                                | 10.00                | 10.00                         |
| Series F                                | 10.00                | 10.00                         |
| Series G                                | 10.00                | 10.00                         |
| Series GP                               | 10.00                | 10.00                         |
| Series I                                | 10.00                | 10.00                         |
| Series J                                | 10.00                | 10.00                         |
| Series O                                | 10.00                | 10.00                         |
| Series R                                | 10.00                | 10.00                         |
| Series SP                               | 10.00                | 10.00                         |
| Investor Series                         | 10.00                | 10.00                         |

## STATEMENTS OF OPERATIONS

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

|   | 2011<br>\$ | 2010<br>\$  |
|---|------------|-------------|
| <b>Income</b>   |            |             |
| Interest  | 2,409      | 1,434       |
| Revenue from securities lending                                     | –          | –           |
|   | 2,409      | 1,434       |
| <b>Expenses (note 4)</b>  |            |             |
| Management fees   | 1,818      | 2,301       |
| Administration fees   | 314        | 426         |
| Independent Review Committee fees                                   | 1          | 1           |
| Interest charges  | –          | –           |
|   | 2,133      | 2,820       |
| Net investment income (loss) before absorbed expenses               | 276        | (1,386)     |
| Expenses absorbed by Manager  | –          | 1,290       |
| <b>Net investment income (loss) for the period</b>                  | <b>276</b> | <b>(96)</b> |
| Realized gain (loss) on sale of investments                         | 16         | 130         |
| Change in unrealized appreciation (depreciation)                    | –          | –           |
| Transaction costs   | (1)        | –           |
| <b>Net gain (loss) on investments</b>                               | <b>15</b>  | <b>130</b>  |
| <b>Increase (decrease) in net assets from operations</b>            | <b>291</b> | <b>34</b>   |
| <b>Increase (decrease) in net assets from operations per series</b> |            |             |
| Series A  | 58         | 2           |
| Series B  | 161        | 1           |
| Series F  | 2          | –           |
| Series G  | 2          | –           |
| Series GP   | –          | 1           |
| Series I  | 2          | –           |
| Series J  | –          | –           |
| Series O  | 29         | 13          |
| Series R  | 24         | 17          |
| Series SP   | (0.60)     | –           |
| Investor Series   | 14         | –           |
| <b>Increase (decrease) from operations per security</b>             |            |             |
| Series A  | –          | –           |
| Series B  | 0.02       | –           |
| Series F  | 0.02       | –           |
| Series G  | 0.02       | –           |
| Series GP   | –          | –           |
| Series I  | 0.02       | –           |
| Series J  | 0.02       | –           |
| Series O  | 0.07       | 0.02        |
| Series R  | 0.07       | 0.03        |
| Series SP   | –          | –           |
| Investor Series   | 0.02       | –           |

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

# MACKENZIE SENTINEL MONEY MARKET FUND



INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2011

CANADIAN MONEY MARKET

## STATEMENTS OF CHANGES IN NET ASSETS

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

|   | 2011           |                 | 2010           |                | 2011         |            | 2010         |             | 2011 |  | 2010 |  |
|---|----------------|-----------------|----------------|----------------|--------------|------------|--------------|-------------|------|--|------|--|
|   | Series A       |                 | Series B       |                | Series F     |            | Series G     |             |      |  |      |  |
|   | \$             |                 | \$             |                | \$           |            | \$           |             |      |  |      |  |
| <b>Net assets – beginning of period</b>           | <b>251,178</b> | <b>339,831</b>  | <b>93,989</b>  | <b>115,378</b> | <b>759</b>   | <b>480</b> | <b>511</b>   | <b>597</b>  |      |  |      |  |
| Increase (decrease) in net assets from operations | 58             | 2               | 161            | 1              | 2            | –          | 2            | –           |      |  |      |  |
| Distributions paid to securityholders:            |                |                 |                |                |              |            |              |             |      |  |      |  |
| Investment income                                 | (56)           | –               | (162)          | (2)            | (3)          | –          | (1)          | –           |      |  |      |  |
| Capital gains                                     | –              | –               | –              | –              | –            | –          | –            | –           |      |  |      |  |
| Return of capital                                 | –              | –               | –              | –              | –            | –          | –            | –           |      |  |      |  |
| Total distributions paid to securityholders       | (56)           | –               | (162)          | (2)            | (3)          | –          | (1)          | –           |      |  |      |  |
| Security transactions:                            |                |                 |                |                |              |            |              |             |      |  |      |  |
| Proceeds from securities issued                   | 106,783        | 86,220          | 68,068         | 57,000         | 1,711        | 853        | 14           | 16          |      |  |      |  |
| Reinvested distributions                          | 56             | –               | 162            | 2              | 3            | –          | 1            | –           |      |  |      |  |
| Value of securities redeemed                      | (84,257)       | (103,312)       | (55,725)       | (61,714)       | (1,389)      | (664)      | (139)        | (55)        |      |  |      |  |
| Total security transactions                       | <b>22,582</b>  | <b>(17,092)</b> | <b>12,505</b>  | <b>(4,712)</b> | <b>325</b>   | <b>189</b> | <b>(124)</b> | <b>(39)</b> |      |  |      |  |
| <b>Total increase (decrease) in net assets</b>    | <b>22,584</b>  | <b>(17,090)</b> | <b>12,504</b>  | <b>(4,713)</b> | <b>324</b>   | <b>189</b> | <b>(123)</b> | <b>(39)</b> |      |  |      |  |
| <b>Net assets – end of period</b>                 | <b>273,762</b> | <b>322,741</b>  | <b>106,493</b> | <b>110,665</b> | <b>1,083</b> | <b>669</b> | <b>388</b>   | <b>558</b>  |      |  |      |  |

|   | Securities    |               | Securities    |               | Securities |           | Securities |           |
|---|---------------|---------------|---------------|---------------|------------|-----------|------------|-----------|
| <b>Increase (decrease) in fund securities (note 5):</b> |               |               |               |               |            |           |            |           |
| <b>Securities outstanding – beginning of period</b>     | <b>25,118</b> | <b>33,983</b> | <b>9,399</b>  | <b>11,538</b> | <b>76</b>  | <b>48</b> | <b>51</b>  | <b>60</b> |
| Issued  | 10,678        | 8,622         | 6,807         | 5,700         | 171        | 85        | 2          | 1         |
| Reinvested distributions                                | 6             | –             | 16            | –             | –          | –         | –          | –         |
| Redeemed  | (8,426)       | (10,331)      | (5,573)       | (6,171)       | (139)      | (66)      | (14)       | (5)       |
| <b>Securities outstanding – end of period</b>           | <b>27,376</b> | <b>32,274</b> | <b>10,649</b> | <b>11,067</b> | <b>108</b> | <b>67</b> | <b>39</b>  | <b>56</b> |

|   | Series GP  |            | Series I     |            | Series J |          | Series O     |              |
|---|------------|------------|--------------|------------|----------|----------|--------------|--------------|
|   | \$         |            | \$           |            | \$       |          | \$           |              |
| <b>Net assets – beginning of period</b>           | <b>29</b>  | <b>14</b>  | <b>949</b>   | <b>226</b> | <b>1</b> | <b>–</b> | <b>4,582</b> | <b>5,734</b> |
| Increase (decrease) in net assets from operations | –          | 1          | 2            | –          | –        | –        | 29           | 13           |
| Distributions paid to securityholders:            |            |            |              |            |          |          |              |              |
| Investment income                                 | –          | –          | (2)          | –          | –        | –        | (29)         | (13)         |
| Capital gains                                     | –          | –          | –            | –          | –        | –        | –            | –            |
| Return of capital                                 | –          | –          | –            | –          | –        | –        | –            | –            |
| Total distributions paid to securityholders       | –          | –          | (2)          | –          | –        | –        | (29)         | (13)         |
| Security transactions:                            |            |            |              |            |          |          |              |              |
| Proceeds from securities issued                   | 1,990      | 1,530      | 224          | 486        | 239      | –        | 104          | 963          |
| Reinvested distributions                          | –          | –          | 2            | –          | –        | –        | 29           | 13           |
| Value of securities redeemed                      | (1,907)    | (1,538)    | (520)        | (220)      | (239)    | –        | (418)        | (1,497)      |
| Total security transactions                       | <b>83</b>  | <b>(8)</b> | <b>(294)</b> | <b>266</b> | <b>–</b> | <b>–</b> | <b>(285)</b> | <b>(521)</b> |
| <b>Total increase (decrease) in net assets</b>    | <b>83</b>  | <b>(7)</b> | <b>(294)</b> | <b>266</b> | <b>–</b> | <b>–</b> | <b>(285)</b> | <b>(521)</b> |
| <b>Net assets – end of period</b>                 | <b>112</b> | <b>7</b>   | <b>655</b>   | <b>492</b> | <b>1</b> | <b>–</b> | <b>4,297</b> | <b>5,213</b> |

|   | Securities |          | Securities |           | Securities  |          | Securities |            |
|---|------------|----------|------------|-----------|-------------|----------|------------|------------|
| <b>Increase (decrease) in fund securities (note 5):</b> |            |          |            |           |             |          |            |            |
| <b>Securities outstanding – beginning of period</b>     | <b>3</b>   | <b>1</b> | <b>95</b>  | <b>23</b> | <b>0.10</b> | <b>–</b> | <b>458</b> | <b>573</b> |
| Issued  | 199        | 154      | 23         | 48        | 23.92       | –        | 11         | 97         |
| Reinvested distributions                                | –          | –        | –          | –         | –           | –        | 3          | 1          |
| Redeemed  | (191)      | (154)    | (52)       | (22)      | (23.90)     | –        | (42)       | (150)      |
| <b>Securities outstanding – end of period</b>           | <b>11</b>  | <b>1</b> | <b>66</b>  | <b>49</b> | <b>0.12</b> | <b>–</b> | <b>430</b> | <b>521</b> |

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

# MACKENZIE SENTINEL MONEY MARKET FUND



INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2011

CANADIAN MONEY MARKET

## STATEMENTS OF CHANGES IN NET ASSETS (cont'd)

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

|   | 2011              | 2010         | 2011              | 2010        | 2011              | 2010           | 2011           | 2010            |
|---|-------------------|--------------|-------------------|-------------|-------------------|----------------|----------------|-----------------|
|   | Series R          |              | Series SP         |             | Investor Series   |                | Total          |                 |
|   | \$                |              | \$                |             | \$                |                | \$             |                 |
| <b>Net assets – beginning of period</b>                 | <b>3,809</b>      | <b>4,748</b> | <b>16</b>         | <b>5</b>    | <b>7,054</b>      | <b>13,101</b>  | <b>362,877</b> | <b>480,114</b>  |
| Increase (decrease) in net assets from operations       | 24                | 17           | (0.60)            | –           | 14                | –              | 291            | 34              |
| Distributions paid to securityholders:                  |                   |              |                   |             |                   |                |                |                 |
| Investment income                                       | (24)              | (17)         | –                 | –           | (14)              | –              | (291)          | (32)            |
| Capital gains   | –                 | –            | –                 | –           | –                 | –              | –              | –               |
| Return of capital                                       | –                 | –            | –                 | –           | –                 | –              | –              | –               |
| Total distributions paid to securityholders             | (24)              | (17)         | –                 | –           | (14)              | –              | (291)          | (32)            |
| Security transactions:                                  |                   |              |                   |             |                   |                |                |                 |
| Proceeds from securities issued                         | 1,274             | 1,326        | 1,522             | 5,044       | 1,477             | 1,048          | 183,406        | 154,486         |
| Reinvested distributions                                | –                 | –            | –                 | –           | 14                | –              | 267            | 15              |
| Value of securities redeemed                            | (763)             | (1,642)      | (1,537)           | (5,049)     | (1,848)           | (5,070)        | (148,742)      | (180,761)       |
| Total security transactions                             | 511               | (316)        | (15)              | (5)         | (357)             | (4,022)        | 34,931         | (26,260)        |
| <b>Total increase (decrease) in net assets</b>          | <b>511</b>        | <b>(316)</b> | <b>(15.60)</b>    | <b>(5)</b>  | <b>(357)</b>      | <b>(4,022)</b> | <b>34,931</b>  | <b>(26,258)</b> |
| <b>Net assets – end of period</b>                       | <b>4,320</b>      | <b>4,432</b> | <b>0.40</b>       | <b>0.19</b> | <b>6,697</b>      | <b>9,079</b>   | <b>397,808</b> | <b>453,856</b>  |
| <b>Increase (decrease) in fund securities (note 5):</b> | <b>Securities</b> |              | <b>Securities</b> |             | <b>Securities</b> |                |                |                 |
| <b>Securities outstanding – beginning of period</b>     | <b>381</b>        | <b>475</b>   | <b>2</b>          | <b>1.00</b> | <b>705</b>        | <b>1,310</b>   |                |                 |
| Issued  | 127               | 132          | 151.77            | 504.02      | 149               | 105            |                |                 |
| Reinvested distributions                                | –                 | –            | –                 | –           | 1                 | –              |                |                 |
| Redeemed  | (76)              | (164)        | (153.73)          | (505.00)    | (185)             | (507)          |                |                 |
| <b>Securities outstanding – end of period</b>           | <b>432</b>        | <b>443</b>   | <b>0.04</b>       | <b>0.02</b> | <b>670</b>        | <b>908</b>     |                |                 |

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

# MACKENZIE SENTINEL MONEY MARKET FUND



INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2011

CANADIAN MONEY MARKET

## STATEMENT OF INVESTMENTS

As at September 30, 2011

|   | Country       | Sector                      | Par Value  | Average Cost (\$ 000s) | Fair Value (\$ 000s) |
|---|---------------|-----------------------------|------------|------------------------|----------------------|
| <b>BONDS</b>  |               |                             |            |                        |                      |
| Alberta Capital Finance Authority F/R 04-26-2013        | Canada        | Provincial Governments      | 20,300,000 | 20,301                 | 20,301               |
| American Express Canada Credit Corp. F/R 10-05-2011     | Canada        | Corporate - Non Convertible | 12,100,000 | 12,102                 | 12,102               |
| Bank of Montreal F/R 02-01-2012                         | Canada        | Corporate - Non Convertible | 13,000,000 | 13,000                 | 13,000               |
| Bank of Montreal F/R 12-10-2012                         | Canada        | Corporate - Non Convertible | 8,600,000  | 8,600                  | 8,600                |
| The Bank of Nova Scotia F/R 12-21-2012                  | Canada        | Corporate - Non Convertible | 12,500,000 | 12,500                 | 12,500               |
| Caisse Centrale Desjardins F/R 02-11-2014               | Canada        | Corporate - Non Convertible | 4,800,000  | 4,800                  | 4,800                |
| Canadian Credit Card Trust 4.513% 04-24-2012            | Canada        | Corporate - Non Convertible | 9,000,000  | 9,140                  | 9,140                |
| Canadian Imperial Bank of Commerce F/R 04-08-2013       | Canada        | Corporate - Non Convertible | 20,600,000 | 20,600                 | 20,600               |
| Canadian Western Bank F/R 04-26-2013                    | Canada        | Corporate - Non Convertible | 4,950,000  | 4,950                  | 4,950                |
| Cards II Trust 1.275% 05-15-2012                        | Canada        | Asset Backed                | 7,900,000  | 7,916                  | 7,916                |
| Daimler Canada Finance Inc. F/R 10-15-2012              | Canada        | Corporate - Non Convertible | 5,400,000  | 5,400                  | 5,400                |
| Master Credit Card Trust 5.297% 08-21-2012              | Canada        | Asset Backed                | 7,900,000  | 8,175                  | 8,175                |
| Metropolitan Life Global Funding I F/R 06-17-2014       | United States | Corporate - Non Convertible | 4,400,000  | 4,400                  | 4,400                |
| National Bank of Canada F/R 10-21-2011                  | Canada        | Corporate - Non Convertible | 4,800,000  | 4,802                  | 4,802                |
| NAV CANADA F/R 04-29-2013                               | Canada        | Corporate - Non Convertible | 10,400,000 | 10,407                 | 10,407               |
| Royal Bank of Canada F/R 01-21-2014                     | Canada        | Corporate - Non Convertible | 12,400,000 | 12,400                 | 12,400               |
| Royal Bank of Canada F/R 04-15-2014                     | Canada        | Corporate - Non Convertible | 5,800,000  | 5,800                  | 5,800                |
| <b>Total bonds</b>                                      |               |                             |            | <b>165,293</b>         | <b>165,293</b>       |
| <b>SHORT-TERM NOTES</b>                                 |               |                             |            |                        |                      |
| The Bank of Nova Scotia 1.14% 10-11-2011                | Canada        |                             | 9,700,000  | 9,673                  | 9,697                |
| Bell Aliant Regional Communications LP 1.15% 12-22-2011 | Canada        |                             | 7,000,000  | 6,981                  | 6,982                |
| Canadian Imperial Bank of Commerce 1.22% 12-16-2011     | Canada        |                             | 10,000,000 | 9,947                  | 9,975                |
| Enbridge Gas Distribution Inc. 1.10% 10-05-2011         | Canada        |                             | 5,500,000  | 5,496                  | 5,499                |
| Government of Canada 0.88% 02-02-2012                   | Canada        |                             | 5,000,000  | 4,984                  | 4,985                |
| Government of Canada 0.90% 03-01-2012                   | Canada        |                             | 70,000,000 | 69,705                 | 69,739               |
| Honda Canada Finance Inc. 1.11% 10-13-2011              | Canada        |                             | 7,900,000  | 7,884                  | 7,897                |
| Inter Pipeline Fund 1.28% 11-15-2011                    | Canada        |                             | 4,000,000  | 3,987                  | 3,994                |
| National Bank of Canada 1.13% 10-17-2011                | Canada        |                             | 12,000,000 | 11,965                 | 11,994               |
| OMERS Realty Corp. 1.11% 11-14-2011                     | Canada        |                             | 12,600,000 | 12,565                 | 12,583               |
| Ontario Infrastructure Projects Corp. 1.08% 12-01-2011  | Canada        |                             | 11,800,000 | 11,768                 | 11,779               |
| Province of Ontario 0.97% 03-14-2012                    | Canada        |                             | 7,000,000  | 6,968                  | 6,969                |
| Province of Ontario 0.96% 03-21-2012                    | Canada        |                             | 6,500,000  | 6,469                  | 6,471                |
| PSP Capital Inc. 1.09% 11-29-2011                       | Canada        |                             | 5,840,000  | 5,824                  | 5,830                |
| PSP Capital Inc. 1.11% 03-26-2012                       | Canada        |                             | 2,060,000  | 2,049                  | 2,049                |
| Royal Bank of Canada 1.00% 10-03-2011                   | Canada        |                             | 20,560,000 | 20,560                 | 20,561               |
| The Toronto-Dominion Bank 1.12% 10-24-2011              | Canada        |                             | 10,000,000 | 9,972                  | 9,993                |
| The Toronto-Dominion Bank 1.09% 12-19-2011              | Canada        |                             | 15,600,000 | 15,558                 | 15,563               |
| The Toronto-Dominion Bank 1.11% 01-26-2012              | Canada        |                             | 9,344,000  | 9,308                  | 9,311                |
| <b>Total short-term notes</b>                           |               |                             |            | <b>231,663</b>         | <b>231,871</b>       |
| Transaction costs                                       |               |                             |            | -                      | -                    |
| <b>Total investments</b>                                |               |                             |            | <b>396,956</b>         | <b>397,164</b>       |
| Cash  |               |                             |            |                        | 1                    |
| Other assets less liabilities                           |               |                             |            |                        | 643                  |
| <b>Total net assets</b>                                 |               |                             |            |                        | <b>397,808</b>       |

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

## NOTES TO FINANCIAL STATEMENTS

1. The information provided in these financial statements and notes thereto is for the six-month periods ended or as at September 30, 2011 and 2010, except for the comparative information presented in the Statements of Net Assets and notes thereto, which is as at March 31, 2011, as applicable. In the year a Fund or series is established or reinstated, 'period' represents the period from inception or reinstatement to the period end of that fiscal year. Refer to Note 8 for the formation date of the Fund and the inception date of each series.

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 Statement of Investments.

The Fund is authorized to issue an unlimited number of units (referred to as "security" or "securities") of multiple series. Series of the Fund are available for sale under Simplified Prospectus or exempt distribution options.

## 2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods as those used in preparing the annual financial statements. GAAP requires management to make estimates and assumptions that affect the amounts, primarily valuation of investments, reported in the financial statements. Actual results may differ from such estimates.

### (a) Valuation

In accordance with the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862, Financial Instruments – Disclosures ("Section 3862") all financial instruments measured and reported at fair value are classified into one of three levels that distinguish fair value measurements by the inputs used for valuation. These classifications have been disclosed in Note 8.

The fair value of investments as at the financial reporting period end is determined as follows:

Investments listed on a public securities exchange or traded on an over-the-counter market are valued at the closing bid price. Where no closing bid price is available, the last sale or close price is used. 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 bid, 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.

Short-term notes are valued at the closing bid price. If the closing bid price is not available, such short-term notes are valued at cost plus accrued interest, which approximates fair value. Short-term notes held by the Fund are included in the Statements of Net Assets – Cash and short-term investments.

Other assets and liabilities are recorded at cost as they are short-term in nature and cost approximates fair value.

### (b) Investment transactions and income recognition

Investment transactions are accounted for on a trade date basis. Income from investments is recognized on an accrual basis. Interest income is accrued based on the number of days the investment is held during the period. Dividends are accrued as of the ex-dividend date. Gains or losses on the sale of investments, including foreign exchange gains or losses on such investments, are calculated on an average cost basis. Distributions received from an underlying fund are included in interest income, dividend income or realized gains (losses) on sale of investments, as appropriate.

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

Transaction costs related to purchases and sales of investments are expensed and included in the Statements of Operations – Transaction costs.

### (c) Derivative transactions

Certain funds may use derivatives (such as options, futures, forward contracts, swaps or customized derivatives) to hedge against losses caused by changes in securities prices, interest rates or exchange rates. Certain funds 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 each Fund's portfolio manager(s), provided that the use of the derivative is consistent with each Fund's investment objectives. Any use of derivatives will comply with Canadian mutual fund laws, subject to the regulatory exemptions granted to the funds, as applicable. Refer to "Exemptions from National Instrument 81-102" in the Annual Information Form of each Fund for further details, including the complete conditions of these exemptions.

**NOTES TO FINANCIAL STATEMENTS****2. Significant Accounting Policies (cont'd)****(c) Derivative transactions (cont'd)**

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 Statements of Operations – Change in unrealized appreciation (depreciation).

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 Statements of Net Assets – 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 Statements of Net Assets 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.

Realized gains and losses from derivative instruments that are specific economic hedges are accounted for in the same manner as the underlying investments being hedged. Realized gains and losses from derivative instruments that are not specific economic hedges, but rather are used to gain exposure to a particular market, are included in the Statements of Operations – Income (loss) from derivative contracts.

Refer to the Schedule of Derivative Instruments and Schedule of Options on Equities, as applicable, included in the Statement of Investments for a listing of derivative and options positions as at September 30, 2011.

**(d) Securities lending, repurchase and reverse repurchase transactions**

Certain funds are permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in each 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. 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 recognized on an accrual basis and included in the Statements of Operations – Revenue from securities lending.

**(e) Foreign exchange**

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 Statements of Operations – Realized gain (loss) on sale of investments.

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.

**(f) Net assets per security**

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

**(g) Net asset value per security**

The Canadian Securities Administrators (“CSA”) amended its regulations effective September 8, 2008 such that the daily Net Asset Value (“NAV”) of an investment fund may be calculated without reference to GAAP. The difference between NAV and Net Assets (as reported in the financial statements) is mainly due to valuing securities at bid for financial statement purposes while NAV typically utilizes closing price to determine fair value. Refer to Note 8 for the Fund's NAV per security.

**(h) Increase (decrease) from operations per security**

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

## NOTES TO FINANCIAL STATEMENTS

### 3. Income Taxes

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

Losses of the Fund cannot be allocated to investors and are retained in the Fund for use in future years. Non-capital losses incurred in 2006 and later may be carried forward up to 20 years, and non-capital losses incurred prior to 2006 may be carried forward up to 10 years, to reduce taxable income and realized capital gains of future years. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Refer to Note 8 for the Fund's loss carryforwards.

### 4. 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 is charged a fixed rate annual administration fee, including any implementation period adjustments, ("Administration Fee"), as applicable, 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, fees and expenses of the Mackenzie Funds' Independent Review Committee (IRC), any new fees related to external services that were not commonly charged in the Canadian mutual fund industry as of June 15, 2007 and the costs of complying with any new regulatory requirements after June 15, 2007.

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 8 for the management fee and Administration Fee rates charged to each series of securities.

### 5. Fund's Capital

The capital of the Fund is divided into different series with each series having an unlimited number of securities. The securities outstanding for the Fund as at September 30, 2011 and 2010 and securities issued, reinvested and redeemed for the period are presented in the Statements of Changes in Net Assets. Mackenzie manages the capital of the Fund in accordance with the investment objectives as discussed in Note 8.

### 6. Financial Instruments Risk

#### *i. Risk exposure and management*

The Fund's investment activities expose it to a variety of financial risks, as defined in Section 3862. The Fund's exposure to financial risks is concentrated in its investments, which are presented in the Statement of Investments, as at September 30, 2011, 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 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 8 summarizes the Fund's exposure, if applicable and significant, to currency risk.

## NOTES TO FINANCIAL STATEMENTS

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

#### *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 short-term investments do not expose the Fund to significant amounts of interest rate risk. Note 8 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 strategy. Except for options written and futures contracts, the maximum risk resulting from financial instruments is equivalent to their fair value. The maximum risk of loss on options written and futures contracts is equal to their notional values. However, options written are 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. In addition, in the case of short futures contracts, the loss to the Fund continues to increase, without limit, as the fair value of the underlying interest increases. Note 8 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 8 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 September 30 and March 31, 2011.

Certain funds may enter into securities lending transactions with counterparties and certain funds may be exposed to credit risk from the counterparties to the derivative instruments used by the funds. Credit risk associated with these transactions is considered minimal as all counterparties have an approved credit rating equivalent to a Standard & Poor's credit rating of not less than A-1 (low) on their short-term debt and of A on their long-term debt.

#### *vii. Underlying funds*

Certain funds that invest in underlying funds 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 8 summarizes the Fund's exposure, if applicable and significant, to these risks from underlying funds.

### 7. Future Accounting Standards

As previously confirmed by the Canadian Accounting Standards Board ("AcSB"), most Canadian publicly accountable entities adopted International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board, on January 1, 2011. However, the AcSB has allowed most investment funds to defer adoption of IFRS until fiscal years beginning on or after January 1, 2013. Accordingly, the Fund will adopt IFRS for its fiscal period beginning April 1, 2013, and will issue its initial financial statements in accordance with IFRS, including comparative information, for the interim period ending September 30, 2013.

## NOTES TO FINANCIAL STATEMENTS

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

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

Date of Formation January 4, 1991

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 Net Assets.

Series A securities are offered to retail investors investing a minimum of \$500 under the redemption charge or low-load purchase option.

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

Series B securities are offered to retail investors investing a minimum of \$500 under the sales charge purchase option.

Series E 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 a minimum of \$250,000.

Series F 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; they are also available to employees of Mackenzie and its subsidiaries, and directors of Mackenzie.

Series G securities are offered to retail investors investing a minimum of \$500 who are members of a group RRSP, DPSP, TFSA or pension plan.

Series GP securities are offered to retail investors investing a minimum of \$500 who participate in the Mackenzie Guided Portfolio Service.

Series I securities are offered to retail investors investing a minimum of \$500 in a qualified group plan with a minimum of \$20,000,000 in assets, or investors investing a minimum of \$500,000 who participate in the Portfolio Architecture Service or Open Architecture Service.

Series J securities are offered to investors investing a minimum of \$250,000.

Series O securities are offered to investors investing a minimum of \$500,000 who have entered into a Series O account agreement with Mackenzie, and also available to certain qualifying employees of Mackenzie and its subsidiaries.

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

Series SP securities are offered to retail investors investing a minimum of \$25,000 who participate in the Symmetry Portfolio Service.

Investor Series securities are offered to retail investors investing a minimum of \$5,000 whose dealer has agreed to accept a reduced trailing commission.

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 a low-load purchase option. 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.

## NOTES TO FINANCIAL STATEMENTS

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

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

| Series          | Inception/<br>Reinstatement Date  | Management<br>Fees | Administration<br>Fees* | Net Asset Value per Security (\$) |               |
|-----------------|-----------------------------------|--------------------|-------------------------|-----------------------------------|---------------|
|                 |                                   |                    |                         | Sep. 30, 2011                     | Mar. 31, 2011 |
| Series A        | January 17, 1991                  | 1.00%              | 0.14%                   | 10.00                             | 10.00         |
| Series AR       | None issued                       | 1.00%              | 0.19%                   | —                                 | —             |
| Series B        | December 28, 2001                 | 0.75%              | 0.14%                   | 10.00                             | 10.00         |
| Series E        | None issued                       | 0.40%              | 0.15%                   | —                                 | —             |
| Series F        | September 26, 2008                | 0.60%              | 0.16%                   | 10.00                             | 10.00         |
| Series G        | August 19, 2008                   | 0.65%              | 0.14%                   | 10.00                             | 10.00         |
| Series GP       | June 28, 2011 <sup>(1)</sup>      | 0.50%              | 0.19%                   | 10.00                             | 10.00         |
| Series I        | October 25, 1999                  | 0.70%              | 0.16%                   | 10.00                             | 10.00         |
| Series J        | December 9, 2010                  | 0.65%              | 0.15%                   | 10.00                             | 10.00         |
| Series O        | September 25, 2009                | — <sup>(2)</sup>   | — <sup>(2)</sup>        | 10.00                             | 10.00         |
| Series R        | December 8, 2008                  | — <sup>(3)</sup>   | — <sup>(3)</sup>        | 10.00                             | 10.00         |
| Series SP       | September 15, 2011 <sup>(4)</sup> | 0.50%              | 0.19%                   | 10.00                             | 10.00         |
| Investor Series | September 25, 2009                | 0.50%              | 0.19%                   | 10.00                             | 10.00         |

\* Does not include any operating expense adjustment, as applicable.

- (1) The Series' original start date was October 14, 2009. All securities in the Series were redeemed on March 29, 2011. The series was reinstated at a price of \$10.00 per security on March 30, 2011.
- (2) The management and administration fees for Series O securities are negotiable and are payable directly to Mackenzie by Series O investors, not by the Fund. Prior to November 3, 2010, the administration fee rate for Series O securities was 0.15%, which was paid directly to Mackenzie by the Fund.
- (3) No management fees or administration fees are charged to the investor or the Fund in respect of the Series R securities.
- (4) The Series' original start date was October 13, 2009. All securities in the Series were redeemed on October 8, 2010. The series was reinstated at a price of \$10.00 per security on September 15, 2011.

#### (b) Investments by Mackenzie and Other Funds

As at September 30, 2011, Mackenzie and other funds managed by Mackenzie had an investment of \$1 and \$4,320 (March 31, 2011 – \$1 and \$3,809), respectively, in the Fund.

#### (c) Loss Carryforwards

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

#### (d) Securities Lending

As at September 30, 2011 and March 31, 2011, the Fund did not enter into securities lending, repurchase or reverse repurchase transactions.

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

##### *i. Risk exposure and management*

The Fund seeks short-term income, while preserving capital and maintaining liquidity, by investing primarily in Canadian dollar-denominated money market securities. The Fund seeks to maintain a constant net asset value of \$10 per security.

##### *ii. Currency risk*

As of September 30, 2011 and March 31, 2011, the Fund did not have a significant exposure to currency risk.

## NOTES TO FINANCIAL STATEMENTS

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

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

##### iii. Interest rate risk

The table below summarizes the Fund's exposure to interest rate risks from its investments in bonds by term to maturity.

|                       | September 30, 2011 | March 31, 2011 |
|-----------------------|--------------------|----------------|
| Bonds                 | (\$)               | (\$)           |
| Less than 1 year      | 55,135             | 54,384         |
| 1-5 years             | 110,158            | 130,870        |
| 5-10 years            | –                  | –              |
| Greater than 10 years | –                  | –              |
| <b>Total</b>          | <b>165,293</b>     | <b>185,254</b> |

As at September 30, 2011, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$2,013 or 0.5% of total net assets (March 31, 2011 – \$2,834 or 0.8%). In practice, the actual trading results may differ and the difference could be material.

##### iv. Other price risk

As of September 30, 2011 and March 31, 2011, the Fund did not have a significant exposure to price risk other than those described elsewhere in these notes.

##### v. Credit risk

The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The maximum exposure to any one debt issuer as of September 30, 2011, was 20.8% of the net assets of the Fund (March 31, 2011 – 21.6%).

As of September 30, 2011 and March 31, 2011, debt securities by credit rating are as follows:

|               | September 30, 2011         | March 31, 2011             |              | September 30, 2011                    | March 31, 2011                        |
|---------------|----------------------------|----------------------------|--------------|---------------------------------------|---------------------------------------|
| Rating*       | Percent of Total Bonds (%) | Percent of Total Bonds (%) | Rating*      | Percent of Total Short-Term Notes (%) | Percent of Total Short-Term Notes (%) |
| AAA           | 27.5                       | 17.9                       | R1 (High)    | 78.5                                  | 81.3                                  |
| AA            | 58.9                       | 50.2                       | R1 (Mid)     | 14.4                                  | 12.0                                  |
| A             | 13.6                       | 29.2                       | R1 (Low)     | 7.1                                   | 6.7                                   |
| BBB           | –                          | 2.7                        | <b>Total</b> | <b>100.0</b>                          | <b>100.0</b>                          |
| Less than BBB | –                          | –                          |              |                                       |                                       |
| Unrated       | –                          | –                          |              |                                       |                                       |
| <b>Total</b>  | <b>100.0</b>               | <b>100.0</b>               |              |                                       |                                       |

\* Credit ratings and rating categories are based on DBRS (or equivalent ratings issued by other approved credit rating organizations)



## NOTES TO FINANCIAL STATEMENTS

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

(f) 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.

|                        | September 30, 2011 |                 |                 |               | March 31, 2011  |                 |                 |               |
|------------------------|--------------------|-----------------|-----------------|---------------|-----------------|-----------------|-----------------|---------------|
|                        | Level 1<br>(\$)    | Level 2<br>(\$) | Level 3<br>(\$) | Total<br>(\$) | Level 1<br>(\$) | Level 2<br>(\$) | Level 3<br>(\$) | Total<br>(\$) |
| Bonds                  | –                  | 165,293         | –               | 165,293       | –               | 185,254         | –               | 185,254       |
| Total investments      | –                  | 165,293         | –               | 165,293       | –               | 185,254         | –               | 185,254       |
| Short-term investments | –                  | 231,871         | –               | 231,871       | –               | 177,044         | –               | 177,044       |
| Total                  | –                  | 397,164         | –               | 397,164       | –               | 362,298         | –               | 362,298       |

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