

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 or by visiting the SEDAR website at 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 MAXXUM MONTHLY INCOME FUND



INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2011

CANADIAN BALANCED

STATEMENTS OF NET ASSETS

In thousands (except per security figures)

	September 30 2011	March 31 2011 (Audited)
	\$	\$
Assets		
Investments at fair value	167,859	204,306
Cash and short-term investments	10,758	2,125
Accrued interest and dividends receivable	1,052	1,066
Receivables for securities sold	1,148	–
Subscriptions receivable	18	77
Amounts receivable - derivative transactions	26	183
	180,861	207,757
Liabilities		
Payables for securities purchased	1,351	166
Redemptions payable	236	262
Operating expenses payable	–	–
Amounts payable - derivative transactions	1,139	18
	2,726	446
Net assets	178,135	207,311
Series net assets (note 2)		
Series A	155,496	183,047
Series B	1,020	–
Series F	786	832
Series I	3,300	3,240
Series J	54	–
Series O	1,183	928
Series R	2,111	2,706
Series T6	2,556	2,507
Series T8	11,629	14,051
Net assets per security (note 2)		
Series A	8.52	9.65
Series B	9.40	–
Series F	5.41	6.10
Series I	5.07	5.73
Series J	9.17	–
Series O	10.18	12.14
Series R	9.64	11.61
Series T6	10.58	12.05
Series T8	7.85	9.04

STATEMENTS OF OPERATIONS

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

	2011 \$	2010 \$
Income		
Dividends	2,360	2,042
Interest	1,167	1,725
Less withholding taxes	(73)	(54)
Revenue from securities lending	14	6
	3,468	3,719
Expenses (note 4)		
Management fees	2,084	2,225
Administration fees	284	323
Independent Review Committee fees	1	1
Interest charges	–	–
	2,369	2,549
Net investment income (loss) before rebated and absorbed expenses	1,099	1,170
Rebated and absorbed expenses	1	1
Net investment income (loss) for the period	1,100	1,171
Realized gain (loss) on sale of investments	4,290	(414)
Change in unrealized appreciation (depreciation)	(23,963)	(3,125)
Transaction costs	(93)	(145)
Net gain (loss) on investments	(19,766)	(3,684)
Increase (decrease) in net assets from operations	(18,666)	(2,513)
Increase (decrease) in net assets from operations per series		
Series A	(16,435)	(2,261)
Series B	(37)	–
Series F	(78)	(3)
Series I	(310)	(15)
Series J	(2)	–
Series O	(92)	5
Series R	(198)	1
Series T6	(261)	(20)
Series T8	(1,253)	(220)
Increase (decrease) from operations per security		
Series A	(0.89)	(0.11)
Series B	(0.35)	–
Series F	(0.55)	(0.02)
Series I	(0.51)	(0.04)
Series J	(1.20)	–
Series O	(0.98)	0.15
Series R	(0.90)	–
Series T6	(1.14)	(0.11)
Series T8	(0.83)	(0.12)

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

MACKENZIE MAXXUM MONTHLY INCOME FUND



INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2011

CANADIAN BALANCED

STATEMENTS OF CHANGES IN NET ASSETS

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

	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Series A		Series B		Series F		Series I		Series J	
	\$		\$		\$		\$		\$	
Net assets – beginning of period	183,047	195,656	–	–	832	790	3,240	2,304	–	–
Increase (decrease) in net assets from operations	(16,435)	(2,261)	(37)	–	(78)	(3)	(310)	(15)	(2)	–
Distributions paid to securityholders:										
Investment income	–	–	–	–	–	–	(1)	(1)	–	–
Capital gains	–	–	–	–	–	–	–	–	–	–
Return of capital	(4,372)	(4,770)	–	–	(21)	(19)	(85)	(57)	–	–
Total distributions paid to securityholders	(4,372)	(4,770)	–	–	(21)	(19)	(86)	(58)	–	–
Security transactions:										
Proceeds from securities issued	7,318	10,141	–	–	126	129	588	–	56	–
Proceeds from securities issued on merger	1	–	2,067	–	–	–	–	–	–	–
Reinvested distributions	3,899	4,287	–	–	19	17	85	57	–	–
Value of securities redeemed	(17,962)	(18,539)	(1,010)	–	(92)	(78)	(217)	(42)	–	–
Total security transactions	(6,744)	(4,111)	1,057	–	53	68	456	15	56	–
Total increase (decrease) in net assets	(27,551)	(11,142)	1,020	–	(46)	46	60	(58)	54	–
Net assets – end of period	155,496	184,514	1,020	–	786	836	3,300	2,246	54	–
Increase (decrease) in fund securities (note 5):	Securities		Securities		Securities		Securities		Securities	
Securities outstanding – beginning of period	18,975	20,514	–	–	137	131	566	408	–	–
Issued	796.94	1,104	–	–	21	22	108	–	6	–
Issued on merger	0.06	–	207	–	–	–	–	–	–	–
Reinvested distributions	431	469	–	–	3	3	16	11	–	–
Redeemed	(1,952)	(2,026)	(98)	–	(16)	(13)	(40)	(8)	–	–
Securities outstanding – end of period	18,251	20,061	109	–	145	143	650	411	6	–
	Series O		Series R		Series T6		Series T8		Total	
	\$		\$		\$		\$		\$	
Net assets – beginning of period	928	398	2,706	2,725	2,507	2,076	14,051	16,933	207,311	220,882
Increase (decrease) in net assets from operations	(92)	5	(198)	1	(261)	(20)	(1,253)	(220)	(18,666)	(2,513)
Distributions paid to securityholders:										
Investment income	(57)	–	(161)	–	–	–	–	–	(219)	(1)
Capital gains	–	–	–	–	–	–	–	–	–	–
Return of capital	(28)	(11)	(61)	(66)	(82)	(65)	(539)	(652)	(5,188)	(5,640)
Total distributions paid to securityholders	(85)	(11)	(222)	(66)	(82)	(65)	(539)	(652)	(5,407)	(5,641)
Security transactions:										
Proceeds from securities issued	428	267	338	95	497	279	466	568	9,817	11,479
Proceeds from securities issued on merger	–	–	–	–	–	–	–	–	2,068	–
Reinvested distributions	85	11	–	–	12	11	211	240	4,311	4,623
Value of securities redeemed	(81)	(8)	(513)	(169)	(117)	(148)	(1,307)	(2,089)	(21,299)	(21,073)
Total security transactions	432	270	(175)	(74)	392	142	(630)	(1,281)	(5,103)	(4,971)
Total increase (decrease) in net assets	255	264	(595)	(139)	49	57	(2,422)	(2,153)	(29,176)	(13,125)
Net assets – end of period	1,183	662	2,111	2,586	2,556	2,133	11,629	14,780	178,135	207,757
Increase (decrease) in fund securities (note 5):	Securities		Securities		Securities		Securities		Securities	
Securities outstanding – beginning of period	76	34	233	238	208	173	1,555	1,834		
Issued	40	23	32	8	44	24	54	65		
Issued on merger	–	–	–	–	–	–	–	–		
Reinvested distributions	8	1	–	–	1	1	25	27		
Redeemed	(8)	(1)	(46)	(15)	(11)	(13)	(153)	(239)		
Securities outstanding – end of period	116	57	219	231	242	185	1,481	1,687		

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

MACKENZIE MAXXUM MONTHLY INCOME FUND



INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2011

CANADIAN BALANCED

STATEMENT OF INVESTMENTS

As at September 30, 2011

	Country	Sector	Par Value	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS					
AltaLink LP 5.43% 06-05-2013 Callable	Canada	Corporate - Non Convertible	500,000	540	532
American Express Canada Credit Corp. F/R 06-06-2014	Canada	Corporate - Non Convertible	200,000	200	197
Arrow Lakes Power Corp. 5.516% 04-05-2041	Canada	Corporate - Non Convertible	20,000	20	23
Bank of Montreal 3.49% 06-10-2016 Callable	Canada	Corporate - Non Convertible	700,000	696	731
Bank of Montreal 3.979% 07-08-2021	Canada	Corporate - Non Convertible	830,000	835	861
The Bank of Nova Scotia 8.90% 06-20-2025	Canada	Corporate - Non Convertible	1,000,000	1,380	1,501
BC Gas Utility Ltd. 10.30% 09-30-2016	Canada	Corporate - Non Convertible	400,000	545	545
Bell Aliant Regional Communications LP 4.88% 04-26-2018	Canada	Corporate - Non Convertible	250,000	250	263
Bell Canada 4.85% 06-30-2014 Callable	Canada	Corporate - Non Convertible	150,000	158	160
Bell Canada 3.60% 12-02-2015 Callable	Canada	Corporate - Non Convertible	200,000	200	207
Bell Canada 4.95% 05-19-2021 Callable	Canada	Corporate - Non Convertible	250,000	249	267
Caisse Centrale Desjardins 3.502% 10-05-2017	Canada	Corporate - Non Convertible	110,000	110	113
Canada Housing Trust 2.75% 06-15-2016	Canada	Federal Government	2,800,000	2,826	2,936
Canadian Imperial Bank of Commerce 4.11% 04-30-2020	Canada	Corporate - Non Convertible	900,000	948	946
Canadian Western Bank F/R 04-26-2013	Canada	Corporate - Non Convertible	200,000	200	199
Capital Desjardins Inc. 3.797% 11-23-2020 Callable 2015	Canada	Corporate - Non Convertible	400,000	400	408
Cards II Trust 3.333% 05-15-2016	Canada	Corporate - Non Convertible	150,000	150	156
CHIP Mortgage Trust 3.973% 02-01-2016	Canada	Corporate - Non Convertible	150,000	150	157
CI Financial Corp. 3.94% 12-14-2016 Callable	Canada	Corporate - Non Convertible	250,000	250	260
Daimler Canada Finance Inc. F/R 10-15-2012	Canada	Corporate - Non Convertible	200,000	200	199
Enbridge Gas Distribution Inc. 4.95% 11-22-2050 Callable	Canada	Corporate - Non Convertible	1,000,000	998	1,106
Fairfax Financial Holdings Ltd. 6.40% 05-21-2021	Canada	Corporate - Non Convertible	150,000	149	149
Financement-Quebec F/R 06-02-2016	Canada	Provincial Governments	1,000,000	991	992
First Capital Realty Inc. 5.60% 04-30-2020 Callable	Canada	Corporate - Non Convertible	270,000	275	282
Glacier Credit Card Trust 3.158% 11-20-2015	Canada	Asset Backed	500,000	500	514
Golden Credit Card Trust 3.51% 05-15-2016	Canada	Corporate - Non Convertible	300,000	300	314
Government of Canada 2.00% 06-01-2016	Canada	Federal Government	60,000	62	62
Government of Canada 4.00% 06-01-2017	Canada	Federal Government	220,000	247	249
Government of Canada 3.50% 06-01-2020	Canada	Federal Government	60,000	67	67
Government of Canada 8.00% 06-01-2023	Canada	Federal Government	2,060,000	2,854	3,260
Government of Canada 5.75% 06-01-2033	Canada	Federal Government	1,580,000	1,970	2,344
Government of Canada 4.00% 06-01-2041	Canada	Federal Government	60,000	70	75
Greater Toronto Airports Authority 4.70% 02-15-2016 Callable	Canada	Corporate - Non Convertible	1,500,000	1,622	1,652
Greater Toronto Airports Authority 5.26% 04-17-2018 Callable	Canada	Corporate - Non Convertible	2,000,000	2,252	2,299
Health Montreal Collective LP 6.721% 09-30-2049	Canada	Corporate - Non Convertible	150,000	150	170
HSBC Bank Canada 3.558% 10-04-2017	Canada	Corporate - Non Convertible	1,200,000	1,195	1,230
Hydro One Inc. 2.95% 09-11-2015 Callable	Canada	Corporate - Non Convertible	500,000	504	516
Kommunalbanken AS 3.74% 05-27-2021 Callable 2016	Norway	Foreign Government	200,000	200	210
Korea Gas Corp. 4.58% 05-12-2016	South Korea	Corporate - Non Convertible	150,000	150	158
Loblaw Companies Ltd. 6.00% 03-03-2014 Callable	Canada	Corporate - Non Convertible	800,000	888	871
Manulife Financial Corp. 4.079% 08-20-2015	Canada	Corporate - Non Convertible	500,000	500	517
Master Credit Card Trust 3.502% 05-21-2016	Canada	Corporate - Non Convertible	250,000	250	261
National Bank of Canada 3.58% 04-26-2016	Canada	Corporate - Non Convertible	200,000	200	210
NHA Mortgage Backed Securities 2.35% 03-01-2016	Canada	Mortgage Backed	192,229	196	195
Nova Scotia Power Inc. 5.75% 10-01-2013	Canada	Corporate - Non Convertible	250,000	272	270
Plenary Properties LTAP LP 6.288% 01-31-2044	Canada	Corporate - Non Convertible	80,000	85	96
Province of Ontario 4.20% 06-02-2020	Canada	Provincial Governments	690,000	718	755
Province of Ontario 4.65% 06-02-2041	Canada	Provincial Governments	610,000	704	708
Province of Quebec 4.50% 12-01-2020	Canada	Provincial Governments	2,480,000	2,570	2,755
Province of Quebec 5.00% 12-01-2041	Canada	Provincial Governments	240,000	266	288

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MACKENZIE MAXXUM MONTHLY INCOME FUND



INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2011

CANADIAN BALANCED

STATEMENT OF INVESTMENTS (cont'd)

As at September 30, 2011

	Country	Sector	Par Value/ No. of Shares	Average Cost (\$ 000s)	Fair Value (\$ 000s)
BONDS (cont'd)					
PSP Capital Inc. 2.94% 12-03-2015 Callable	Canada	Federal Government	300,000	300	312
Rogers Communications Inc. 4.70% 09-29-2020 Callable	Canada	Corporate - Non Convertible	180,000	180	182
Rogers Communications Inc. 6.56% 03-22-2041	Canada	Corporate - Non Convertible	200,000	200	218
Royal Bank of Canada 4.71% 12-22-2014	Canada	Corporate - Non Convertible	1,000,000	1,009	1,084
Royal Bank of Canada 3.35% 10-01-2020	Canada	Mortgage Backed	344,148	338	356
Shaw Communications Inc. 5.50% 12-07-2020	Canada	Corporate - Non Convertible	500,000	498	521
Teranet Holdings LP 3.531% 12-16-2015	Canada	Corporate - Non Convertible	600,000	600	621
The Toronto-Dominion Bank 2.65% 04-01-2016	Canada	Mortgage Backed	4,245,797	4,189	4,363
The Toronto-Dominion Bank 3.25% 12-01-2020	Canada	Mortgage Backed	393,255	380	404
Union Gas Ltd. 8.65% 11-10-2025	Canada	Corporate - Non Convertible	1,000,000	1,414	1,506
Total bonds				40,620	42,803
EQUITIES					
Air Products and Chemicals Inc.	United States	Materials	11,300	954	904
AltaGas Ltd.	Canada	Energy	53,600	1,045	1,450
ARC Resources Ltd.	Canada	Energy	99,400	2,265	2,235
Astral Media Inc. Class A non-voting	Canada	Consumer Discretionary	64,100	2,087	2,080
Bank of Montreal	Canada	Financials	62,100	3,682	3,633
The Bank of Nova Scotia	Canada	Financials	144,400	4,630	7,593
Barrick Gold Corp.	Canada	Materials	92,200	4,396	4,511
Baytex Energy Corp.	Canada	Energy	42,500	1,943	1,850
BCE Inc.	Canada	Telecommunication Services	120,800	4,029	4,739
Bell Aliant Inc.	Canada	Telecommunication Services	80,000	2,056	2,203
The Blackstone Group LP	United States	Financials	91,700	1,314	1,149
Bonavista Energy Corp.	Canada	Energy	45,400	1,256	1,061
Canadian Imperial Bank of Commerce	Canada	Financials	64,100	3,445	4,687
Canadian National Railway Co.	Canada	Industrials	13,600	660	949
Canadian Natural Resources Ltd.	Canada	Energy	141,000	5,179	4,323
Cenovus Energy Inc.	Canada	Energy	106,600	2,909	3,435
Chevron Corp.	United States	Energy	9,700	912	940
CI Financial Corp.	Canada	Financials	21,500	489	444
Corus Entertainment Inc. Class B non-voting	Canada	Consumer Discretionary	108,000	1,714	2,123
Diageo PLC	United Kingdom	Consumer Staples	105,400	1,834	2,100
The Dow Chemical Co.	United States	Materials	25,900	628	609
E.I. du Pont de Nemours and Co.	United States	Materials	25,200	1,270	1,054
Freeport-McMoRan Copper & Gold Inc.	United States	Materials	10,900	460	347
General Electric Co.	United States	Industrials	78,400	1,252	1,249
GlaxoSmithKline PLC	United Kingdom	Health Care	45,200	938	977
Goldcorp Inc.	Canada	Materials	37,500	1,626	1,793
Great-West Lifeco Inc.*	Canada	Financials	96,500	745	1,988
IMI PLC	United Kingdom	Industrials	72,700	1,171	838
Israel Chemicals Ltd.	Israel	Materials	66,900	980	805
Merck & Co. Inc.	United States	Health Care	57,700	2,064	1,976
Methanex Corp.	Canada	Materials	17,800	401	388
Microsoft Corp.	United States	Information Technology	140,000	4,342	3,649
Morneau Shepell Inc.	Canada	Industrials	270,000	2,799	2,557
Mullen Group Ltd.	Canada	Energy	100,000	1,682	1,877
NAL Energy Corp.	Canada	Energy	83,000	914	638
The North West Co. Inc.	Canada	Consumer Staples	98,100	2,087	1,844
Novartis AG Reg.	Switzerland	Health Care	18,600	1,044	1,087

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MACKENZIE MAXXUM MONTHLY INCOME FUND



INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2011

CANADIAN BALANCED

STATEMENT OF INVESTMENTS (cont'd)

As at September 30, 2011

	Country	Sector	No. of Shares/ Units	Average Cost (\$ 000s)	Fair Value (\$ 000s)
EQUITIES (cont'd)					
Occidental Petroleum Corp.	United States	Energy	18,200	1,725	1,363
Pengrowth Energy Corp.	Canada	Energy	80,500	1,001	760
Pfizer Inc.	United States	Health Care	74,300	1,194	1,375
Potash Corp. of Saskatchewan Inc.	Canada	Materials	79,500	2,969	3,600
Power Corp. of Canada Sub. Voting*	Canada	Financials	95,000	2,825	2,177
Reitmans (Canada) Ltd. Class A non-voting	Canada	Consumer Discretionary	81,400	1,560	1,229
Rio Tinto PLC	United Kingdom	Materials	31,500	2,120	1,457
Rogers Communications Inc. Class B non-voting	Canada	Telecommunication Services	50,600	1,605	1,815
Royal Bank of Canada	Canada	Financials	39,800	1,883	1,905
Schlumberger Ltd.	United States	Energy	12,000	880	751
The Second Cup Ltd.	Canada	Consumer Discretionary	38,000	270	215
Shaw Communications Inc. Class B non-voting	Canada	Consumer Discretionary	113,000	2,062	2,393
Siemens AG	Germany	Industrials	9,700	965	918
Sun Life Financial Inc.	Canada	Financials	67,400	1,972	1,680
Suncor Energy Inc.	Canada	Energy	92,700	3,068	2,472
Talisman Energy Inc.	Canada	Energy	60,000	1,083	770
Teck Resources Ltd. Class B	Canada	Materials	25,900	1,436	793
Thomson Reuters Corp.	Canada	Consumer Discretionary	43,500	1,264	1,234
The Toronto-Dominion Bank	Canada	Financials	91,900	4,336	6,824
TransCanada Corp.	Canada	Energy	98,900	3,214	4,196
United Parcel Service Inc. (UPS) Class B	United States	Industrials	14,900	952	985
Verizon Communications Inc.	United States	Telecommunication Services	48,700	1,429	1,877
Vermilion Energy Inc.	Canada	Energy	34,900	1,436	1,526
Walgreen Co.	United States	Consumer Staples	39,000	1,539	1,342
Total equities				113,990	119,742
INCOME TRUSTS					
Allied Properties Real Estate Investment Trust	Canada	Financials	40,000	942	927
Annaly Capital Management Inc.	United States	Financials	29,200	482	508
Artis Real Estate Investment Trust	Canada	Financials	102,200	1,289	1,257
Labrador Iron Ore Royalty Corp. Stapled Units	Canada	Materials	24,748	586	818
RioCan Real Estate Investment Trust	Canada	Financials	69,510	665	1,804
Total income trusts				3,964	5,314
Transaction costs				(151)	—
Total investments				158,423	167,859
Derivative instruments (see schedule of derivative instruments)					(1,113)
Cash and short-term investments					10,758
Other assets less liabilities					631
Total net assets					178,135

* Related to Mackenzie. See Note 1.

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

MACKENZIE MAXXUM MONTHLY INCOME FUND



INTERIM UNAUDITED FINANCIAL STATEMENTS | September 30, 2011

CANADIAN BALANCED

SCHEDULE OF DERIVATIVE INSTRUMENTS

As at September 30, 2011

Unrealized Gains/Losses on Forward Currency Contracts

	Bought (\$ 000s)		Sold (\$ 000s)		Number of Contracts	Settlement Date	Contract Cost (\$ 000s)	Current Fair Value (\$ 000s)	Unrealized Gains (Losses) (\$ 000s)
	205	British pound	(326)	Canadian dollar	1	Oct. 21, 2011	326	335	9
	558	Canadian dollar	(470)	Swiss franc	1	Oct. 28, 2011	(558)	(544)	14
	50	Canadian dollar	(35)	Euro	2	Nov. 4, 2011	(50)	(49)	1
	130	British pound	(211)	Canadian dollar	1	Dec. 9, 2011	211	213	2
Unrealized Gains									26
	875	Canadian dollar	(900)	U.S. dollar	1	Oct. 7, 2011	(875)	(942)	(67)
	1,306	Canadian dollar	(845)	British pound	2	Oct. 21, 2011	(1,306)	(1,382)	(76)
	876	Canadian dollar	(900)	U.S. dollar	1	Oct. 21, 2011	(876)	(944)	(68)
	928	Canadian dollar	(900)	U.S. dollar	1	Oct. 28, 2011	(928)	(944)	(16)
	5	Swiss franc	(11)	Canadian dollar	2	Oct. 28, 2011	11	6	(5)
	876	Canadian dollar	(900)	U.S. dollar	1	Nov. 4, 2011	(876)	(944)	(68)
	30	Euro	(46)	Canadian dollar	2	Nov. 4, 2011	46	42	(4)
	813	Canadian dollar	(600)	Euro	1	Nov. 18, 2011	(813)	(843)	(30)
	1,219	Canadian dollar	(750)	British pound	1	Nov. 18, 2011	(1,219)	(1,227)	(8)
	1,154	Canadian dollar	(1,180)	U.S. dollar	1	Nov. 18, 2011	(1,154)	(1,239)	(85)
	4,577	Canadian dollar	(4,680)	U.S. dollar	1	Dec. 2, 2011	(4,577)	(4,913)	(336)
	66	Canadian dollar	(47)	Euro	1	Dec. 9, 2011	(66)	(67)	(1)
	3,977	Canadian dollar	(3,985)	U.S. dollar	4	Dec. 9, 2011	(3,977)	(4,183)	(206)
	2,130	Canadian dollar	(1,365)	British pound	1	Dec. 9, 2011	(2,130)	(2,233)	(103)
	2,361	Canadian dollar	(2,290)	U.S. dollar	1	Jan. 13, 2012	(2,361)	(2,406)	(45)
	1,034	Canadian dollar	(645)	British pound	1	Jan. 27, 2012	(1,034)	(1,055)	(21)
Unrealized (Losses)									(1,139)
Total forward currency contracts									(1,113)
Total derivative instruments at fair value									(1,113)

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 February 10, 1971

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.

Series B securities were created specifically for the purpose of implementing merger affecting the Fund and are not available for sale.

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 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 O6 securities are offered to investors investing a minimum of \$500,000 who want to receive a monthly cash flow of 6% per year, and who have entered into a Series O account agreement with Mackenzie, and are 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 T6 securities are offered to retail investors investing a minimum of \$5,000 who want to receive a regular monthly cash flow of 6% per year.

Series T8 securities are offered to retail investors investing a minimum of \$5,000 who want to receive a regular monthly cash flow of 8% per year.

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/ Reinstatement Date	Management Fees	Administration Fees*	Net Asset Value per Security (\$)	
				Sep. 30, 2011	Mar. 31, 2011
Series A	February 10, 1971	2.00%	0.24%	8.54	9.66
Series B	July 27, 2011	1.30%	0.27%	9.42	—
Series E	None issued	0.80%	0.20%	—	—
Series F	December 6, 1999	1.00%	0.24%	5.43	6.10
Series I	October 25, 1999	1.35%	0.24%	5.09	5.73
Series J	July 11, 2011	1.70%	0.20%	9.19	—
Series O	October 30, 2002	— ⁽¹⁾	— ⁽¹⁾	10.20	12.15
Series O6	None issued	— ⁽²⁾	— ⁽²⁾	—	—
Series R	December 8, 2008	— ⁽³⁾	— ⁽³⁾	9.67	11.63
Series T6	August 9, 2007	2.00%	0.24%	10.61	12.06
Series T8	March 8, 2002	2.00%	0.24%	7.87	9.05

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

(1) 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.

(2) The management and administration fees for Series O6 securities are negotiable and are payable directly to Mackenzie by Series O6 investors, not 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.

(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 \$2,111 (March 31, 2011 – Nil and \$2,706), respectively, in the Fund.

(c) Loss Carryforwards

As at the last taxation year-end, the Fund has capital losses of \$12,759 which may be carried forward indefinitely to reduce future realized capital gains. There were no non-capital losses available to carry forward for tax purposes.

(d) Securities Lending

The value of securities loaned and collateral received from securities lending at September 30, 2011 and March 31, 2011 were as follows:

	September 30, 2011	March 31, 2011
	(\$)	(\$)
Value of securities loaned	14,142	15,936
Value of collateral received	14,971	16,811

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

(e) Commissions

The brokerage commissions paid to certain dealers included an amount of \$9 (2010 – \$13) that was available for payment to third party vendors for the provision of investment decision making services. This amount represented 9.9% (2010 – 8.8%) of the total commissions and other transaction costs paid during the period.

NOTES TO FINANCIAL STATEMENTS

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

(f) Fund Merger

On February 23, 2011, the Mackenzie Funds' Independent Review Committee approved the merger of Keystone Manulife High Income Fund (the "Terminating Fund") into the Fund. The merger was effective after the close of business on June 24, 2011. The merger was effected by transferring the net assets of the Terminating Fund in exchange for securities of the Fund at fair market value. Series A and Series I securityholders of the Terminating Fund were issued 0.06 Series A securities and 207 Series B securities, respectively, of the Fund in exchange for net assets of \$2,068. Following the proposed merger, the Terminating Fund was terminated. Mackenzie paid the expenses incurred to effect the merger.

(g) Risks Associated with Financial Instruments

i. Risk exposure and management

The Fund seeks monthly income and, as a secondary goal, long-term capital growth, by investing primarily in Canadian and U.S. dividend-paying equities and income trust units. It usually invests between 60% and 75% in equities and the remainder in fixed income securities and money market securities.

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 forward currency contracts. Other financial assets and liabilities (including accrued interest and dividends receivable, and receivables/payables for securities sold/purchased) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

Currency	September 30, 2011				March 31, 2011				
	Investments (\$)	Cash and Short-Term Investments (\$)	Forward Currency Contracts (\$)	Net Exposure* (\$)	Investments (\$)	Cash and Short-Term Investments (\$)	Forward Currency Contracts (\$)	Net Exposure* (\$)	
U.S. dollar	20,078	1,869	(16,515)	5,432	31,676	1,900	(10,275)	23,301	
Israeli shekel	805	14	–	819	978	–	–	978	
Swiss franc	1,087	–	(538)	549	5,105	19	(4,913)	211	
British pound	5,372	–	(5,349)	23	Total	37,759	1,919	(15,188)	24,490
Euro	918	–	(917)	1	As Percent of				
Total	28,260	1,883	(23,319)	6,824	Net Assets (%)	18.2	0.9	(7.3)	11.8
As Percent of									
Net Assets (%)	15.9	1.1	(13.1)	3.9					

* Includes both monetary and non-monetary financial instruments

As of September 30, 2011, 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, respectively, by approximately \$341 or 0.2% of total net assets (March 31, 2011 – \$1,225 or 0.6%). In practice, the actual trading results may differ and the difference could be material.

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.

Bonds	September 30, 2011	March 31, 2011
	(\$)	(\$)
Less than 1 year	–	3,043
1-5 years	18,386	17,427
5-10 years	13,122	16,547
Greater than 10 years	11,295	13,933
Total	42,803	50,950

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 \$2,772 or 1.6% of total net assets (March 31, 2011 – \$3,062 or 1.5%). In practice, the actual trading results may differ and the difference could be material.



NOTES TO FINANCIAL STATEMENTS

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

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

iv. Other price risk

The Fund's most significant exposure to price risk arises from its investment in equity securities and income trusts. As at September 30, 2011, 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 \$12,506 or 7.0% of total net assets (March 31, 2011 – \$15,336 or 7.4%). In practice, the actual trading results may differ and the difference could be material.

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 credit worthiness of the debt issuer. The maximum exposure to any one debt issuer as of September 30, 2011, was 5.2% of the net assets of the Fund (March 31, 2011 – 10.0%).

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

Rating*	September 30, 2011	March 31, 2011
	Percent of Total Bonds (%)	Percent of Total Bonds (%)
AAA	37.4	24.8
AA	20.5	27.6
A	34.4	32.5
BBB	7.7	15.1
Less than BBB	–	–
Unrated	–	–
Total	100.0	100.0

*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)

(h) Fair Value Classification

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

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

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

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

	September 30, 2011				March 31, 2011			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Bonds	–	42,803	–	42,803	–	50,950	–	50,950
Equities	111,560	8,182	–	119,742	148,857	–	–	148,857
Income trusts	5,314	–	–	5,314	4,499	–	–	4,499
Total investments	116,874	50,985	–	167,859	153,356	50,950	–	204,306
Derivative assets	–	26	–	26	–	183	–	183
Derivative liabilities	–	(1,139)	–	(1,139)	–	(18)	–	(18)
Short-term investments	–	10,727	–	10,727	–	2,063	–	2,063
Total	116,874	60,599	–	177,473	153,356	53,178	–	206,534

In accordance with the Fund's valuation policy, the Fund applies fair value adjustment factors to the quoted market prices for non-North-American equities when North American intraday stock market movements exceed pre-determined tolerances. The adjustment factors are applied in order to estimate the impact on fair values of events occurring between the close of the non-North American stock markets and the close of business for the Fund. If fair value adjustment factors are applied, non-North American equities are classified as Level 2. Consequently, during the period ended September 30, 2011, non-North American equities frequently transferred between Level 1 (unadjusted quoted market prices) and Level 2 (adjusted market prices). As of September 30, 2011, these securities were classified as Level 2 (March 31, 2011 – Level 1).

For the period ended September 30, 2011, income trusts positions with a fair value of \$Nil (March 31, 2011 – \$Nil) were transferred from Level 1 to Level 3 as a result of changes in the inputs used for valuation.

The table below presents a reconciliation of financial instruments measured at fair value using unobservable inputs (Level 3) for the period ended September 30, 2011 and March 31, 2011:

	September 30, 2011	March 31, 2011
	Income Trusts (\$)	Income Trusts (\$)
Balance – beginning of period	–	–
Purchases	–	–
Sales	–	–
Net transfers in (out)	–	–
Gains (losses) during the period:		
Realized	(67)	–
Unrealized	67	–
Balance – end of period	–	–
Unrealized gains (losses) during the period attributable to securities held at end of period	67	33