

# U.S. VALUE FUND (PUTNAM)

(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## MANAGEMENT REPORT

### Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by Mackenzie Financial Corporation, as Manager of U.S. Value Fund (Putnam) (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 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

July 13, 2020

## INDEPENDENT AUDITOR'S REPORT

To the Securityholders of U.S. Value Fund (Putnam) (the "Fund")

### Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at March 31, 2020 and 2019, 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, 2020 and 2019, 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 and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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U.S. EQUITY FUND

## 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.



Chartered Professional Accountants  
Licensed Public Accountants  
Toronto, Ontario  
July 13, 2020

# U.S. VALUE FUND (PUTNAM)

(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## STATEMENTS OF FINANCIAL POSITION

In thousands (except per security figures)  
As at March 31

	2020	2019		2020	2019
	\$	\$		\$	\$
<b>ASSETS</b>			<b>Net assets attributable to securityholders</b>		
<b>Current assets</b>			<b>per security (note 3)</b>		
Investments at fair value	151,355	174,930	Quadrus Series	9.86	10.93
Cash and cash equivalents	3,302	3,236	H Series	9.98	11.04
Dividends receivable	174	146	H5 Series	13.08	15.19
Accounts receivable for investments sold	72	–	HW Series	8.65	9.56
Accounts receivable for securities issued	6	5	HW5 Series	11.96	13.86
Due from manager	–	1	L Series	9.93	10.99
<b>Total assets</b>	<b>154,909</b>	<b>178,318</b>	L5 Series	13.05	15.14
			L8 Series	12.01	14.36
			N Series	10.13	11.17
			N5 Series	13.31	15.39
			N8 Series	12.26	14.60
			D5 Series	12.94	15.04
			D8 Series	11.91	14.27
			QF Series	10.00	11.06
			QF5 Series	13.11	15.21
			QFW Series	8.65	9.55
			QFW5 Series	11.96	13.86
			Series R	11.71	12.91
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable for investments purchased	238	2			
Accounts payable for securities redeemed	7	65			
Distribution payable	–	1			
Due to manager	1	–			
<b>Total liabilities</b>	<b>246</b>	<b>68</b>			
<b>Net assets attributable to securityholders</b>	<b>154,663</b>	<b>178,250</b>			
<b>Net assets attributable to securityholders</b>					
<b>per series (note 3)</b>					
Quadrus Series	13,358	17,072			
H Series	495	498			
H5 Series	2	2			
HW Series	156	162			
HW5 Series	2	2			
L Series	4,169	5,241			
L5 Series	23	100			
L8 Series	50	59			
N Series	1,807	1,937			
N5 Series	2	2			
N8 Series	1	74			
D5 Series	100	140			
D8 Series	66	72			
QF Series	593	644			
QF5 Series	30	33			
QFW Series	20	21			
QFW5 Series	2	2			
Series R	133,787	152,189			

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

CANADA LIFE MUTUAL FUNDS

# U.S. VALUE FUND (PUTNAM)

(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## STATEMENTS OF COMPREHENSIVE INCOME

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

	2020	2019		2020	2019
	\$	\$		\$	\$
<b>Income</b>			<b>Increase (decrease) in net assets attributable to securityholders from operations per security</b>		
Dividends	4,437	4,652	Quadrus Series	(0.91)	1.91
Interest income	74	74	H Series	(1.02)	0.92
Other changes in fair value of investments and other net assets			H5 Series	(1.23)	1.55
Net realized gain (loss)	7,872	4,292	HW Series	(1.15)	0.15
Net unrealized gain (loss)	(21,704)	4,174	HW5 Series	(1.10)	0.40
<b>Total income (loss)</b>	<b>(9,321)</b>	<b>13,192</b>	L Series	(0.86)	1.73
			L5 Series	(1.11)	3.04
<b>Expenses (note 6)</b>			L8 Series	(1.19)	3.46
Management fees	499	119	N Series	(0.73)	1.23
Management fee rebates	(8)	(2)	N5 Series	(1.10)	1.68
Administration fees	66	16	N8 Series	1.37	(0.16)
Interest charges	1	2	D5 Series	(1.44)	2.88
Commissions and other portfolio transaction costs	62	79	D8 Series	(1.89)	1.11
Independent Review Committee fees	1	1	QF Series	(1.00)	1.02
Other	1	4	QF5 Series	(1.23)	3.80
<b>Expenses before amounts absorbed by Manager</b>	<b>622</b>	<b>219</b>	QFW Series	(0.43)	0.56
Expenses absorbed by Manager	–	2	QFW5 Series	(1.10)	0.39
<b>Net expenses</b>	<b>622</b>	<b>217</b>	Series R	(0.76)	1.10
<b>Increase (decrease) in net assets attributable to securityholders from operations before tax</b>	<b>(9,943)</b>	<b>12,975</b>			
Foreign withholding taxes	612	513			
Foreign income taxes paid (recovered)	–	–			
<b>Increase (decrease) in net assets attributable to securityholders from operations</b>	<b>(10,555)</b>	<b>12,462</b>			
<b>Increase (decrease) in net assets attributable to securityholders from operations per series</b>					
Quadrus Series	(1,324)	679			
H Series	(47)	28			
H5 Series	–	–			
HW Series	(27)	1			
HW5 Series	–	–			
L Series	(405)	228			
L5 Series	(6)	3			
L8 Series	(4)	2			
N Series	(123)	95			
N5 Series	–	–			
N8 Series	3	–			
D5 Series	(12)	6			
D8 Series	(9)	2			
QF Series	(60)	27			
QF5 Series	(2)	1			
QFW Series	(2)	1			
QFW5 Series	–	–			
Series R	(8,537)	11,389			

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CANADA LIFE MUTUAL FUNDS

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ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## STATEMENTS OF CHANGES IN FINANCIAL POSITION

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

	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Quadrus Series		H Series		H5 Series		HW Series		HW5 Series	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	17,072	870	498	270	2	1	162	–	2	–
Increase (decrease) in net assets from operations	(1,324)	679	(47)	28	–	–	(27)	1	–	–
Distributions paid to securityholders:										
Investment income	(16)	(36)	(8)	(7)	–	–	(4)	(2)	–	–
Capital gains	–	(16)	–	(3)	–	–	–	(1)	–	–
Return of capital	–	–	–	–	–	–	–	–	–	–
Management fee rebates	(7)	(1)	–	(1)	–	–	–	–	–	–
Total distributions paid to securityholders	(23)	(53)	(8)	(11)	–	–	(4)	(3)	–	–
Security transactions:										
Proceeds from securities issued	2,995	2,326	241	159	–	–	100	90	–	1
Proceeds from securities issued on merger	–	14,379	–	137	–	1	–	71	–	1
Reinvested distributions	23	52	8	10	–	–	4	3	–	–
Payments on redemption of securities	(5,385)	(1,181)	(197)	(95)	–	–	(79)	–	–	–
Total security transactions	(2,367)	15,576	52	211	–	1	25	164	–	2
<b>Total increase (decrease) in net assets</b>	<b>(3,714)</b>	<b>16,202</b>	<b>(3)</b>	<b>228</b>	<b>–</b>	<b>1</b>	<b>(6)</b>	<b>162</b>	<b>–</b>	<b>2</b>
<b>End of period</b>	<b>13,358</b>	<b>17,072</b>	<b>495</b>	<b>498</b>	<b>2</b>	<b>2</b>	<b>156</b>	<b>162</b>	<b>2</b>	<b>2</b>
<b>Increase (decrease) in fund securities (note 7):</b>	<b>Securities</b>	<b>Securities</b>	<b>Securities</b>	<b>Securities</b>	<b>Securities</b>	<b>Securities</b>	<b>Securities</b>	<b>Securities</b>	<b>Securities</b>	<b>Securities</b>
<b>Securities outstanding – beginning of period</b>	1,562	82	45	25	–	–	17	–	–	–
Issued	261	213	21	14	–	–	11	9	–	–
Issued on merger	–	1,371	–	13	–	–	–	8	–	–
Reinvested distributions	2	5	1	1	–	–	–	–	–	–
Redeemed	(471)	(109)	(17)	(8)	–	–	(10)	–	–	–
<b>Securities outstanding – end of period</b>	<b>1,354</b>	<b>1,562</b>	<b>50</b>	<b>45</b>	<b>–</b>	<b>–</b>	<b>18</b>	<b>17</b>	<b>–</b>	<b>–</b>
	<b>L Series</b>	<b>L5 Series</b>	<b>L8 Series</b>	<b>N Series</b>	<b>N5 Series</b>					
	\$	\$	\$	\$	\$					
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
<b>Beginning of period</b>	5,241	677	100	1	59	1	1,937	371	2	1
Increase (decrease) in net assets from operations	(405)	228	(6)	3	(4)	2	(123)	95	–	–
Distributions paid to securityholders:										
Investment income	(26)	(16)	–	–	–	–	(46)	(25)	–	–
Capital gains	–	(7)	–	–	–	–	–	(11)	–	–
Return of capital	–	–	(4)	(1)	(5)	(1)	–	–	–	–
Management fee rebates	–	–	–	–	–	–	–	–	–	–
Total distributions paid to securityholders	(26)	(23)	(4)	(1)	(5)	(1)	(46)	(36)	–	–
Security transactions:										
Proceeds from securities issued	1,421	518	10	31	–	24	497	828	–	–
Proceeds from securities issued on merger	–	4,207	–	86	–	33	–	744	–	1
Reinvested distributions	26	23	3	1	1	–	46	36	–	–
Payments on redemption of securities	(2,088)	(389)	(80)	(21)	(1)	–	(504)	(101)	–	–
Total security transactions	(641)	4,359	(67)	97	–	57	39	1,507	–	1
<b>Total increase (decrease) in net assets</b>	<b>(1,072)</b>	<b>4,564</b>	<b>(77)</b>	<b>99</b>	<b>(9)</b>	<b>58</b>	<b>(130)</b>	<b>1,566</b>	<b>–</b>	<b>1</b>
<b>End of period</b>	<b>4,169</b>	<b>5,241</b>	<b>23</b>	<b>100</b>	<b>50</b>	<b>59</b>	<b>1,807</b>	<b>1,937</b>	<b>2</b>	<b>2</b>
<b>Increase (decrease) in fund securities (note 7):</b>	<b>Securities</b>	<b>Securities</b>	<b>Securities</b>	<b>Securities</b>	<b>Securities</b>	<b>Securities</b>	<b>Securities</b>	<b>Securities</b>	<b>Securities</b>	<b>Securities</b>
<b>Securities outstanding – beginning of period</b>	477	63	7	–	4	–	173	34	–	–
Issued	125	49	1	2	–	2	43	74	–	–
Issued on merger	–	399	–	6	–	2	–	70	–	–
Reinvested distributions	2	2	–	–	–	–	4	4	–	–
Redeemed	(184)	(36)	(6)	(1)	–	–	(42)	(9)	–	–
<b>Securities outstanding – end of period</b>	<b>420</b>	<b>477</b>	<b>2</b>	<b>7</b>	<b>4</b>	<b>4</b>	<b>178</b>	<b>173</b>	<b>–</b>	<b>–</b>

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

CANADA LIFE MUTUAL FUNDS

# U.S. VALUE FUND (PUTNAM)

(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

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

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

	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	N8 Series		D5 Series		D8 Series		QF Series		QF5 Series	
	\$		\$		\$		\$		\$	
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
Beginning of period	74	1	140	13	72	1	644	121	33	1
Increase (decrease) in net assets from operations	3	–	(12)	6	(9)	2	(60)	27	(2)	1
Distributions paid to securityholders:										
Investment income	–	(2)	–	–	–	(1)	(8)	(7)	–	–
Capital gains	–	(1)	–	–	–	–	–	(3)	–	–
Return of capital	(3)	(3)	(6)	(2)	(5)	(2)	–	–	(2)	–
Management fee rebates	–	–	–	–	–	–	(1)	–	–	–
Total distributions paid to securityholders	(3)	(6)	(6)	(2)	(5)	(3)	(9)	(10)	(2)	–
Security transactions:										
Proceeds from securities issued	–	76	18	5	16	65	209	412	–	1
Proceeds from securities issued on merger	–	–	–	148	–	57	–	135	–	30
Reinvested distributions	1	4	6	2	4	2	9	10	2	–
Payments on redemption of securities	(74)	(1)	(46)	(32)	(12)	(52)	(200)	(51)	(1)	–
Total security transactions	(73)	79	(22)	123	8	72	18	506	1	31
<b>Total increase (decrease) in net assets</b>	<b>(73)</b>	<b>73</b>	<b>(40)</b>	<b>127</b>	<b>(6)</b>	<b>71</b>	<b>(51)</b>	<b>523</b>	<b>(3)</b>	<b>32</b>
<b>End of period</b>	<b>1</b>	<b>74</b>	<b>100</b>	<b>140</b>	<b>66</b>	<b>72</b>	<b>593</b>	<b>644</b>	<b>30</b>	<b>33</b>
<b>Increase (decrease) in fund securities (note 7):</b>	<b>Securities</b>		<b>Securities</b>		<b>Securities</b>		<b>Securities</b>		<b>Securities</b>	
Securities outstanding – beginning of period	5	–	9	1	5	–	58	11	2	–
Issued	–	5	2	–	2	5	17	38	–	–
Issued on merger	–	–	–	10	–	4	–	13	–	2
Reinvested distributions	–	–	–	–	–	–	1	1	–	–
Redeemed	(5)	–	(3)	(2)	(1)	(4)	(17)	(5)	–	–
<b>Securities outstanding – end of period</b>	<b>–</b>	<b>5</b>	<b>8</b>	<b>9</b>	<b>6</b>	<b>5</b>	<b>59</b>	<b>58</b>	<b>2</b>	<b>2</b>
	<b>QFW Series</b>		<b>QF5 Series</b>		<b>Series R</b>		<b>Total</b>			
	\$		\$		\$		\$			
<b>NET ASSETS ATTRIBUTABLE TO SECURITYHOLDERS</b>										
Beginning of period	21	–	2	–	152,189	120,949	178,250	123,278		
Increase (decrease) in net assets from operations	(2)	1	–	–	(8,537)	11,389	(10,555)	12,462		
Distributions paid to securityholders:										
Investment income	–	–	–	–	(3,378)	(3,528)	(3,486)	(3,624)		
Capital gains	–	–	–	–	–	(1,537)	–	(1,579)		
Return of capital	–	–	–	–	–	–	(25)	(9)		
Management fee rebates	–	–	–	–	–	–	(8)	(2)		
Total distributions paid to securityholders	–	–	–	–	(3,378)	(5,065)	(3,519)	(5,214)		
Security transactions:										
Proceeds from securities issued	15	16	–	1	20,113	18,185	25,635	22,738		
Proceeds from securities issued on merger	–	4	–	1	–	29,766	–	49,801		
Reinvested distributions	–	–	–	–	3,378	5,065	3,511	5,208		
Payments on redemption of securities	(14)	–	–	–	(29,978)	(28,100)	(38,659)	(30,023)		
Total security transactions	1	20	–	2	(6,487)	24,916	(9,513)	47,724		
<b>Total increase (decrease) in net assets</b>	<b>(1)</b>	<b>21</b>	<b>–</b>	<b>2</b>	<b>(18,402)</b>	<b>31,240</b>	<b>(23,587)</b>	<b>54,972</b>		
<b>End of period</b>	<b>20</b>	<b>21</b>	<b>2</b>	<b>2</b>	<b>133,787</b>	<b>152,189</b>	<b>154,663</b>	<b>178,250</b>		
<b>Increase (decrease) in fund securities (note 7):</b>	<b>Securities</b>		<b>Securities</b>		<b>Securities</b>					
Securities outstanding – beginning of period	2	–	–	–	11,790	9,697				
Issued	1	2	–	–	1,594	1,447				
Issued on merger	–	–	–	–	–	2,411				
Reinvested distributions	–	–	–	–	233	430				
Redeemed	(1)	–	–	–	(2,188)	(2,195)				
<b>Securities outstanding – end of period</b>	<b>2</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>11,429</b>	<b>11,790</b>				

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

CANADA LIFE MUTUAL FUNDS

# U.S. VALUE FUND (PUTNAM)

(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## STATEMENTS OF CASH FLOWS

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

	2020	2019
	\$	\$
<b>Cash flows from operating activities</b>		
Net increase (decrease) in net assets attributable to securityholders from operations	(10,555)	12,462
Adjustments for:		
Net realized loss (gain) on investments	(7,443)	(4,125)
Change in net unrealized loss (gain) on investments	21,722	(4,192)
Purchase of investments	(46,108)	(73,954)
Proceeds from sale and maturity of investments	55,612	77,257
Change in dividends receivable	(28)	(11)
Change in due from manager	1	(1)
Change in due to manager	1	–
<b>Net cash from operating activities</b>	<b>13,202</b>	<b>7,436</b>
<b>Cash flows from financing activities</b>		
Proceeds from securities issued	25,378	22,856
Payments on redemption of securities	(38,461)	(29,781)
Distributions paid net of reinvestments	(9)	(5)
<b>Net cash from financing activities</b>	<b>(13,092)</b>	<b>(6,930)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>110</b>	<b>506</b>
Cash and cash equivalents at beginning of period	3,236	2,724
Effect of exchange rate fluctuations on cash and cash equivalents	(44)	6
<b>Cash and cash equivalents at end of period</b>	<b>3,302</b>	<b>3,236</b>
Cash	3,302	279
Cash equivalents	–	2,957
<b>Cash and cash equivalents at end of period</b>	<b>3,302</b>	<b>3,236</b>
<b>Supplementary disclosures on cash flow from operating activities:</b>		
Dividends received	4,409	4,641
Foreign taxes paid	612	513
Interest received	74	74
Interest paid	1	2

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

CANADA LIFE MUTUAL FUNDS

# U.S. VALUE FUND (PUTNAM)

(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## SCHEDULE OF INVESTMENTS

As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>EQUITIES</b>					
AbbVie Inc.	United States	Health Care	22,505	1,994	2,417
Activision Blizzard Inc.	United States	Communication Services	19,563	1,417	1,640
Air Products and Chemicals Inc.	United States	Materials	6,121	1,211	1,723
Albemarle Corp.	United States	Materials	13,777	1,374	1,095
Ameren Corp.	United States	Utilities	13,773	1,531	1,414
American Electric Power Co. Inc.	United States	Utilities	23,864	2,311	2,691
American International Group Inc.	United States	Financials	32,360	2,230	1,106
American Tower Corp. Class A	United States	Real Estate	10,134	1,877	3,111
Amgen Inc.	United States	Health Care	8,874	2,082	2,536
Apollo Global Management LLC	United States	Financials	24,488	1,499	1,157
Apple Inc.	United States	Information Technology	4,956	997	1,777
Aptiv PLC	United States	Consumer Discretionary	12,838	1,381	891
Aramark Corp.	United States	Consumer Discretionary	34,798	1,092	980
Assured Guaranty Ltd.	United States	Financials	45,779	2,108	1,664
AstraZeneca PLC ADR	United Kingdom	Health Care	40,328	1,760	2,539
AT&T Inc.	United States	Communication Services	55,784	2,482	2,292
AXA SA	France	Financials	54,486	1,283	1,336
Bank of America Corp.	United States	Financials	152,364	4,758	4,560
Baxter International Inc.	United States	Health Care	16,867	2,002	1,931
BJ's Wholesale Club Holdings Inc.	United States	Consumer Staples	55,859	1,702	2,006
Boston Properties Inc.	United States	Real Estate	7,796	1,271	1,014
BP PLC	United Kingdom	Energy	220,358	1,975	1,327
Capital One Financial Corp.	United States	Financials	9,531	987	677
The Charles Schwab Corp.	United States	Financials	27,747	1,371	1,315
Charter Communications Inc. Class A	United States	Communication Services	4,260	1,733	2,620
Cigna Corp.	United States	Health Care	12,250	2,673	3,060
Cisco Systems Inc.	United States	Information Technology	34,688	1,688	1,922
Citigroup Inc.	United States	Financials	67,218	5,438	3,991
Comcast Corp. Class A	United States	Communication Services	45,385	2,092	2,200
ConocoPhillips	United States	Energy	34,468	2,404	1,497
CRH PLC ADR	Ireland	Materials	34,031	1,246	1,288
Danaher Corp. Pfd. Conv.	United States	Health Care	658	898	958
Danaher Corp.	United States	Health Care	6,223	773	1,214
Dow Inc.	United States	Materials	39,621	2,626	1,633
DXC Technology Co.	United States	Information Technology	2,374	237	44
Eaton Corp. PLC	United States	Industrials	13,022	1,354	1,426
Eli Lilly and Co.	United States	Health Care	14,420	1,804	2,820
EOG Resources Inc.	United States	Energy	7,627	931	386
Exelon Corp.	United States	Utilities	46,518	2,701	2,414
Exxon Mobil Corp.	United States	Energy	30,859	3,083	1,652
Fidelity National Information Services Inc.	United States	Information Technology	10,090	1,176	1,730
Fortune Brands Home & Security Inc.	United States	Industrials	19,735	1,417	1,203
Freeport-McMoRan Inc.	United States	Materials	112,955	1,476	1,075
Gaming and Leisure Properties Inc.	United States	Real Estate	37,085	1,664	1,449
General Electric Co.	United States	Industrials	30,682	873	343
General Motors Co.	United States	Consumer Discretionary	32,292	1,555	946
The Goldman Sachs Group Inc.	United States	Financials	5,977	1,643	1,303
Halliburton Co.	United States	Energy	21,301	1,212	206
Hilton Inc.	United States	Consumer Discretionary	14,954	1,314	1,439
The Home Depot Inc.	United States	Consumer Discretionary	5,610	1,211	1,477

CANADA LIFE MUTUAL FUNDS



# U.S. VALUE FUND (PUTNAM)

(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## SCHEDULE OF INVESTMENTS (cont'd)

As at March 31, 2020

	Country	Sector	Par Value/ No. of Shares/Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
<b>EQUITIES (cont'd)</b>					
Honeywell International Inc.	United States	Industrials	6,181	1,042	1,166
Intel Corp.	United States	Information Technology	22,197	1,269	1,694
Johnson & Johnson	United States	Health Care	20,139	3,214	3,723
Johnson Controls International PLC	United States	Industrials	37,840	1,856	1,438
JPMorgan Chase & Co.	United States	Financials	37,730	4,409	4,789
Keurig Dr Pepper Inc.	United States	Consumer Staples	12,172	1,167	416
KeyCorp	United States	Financials	40,265	887	589
The Kroger Co.	United States	Consumer Staples	36,271	1,187	1,540
Marathon Oil Corp.	United States	Energy	47,016	993	218
Merck & Co. Inc.	United States	Health Care	26,435	2,281	2,867
MFA Financial Inc.	United States	Financials	55,169	547	121
Microsoft Corp.	United States	Information Technology	30,204	3,292	6,717
Molson Coors Brewing Co. Class B	United States	Consumer Staples	17,999	1,718	990
Northrop Grumman Corp.	United States	Industrials	8,384	2,842	3,576
NRG Energy Inc.	United States	Utilities	58,422	2,516	2,245
NXP Semiconductors NV	Netherlands	Information Technology	5,935	754	694
Occidental Petroleum Corp.	United States	Energy	5,545	343	91
ONEOK Inc.	United States	Energy	12,745	1,194	392
Ovintiv Inc.	United States	Energy	15,522	807	60
PepsiCo Inc.	United States	Consumer Staples	12,395	1,771	2,099
Pfizer Inc.	United States	Health Care	30,066	1,434	1,384
PNC Financial Services Group Inc.	United States	Financials	14,268	2,614	1,925
The Procter & Gamble Co.	United States	Consumer Staples	17,837	2,307	2,766
PulteGroup Inc.	United States	Consumer Discretionary	27,200	893	856
Qualcomm Inc.	United States	Information Technology	19,128	1,442	1,824
Radian Group Inc.	United States	Financials	67,407	1,563	1,231
Raytheon Co.	United States	Industrials	9,224	2,028	1,705
Regeneron Pharmaceuticals Inc.	United States	Health Care	3,606	1,793	2,482
The Sherwin-Williams Co.	United States	Materials	485	269	314
Southwest Airlines Co.	United States	Industrials	20,395	1,307	1,024
Stanley Black & Decker Inc. 5.25% Conv. Pfd.	United States	Industrials	1,477	195	146
State Street Corp.	United States	Financials	15,066	1,526	1,131
Texas Instruments Inc.	United States	Information Technology	7,146	769	1,007
Total SA	France	Energy	22,096	1,469	1,214
Union Pacific Corp.	United States	Industrials	11,394	1,829	2,266
United Rentals Inc.	United States	Industrials	11,780	1,626	1,709
Valero Energy Corp.	United States	Energy	21,954	1,978	1,404
Verizon Communications Inc.	United States	Communication Services	13,719	934	1,039
Walgreens Boots Alliance Inc.	United States	Consumer Staples	12,590	1,195	812
Wal-Mart Stores Inc.	United States	Consumer Staples	31,475	3,827	5,042
Wells Fargo & Co.	United States	Financials	28,529	1,854	1,154
<b>Total equities</b>				<b>154,858</b>	<b>151,355</b>
Transaction costs				(68)	—
<b>Total investments</b>				<b>154,790</b>	<b>151,355</b>
Cash and cash equivalents					3,302
Other assets less liabilities					6
<b>Total net assets</b>					<b>154,663</b>

# U.S. VALUE FUND (PUTNAM)

(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## SUMMARY OF INVESTMENT PORTFOLIO

March 31, 2020	
Portfolio Allocation	% of NAV
Equities	97.9
Cash and short-term investments	2.1

Regional Allocation	
Regional Allocation	% of NAV
United States	92.6
United Kingdom	2.5
Cash and short-term investments	2.1
France	1.6
Ireland	0.8
Netherlands	0.4

Sector Allocation	
Sector Allocation	% of NAV
Financials	18.1
Health care	18.1
Information technology	11.3
Industrials	10.3
Consumer staples	10.1
Communication services	6.3
Utilities	5.7
Energy	5.5
Materials	4.6
Consumer discretionary	4.3
Real estate	3.6
Cash and short-term investments	2.1

March 31, 2019	
Portfolio Allocation	% of NAV
Equities	96.8
Cash and short-term investments	1.8
Exchange-traded funds/notes	1.4

Regional Allocation	
Regional Allocation	% of NAV
United States	94.0
United Kingdom	2.5
Cash and short-term investments	1.8
France	0.9
Netherlands	0.4
Canada	0.4

Sector Allocation	
Sector Allocation	% of NAV
Financials	21.4
Health care	14.7
Information technology	11.8
Energy	10.3
Consumer staples	8.9
Industrials	8.3
Utilities	5.7
Consumer discretionary	4.6
Communication services	4.5
Real estate	3.4
Materials	3.2
Cash and short-term investments	1.8
Exchange-traded funds/notes	1.4

# U.S. VALUE FUND (PUTNAM)

(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## 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, 2020 and 2019, as applicable. In the year a Fund or series is established or reinstated, 'period' represents the period from inception or reinstatement. Refer to Note 9 for the formation date of the Fund and the inception date of each series.

The Fund is organized as an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust as amended and restated from time to time. The address of the Fund's registered office is 180 Queen Street West, Toronto, Ontario, Canada. 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.

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. The Canada Life Assurance Company is also 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 July 13, 2020.

### 3. Significant Accounting Policies

#### (a) Financial instruments

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

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

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

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

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

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.

# U.S. VALUE FUND (PUTNAM)

(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS

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

#### (b) Fair value measurement

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

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

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

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

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

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

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

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

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

Refer to the Schedule of Derivative Instruments and Schedule of Options Purchased/Written, as applicable, included in the Schedule of Investments for a listing of derivative and options positions as at March 31, 2020.

#### (c) Income recognition

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

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

# U.S. VALUE FUND (PUTNAM)

(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS

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

#### (d) Commissions and other portfolio transaction costs

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

#### (e) Securities lending, repurchase and reverse repurchase transactions

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

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

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

#### (f) Offsetting

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

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

#### (g) Foreign currency

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

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

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

#### (h) Net assets attributable to securityholders per security

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

#### (i) Net asset value per security

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

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

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

# U.S. VALUE FUND (PUTNAM)

(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS

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

#### (k) Mergers

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

### 4. Critical Accounting Estimates and Judgments

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

The outbreak of the novel coronavirus (COVID-19) developed rapidly over the first three months of 2020, with the World Health Organization declaring it a pandemic on March 11, 2020, and governments around the world enacting emergency measures that resulted in business disruptions, volatility in markets and a global economic slowdown.

The Manager uses judgment in assessing the impact from such events on assumptions and estimates applied in reporting the assets and liabilities in the Fund's financial statements at March 31, 2020.

The duration and impact of the COVID-19 pandemic on businesses and markets, and the extent of economic relief measures provided by governments and central banks, are unknown at the reporting date and it is therefore not possible to reliably estimate the impact on the financial results and position of the Fund in future periods.

#### Use of Estimates

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

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

#### Use of Judgments

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

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

##### *Functional currency*

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

##### *Structured entities and associates*

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

# U.S. VALUE FUND (PUTNAM)

(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS

### 5. 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 may be carried forward up to 20 years to reduce taxable income and realized capital gains of future years. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Refer to Note 9 for the Fund's loss carryforwards.

### 6. Management Fees and Operating Expenses

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

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

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

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

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

### 7. Fund's Capital

The capital of the Fund, which is comprised of the net assets attributable to securityholders, is divided into different series with each series having an unlimited number of securities. The securities outstanding for the Fund as at March 31, 2020 and 2019 and securities issued, reinvested and redeemed for the periods are presented in the Statement of Changes in Financial Position. Mackenzie manages the capital of the Fund in accordance with the investment objectives as discussed in Note 9.

### 8. Financial Instruments Risk

#### i. Risk exposure and management

The Fund's investment activities expose it to a variety of financial risks, as defined in IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7"). The Fund's exposure to financial risks is concentrated in its investments, which are presented in the Schedule of Investments, as at March 31, 2020, 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.

# U.S. VALUE FUND (PUTNAM)

(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS

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

#### 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 90% of its assets in liquid investments (i.e., investments that can be readily sold).

#### iii. Currency risk

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

#### iv. Interest rate risk

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

#### v. Other price risk

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

#### vi. Credit risk

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

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

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

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

#### vii. Underlying funds

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



# U.S. VALUE FUND (PUTNAM)

(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS

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

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

Date of Formation June 26, 2015

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

Quadrus Investment Services Ltd. ("Quadrus") is the principal distributor of the series of securities listed below:

Quadrus Series, D5 Series and D8 Series securities are offered to investors investing a minimum of \$500. Investors in D5 Series and D8 Series securities also want to receive a monthly cash flow of 5% or 8% per year, respectively.

H Series and H5 Series securities are offered to investors investing a minimum of \$500, who are enrolled in a Quadrus-sponsored fee-for-service or wrap program and who are subject to an asset-based fee. Investors in H5 Series securities also want to receive a monthly cash flow of 5% per year.

HW Series and HW5 Series securities are offered to high net worth investors investing a minimum of \$100,000 and who have eligible minimum total holdings of \$500,000, who are enrolled in a Quadrus-sponsored fee-for-service or wrap program and who are subject to an asset-based fee. Investors in HW5 Series securities also want to receive a monthly cash flow of 5% per year.

L Series, L5 Series and L8 Series securities are offered to investors investing a minimum of \$100,000 and who have eligible minimum total holdings of \$500,000. Investors in L5 Series and L8 Series securities also want to receive a monthly cash flow of 5% or 8% per year, respectively.

N Series, N5 Series and N8 Series securities are offered to investors investing a minimum of \$100,000, who have eligible minimum total holdings of \$500,000, and who have entered into an N type series account agreement with Mackenzie and Quadrus. Investors in N5 Series and N8 Series securities also want to receive a monthly cash flow of 5% or 8% per year, respectively.

QF Series and QF5 Series securities are offered to retail investors investing a minimum of \$500. Investors are required to negotiate their advisor service fee, which cannot exceed 1.25%, with their financial advisor. Investors in QF5 Series securities also want to receive a monthly cash flow of 5% per year.

QFW Series and QFW5 Series securities are offered to high net worth investors investing a minimum of \$100,000 and who have eligible minimum total holdings of \$500,000. Investors are required to negotiate their advisor service fee, which cannot exceed 1.25%, with their financial advisor. Investors in QFW5 Series securities also want to receive a monthly cash flow of 5% per year.

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

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, a low-load purchase option and a no-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 and Fund Facts.

# U.S. VALUE FUND (PUTNAM)

(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS

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

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

Series	Inception/ Reinstatement Date	Management Fees	Administration Fees	Net Asset Value per Security (\$)	
				Mar. 31, 2020	Mar. 31, 2019
Quadrus Series <sup>(4)</sup>	July 14, 2017	2.00%	0.28%	9.86	10.93
H Series	July 14, 2017	1.00%	0.15% <sup>(2)</sup>	9.98	11.04
H5 Series	July 14, 2017	1.00%	0.15% <sup>(2)</sup>	13.08	15.19
HW Series	August 7, 2018	0.70%	0.15%	8.65	9.56
HW5 Series	August 7, 2018	0.70%	0.15%	11.96	13.86
L Series	July 14, 2017	1.70% <sup>(3)</sup>	0.15%	9.93	10.99
L5 Series	July 14, 2017	1.70% <sup>(3)</sup>	0.15%	13.05	15.14
L8 Series	July 14, 2017	1.70% <sup>(3)</sup>	0.15%	12.01	14.36
N Series	July 14, 2017	— <sup>(1)</sup>	— <sup>(1)</sup>	10.13	11.17
N5 Series	July 14, 2017	— <sup>(1)</sup>	— <sup>(1)</sup>	13.31	15.39
N8 Series	July 14, 2017	— <sup>(1)</sup>	— <sup>(1)</sup>	12.26	14.60
D5 Series	July 14, 2017	2.00%	0.28%	12.94	15.04
D8 Series	July 14, 2017	2.00%	0.28%	11.91	14.27
QF Series	July 14, 2017	1.00%	0.28%	10.00	11.06
QF5 Series	July 14, 2017	1.00%	0.28%	13.11	15.21
QFW Series	August 7, 2018	0.70%	0.15%	8.65	9.55
QFW5 Series	August 7, 2018	0.70%	0.15%	11.96	13.86
Series R	July 8, 2015	—*	—*	11.71	12.91

\* Not applicable.

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

(2) Prior to June 28, 2018, the administration fee for this series was charged to the Fund at a rate of 0.20%.

(3) Prior to June 28, 2018, the management fee for this series was charged to the Fund at a rate of 1.85%.

(4) On August 17, 2020, Quadrus Series will be renamed Q Series.

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

As at March 31, 2020, The Canada Life Assurance Company, an affiliate of Mackenzie, and other funds managed by Mackenzie had an investment of \$28 and \$133,787 (2019 – \$30 and \$152,189), respectively, in the Fund.

#### (c) Loss Carryforwards

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

#### (d) Securities Lending

As at March 31, 2020 and 2019, the Fund did not have any open securities lending, repurchase or reverse repurchase transactions.

#### (e) Commissions

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

	(\$)
March 31, 2020	11
March 31, 2019	22

# U.S. VALUE FUND (PUTNAM)

(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS

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

#### (f) Fund Merger

At a meeting held on January 22, 2019, investors in U.S. Value Fund (London Capital) (the "Terminating Fund") approved the merger of the Terminating Fund into the Fund. The merger was effective after the close of business on February 8, 2019. The merger was effected by transferring the net assets of the Terminating Fund in exchange for the securities of the Fund at fair market value. Quadrus Series, H Series, H5 Series, HW Series, HW5 Series, L Series, L5 Series, L8 Series, N Series, N5 Series, D5 Series, D8 Series, QF Series, QF5 Series, QFW Series, QFW5 Series and Series R of the Terminating Fund were issued 1,371 Quadrus Series securities, 13 H Series securities, 0.08 H5 Series securities, 8 HW Series securities, 0.07 HW5 Series securities, 399 L Series securities, 6 L5 Series securities, 2 L8 Series securities, 70 N Series securities, 0.08 N5 Series securities, 10 D5 Series securities, 4 D8 Series securities, 13 QF Series securities, 2 QF5 Series securities, 0.42 QFW Series securities, 0.07 QFW5 Series securities and 2,411 Series R securities of the Fund in exchange for net assets of \$49,801, which was the fair value on February 8, 2019. The merger has been accounted for as an acquisition of the Terminating Fund.

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

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

As at March 31, 2020 and 2019, there were no amounts subject to offsetting.

#### (h) Subsequent Events

Following the approval of the Mackenzie Funds' Independent Review Committee, U.S. Value Class (Putnam) merged into the Fund on June 26, 2020. On June 26, 2020, \$39,520 flowed into the Fund due to the merger. Mackenzie does not consider this merger to be a material change from the Fund's perspective.

On August 17, 2020, the Fund will be renamed Canada Life U.S. Value Fund (Putnam).

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

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

The Fund seeks above-average total return by investing primarily in U.S. equities, usually of large companies. The Fund uses a value style of investing. The Fund may invest up to 15% of its assets in non-U.S. equities.

##### *ii. Currency risk*

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

Currency	March 31, 2020			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	147,418	3,255	–	150,673
Euro	2,550	3	–	2,553
British pound	1,327	(30)	–	1,297
Total	151,295	3,228	–	154,523
% of Net Assets	97.8	2.1	–	99.9

# U.S. VALUE FUND (PUTNAM)

(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS

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

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

ii. Currency risk (cont'd)

Currency	March 31, 2019			
	Investments (\$)	Cash and Short-Term Investments (\$)	Derivative Instruments (\$)	Net Exposure* (\$)
U.S. dollar	170,312	2,983	–	173,295
British pound	2,222	31	–	2,253
Euro	1,645	3	–	1,648
Total	174,179	3,017	–	177,196
% of Net Assets	97.7	1.7	–	99.4

\* Includes both monetary and non-monetary financial instruments

As at March 31, 2020, 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 \$7,726 or 5.0% of total net assets (2019 – \$8,860 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, 2020 and 2019, the Fund did not have a significant exposure to interest rate risk.

iv. Other price risk

The Fund's most significant exposure to price risk arises from its investment in equity securities and exchange-traded funds/notes. As at March 31, 2020, had the prices on the respective stock exchanges for these securities increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased by approximately \$15,136 or 9.8% of total net assets (2019 – \$17,493 or 9.8%). In practice, the actual trading results may differ and the difference could be material.

v. Credit risk

As at March 31, 2020 and 2019, the Fund did not have a significant exposure to credit risk.

(j) Fair Value Classification

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

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

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

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

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

	March 31, 2020				March 31, 2019			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Equities	147,478	3,877	–	151,355	172,499	–	–	172,499
Exchange-traded funds/notes	–	–	–	–	2,431	–	–	2,431
Short-term investments	–	–	–	–	–	2,957	–	2,957
Total	147,478	3,877	–	151,355	174,930	2,957	–	177,887

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.

# U.S. VALUE FUND (PUTNAM)

*(To be renamed Canada Life U.S. Value Fund (Putnam) on August 17, 2020)*

ANNUAL AUDITED FINANCIAL STATEMENTS | March 31, 2020

U.S. EQUITY FUND

## NOTES TO FINANCIAL STATEMENTS

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

#### (j) Fair Value Classification (cont'd)

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for non-North American equities when North American intraday stock market movements exceed pre-determined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, during the period ended March 31, 2020, non-North American equities frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As at March 31, 2020, these securities were classified as Level 2 (2019 – Level 1).

Short-term investments classified as Level 2 investments are valued based on amortized cost plus accrued interest which closely approximates fair value.