

September 30, 2018

MANAGEMENT REPORT OF FUND PERFORMANCE  
**NCM INCOME GROWTH CLASS**



# MANAGEMENT REPORT OF FUND PERFORMANCE

## NCM INCOME GROWTH CLASS

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This annual management report of fund performance contains financial highlights but does not contain the annual financial statements of the investment fund. You can get a copy of the Fund's financial statements at your request, and at no cost, by calling toll free (877) 531-9355, by writing us at 1850, 333-7<sup>th</sup> Avenue SW Calgary, Alberta T2P 2Z1 or by visiting our website at [www.ncminvestments.com](http://www.ncminvestments.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Security holders 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.

### **MANAGEMENT DISCUSSION OF FUND PERFORMANCE**

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#### **INVESTMENT OBJECTIVE AND STRATEGIES**

The investment objective of NCM Income Growth Class (the "Fund") is to provide investors with a stable monthly stream of cash distributions and the potential for long term capital appreciation by investing in small and mid capitalization high yield securities of issuers in Canada and the United States.

The Fund achieves this objective by employing a value approach to high yield investments as a primary method of securities selection. This means searching for organizations that are able to maintain and grow their distributions. In addition, the Fund focuses on companies offering superior long-term earnings and cash flow per share growth, and exhibiting a strong position in the market in which they operate, quality management, and balance sheet strength. This analysis is supplemented by quantitative techniques, which examine movements in general market trends, as well as trends in earnings and the price of securities.

The Fund may invest in a combination of securities including common and preferred shares, government and corporate bonds, short-term debt instruments, convertible securities and income trust units. The Fund may also invest in permitted derivatives and engage in limited short selling in order to achieve its objective.

#### **RISK**

The Fund is suitable for investors seeking long-term capital appreciation with a tolerance for medium risk based on the Fund's standard deviation. General risks of an investment in the NCM Income Growth Class are detailed in the simplified prospectus and include equity risk, small and mid capitalization company risk, class and series risk, liquidity risk, interest rate risk, and income trust risk, among others.

The Fund's investment in smaller capitalization companies forms a significant portion of the portfolio. This is generally a volatile asset class. The higher yielding component of the portfolio, including both equities and bonds, makes the Fund somewhat sensitive to changes in interest rates. Finally, the Fund's concentration in the Industrials and Consumer Discretionary sectors potentially increases the Fund's sensitivity to changes in GDP, commodity prices, foreign exchange interest rates, stimulus removal and credit conditions.

## RESULTS OF OPERATIONS

The Canadian equity markets have once again lagged their international peers to date in 2018 with the TSX Total Return index generating a modest 1.4% return YTD compared to the S&P 500 Total Return which is up 10.6% and the MSCI World Net Total Return Index up 6.6%. We attribute this underperformance to a number of factors, namely the trade uncertainty under President Trump's leadership, continued concern over the state of the Canadian housing market and high consumer debt levels and the wide Canadian oil price differential. The Canadian small cap market has also had a challenging time in 2018, with the BMO Small Cap Total Return index down 5.0% YTD. While small caps have been impacted by the same uncertainties as their Canadian larger cap peers, this has been compounded by a decline in liquidity levels as investors have migrated to larger cap stocks due in part to the growth in the ETF market and to increased fund flows into the more speculative cannabis segment of the market.

Annual compound return for the Fund was up 6.9%, outperforming the index, which was up 4.9% during the same period. The outperformance in the Fund, despite an approximate 45% exposure to small cap market, came predominantly from stock selection and was aided by the announced take-out of EnerCare Inc., one of the Fund's largest holdings, for a 53% premium to the previous closing price. There were no major changes in the fixed income weighting, which accounted for 10.6% of the portfolio as of September 30, 2018. We continue to believe that at this time equities carry a superior risk/reward opportunity, given our expectations that we will see a continued rise in interest rates over the near and medium term.

With the proposal of the new United States–Mexico-Canada Agreement (“USMCA”) agreement as a replacement for The North American Free Trade Agreement (“NAFTA”), one of the headwinds affecting the Canadian market is now in the rear-view mirror. While concerns about the Canadian housing market continue to keep international investors at bay, valuation levels in Canadian equity markets have become more attractive with forward Price/Earnings (“P/E”) multiple of the S&P TSX index contracting to 14.1x at the end of September and is now below the long-term historical average of 14.5x. While it is difficult to predict an exact catalyst to when Canadian equity markets, both large and small caps, will see performance catch up to their international peers, we believe that valuation levels are now more attractive and the lower liquidity levels in the small cap market has created an increasing number of potential investment opportunities for the Fund. As always, we remain committed to our bottom-up investment approach with a focus on high-quality companies that have a proven history of generating strong and sustainable cash flow to support a growing dividend.

For the period ended September 30, 2018, the Fund earned interest and dividend income amounting to \$586,812 and \$2,936,937, respectively. The change in unrealized depreciation in current value of investments was a decrease of \$5,187,586 and the change in unrealized gain on derivative instruments was an increase of \$222,951. The realized gain on investments was \$5,712,887 and the realized loss on derivative instruments was \$233,037. Management fees of \$1,156,381 were paid. General and administrative costs were \$500,953. As a result of the above, the increase in net assets attributable to holders of redeemable shares was \$2,381,630. Net assets attributable to holders of redeemable shares at the beginning of the period were \$98,418,945. Proceeds from the issuance of shares were \$8,223,739; reinvestment of dividends was \$3,267,089 and redemptions were \$27,712,488. Dividends declared to holders of redeemable shares were \$4,318,324. By September 30, 2018, the Fund had net assets attributable to holders of redeemable shares of \$80,260,591.

## RECENT DEVELOPMENTS

On August 27, 2018, Norrep Income Growth Class changed its name to NCM Income Growth Class and its annual financial reporting period changed from October 31 to September 30.

Effective November 1, 2017, the Fund adopted IFRS 9 Financial Instruments. The new standard requires assets to be carried at amortized cost or fair value, with changes in fair value recognized in profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI) based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Assessment and decision on the business model approach used is an accounting judgement.

Upon transition to IFRS 9, the Fund's financial assets and financial liabilities that were classified as fair value through profit and loss (FVTPL) under IAS 39 continued to be categorized as fair value through profit and loss. There were no changes in the measurement attributes for any of the financial assets and financial liabilities upon transition to IFRS 9.

Under IFRS 9, derivatives are classified as FVTPL like other financial assets and liabilities, so there is no requirement to present separately the different component amounts on the Statement of Comprehensive Income as they fall within the same classification; this is a change from the requirement under IAS 39 where derivatives were classified as Held for Trading.

However, Canadian Security Administrators ("CSA") regulatory requirements under NI 81-106 prescribe the individual line items that are required to be disclosed which includes separate disclosure for derivatives.

## RELATED PARTY TRANSACTIONS

Management fees of \$1,156,381 were paid to NCM Asset Management Ltd. ("NCM"), formerly named Norrep Capital Management Ltd., the Fund's Manager and Portfolio Manager. Management fees are 1.65% for the Series A, 1% for the Series F and Series F6, and 2% for the Series B and Series T6, of the series net asset value of the Fund and are calculated and paid monthly. In addition, administrative fees of \$103,071 were paid to NCM. Administration fees are charged by NCM at or below cost. They relate to accounting, trading, record keeping, compliance and other administrative costs.

## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund's Series A shares and are intended to help you understand the Fund's financial performance for the fiscal periods indicated. This information is derived from the Fund's audited annual financial statements.

| <b>Net asset value (NAV) per share<sup>(1)</sup> – Series A</b> | <b>2018</b>    | <b>2017</b>    | <b>2016</b>    | <b>2015</b>    | <b>2014</b>    |
|---|----------------|----------------|----------------|----------------|----------------|
| Net Asset Value, beginning of period                            | \$13.62        | \$13.33        | \$12.67        | \$14.04        | \$13.67        |
| Increase (decrease) from operations:                            |                |                |                |                |                |
| Total revenue   | 0.54           | 0.58           | 0.59           | 0.62           | 0.64           |
| Total expenses  | (0.28)         | (0.30)         | (0.29)         | (0.30)         | (0.49)         |
| Realized gains (losses) for the period                          | 0.84           | 0.83           | 0.75           | 0.52           | 0.91           |
| Unrealized gains (losses) for the period                        | (0.76)         | (0.12)         | 0.26           | (1.52)         | (0.12)         |
| <b>Total increase (decrease) from operations</b>                | <b>0.34</b>    | <b>0.99</b>    | <b>1.31</b>    | <b>(0.68)</b>  | <b>0.94</b>    |
| Distributions:  |                |                |                |                |                |
| From income   | Nil            | Nil            | Nil            | Nil            | Nil            |
| From dividends  | (0.60)         | (0.54)         | (0.72)         | (0.72)         | (0.54)         |
| From capital gains  | (0.06)         | (0.18)         | Nil            | Nil            | (0.18)         |
| <b>Total distributions<sup>(2)</sup></b>                        | <b>(0.66)</b>  | <b>(0.72)</b>  | <b>(0.72)</b>  | <b>(0.72)</b>  | <b>(0.72)</b>  |
| <b>Net Asset Value, end of period<sup>(3)</sup></b>             | <b>\$13.36</b> | <b>\$13.62</b> | <b>\$13.33</b> | <b>\$12.67</b> | <b>\$14.04</b> |

(1) This information is provided as at September 30, 2018 and October 31 for the preceding years presented. The information is in accordance with International Financial Reporting Standards. The opening net asset values for 2015 and 2014 are restated in accordance with International Financial Reporting Standards.

(2) Distributions, if any, are reinvested in additional shares or paid in cash when requested.

(3) Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. Due to the different methods of calculating individual components of the table, the sum of the individual components will not necessarily equal the ending net asset value.

| <b>Ratios and Supplemental Data – Series A<sup>(1)</sup></b> | <b>2018</b>    | <b>2017</b>    | <b>2016</b>    | <b>2015</b>    | <b>2014</b>    |
|--|----------------|----------------|----------------|----------------|----------------|
| Net Assets (000's of \$)                                     | 19,652         | 24,616         | 29,261         | 34,761         | 46,638         |
| Number of shares outstanding                                 | 1,470,571      | 1,807,043      | 2,194,535      | 2,742,521      | 3,322,491      |
| Management expense ratio (MER) <sup>(2)</sup>                | 2.18%          | 2.16%          | 2.16%          | 2.08%          | 3.20%          |
| MER before waivers or absorptions <sup>(2)</sup>             | 2.18%          | 2.16%          | 2.16%          | 2.08%          | 3.20%          |
| Portfolio turnover rate <sup>(3)</sup>                       | 20.35%         | 24.69%         | 50.30%         | 35.28%         | 15.90%         |
| Trading expense ratio <sup>(4)</sup>                         | 0.09%          | 0.10%          | 0.20%          | 0.15%          | 0.08%          |
| <b>Net asset value per share</b>                             | <b>\$13.36</b> | <b>\$13.62</b> | <b>\$13.33</b> | <b>\$12.67</b> | <b>\$14.04</b> |

(1) This information is provided as at September 30, 2018 and October 31 for the preceding years presented. The information is in accordance with International Financial Reporting Standards.

(2) Management expense ratio (MER) is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value of the period.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of a period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and performance of the Fund.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

## FINANCIAL HIGHLIGHTS (continued)

The following tables show selected key financial information about the Fund's Series F shares and are intended to help you understand the Fund's financial performance for the fiscal periods indicated. This information is derived from the Fund's audited annual financial statements.

| Net asset value (NAV) per share <sup>(1)</sup> – Series F | 2018    | 2017    | 2016    | 2015    | 2014    |
|---|---------|---------|---------|---------|---------|
| Net Asset Value, beginning of period                      | \$14.97 | \$14.56 | \$13.75 | \$15.12 | \$14.61 |
| Increase (decrease) from operations:                      |         |         |         |         |         |
| Total revenue   | 0.60    | 0.65    | 0.65    | 0.62    | 0.64    |
| Total expenses  | (0.22)  | (0.24)  | (0.24)  | (0.24)  | (0.41)  |
| Realized gains (losses) for the period                    | 0.94    | 0.94    | 0.78    | 0.52    | 0.91    |
| Unrealized gains (losses) for the period                  | (0.80)  | (0.15)  | 0.29    | (1.52)  | (0.12)  |
| Total increase (decrease) from operations                 | 0.52    | 1.20    | 1.48    | (0.62)  | 1.02    |
| Distributions:  |         |         |         |         |         |
| From income   | Nil     | Nil     | Nil     | Nil     | Nil     |
| From dividends  | (0.66)  | (0.59)  | (0.78)  | (0.78)  | (0.57)  |
| From capital gains  | (0.07)  | (0.20)  | Nil     | Nil     | (0.19)  |
| Total distributions <sup>(2)</sup>                        | (0.73)  | (0.79)  | (0.78)  | (0.78)  | (0.76)  |
| Net Asset Value, end of period <sup>(3)</sup>             | \$14.78 | \$14.97 | \$14.56 | \$13.75 | \$15.12 |

(1) This information is provided as at September 30, 2018 and October 31 for the preceding years presented. The information is in accordance with International Financial Reporting Standards. The opening net asset values for 2015 and 2014 are restated in accordance with International Financial Reporting Standards.

(2) Distributions, if any, are reinvested in additional shares or paid in cash when requested.

(3) Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. Due to the different methods of calculating individual components of the table, the sum of the individual components will not necessarily equal the ending net asset value.

| Ratios and Supplemental Data – Series F <sup>(1)</sup> | 2018      | 2017      | 2016      | 2015      | 2014      |
|--|-----------|-----------|-----------|-----------|-----------|
| Net Assets (000's of \$)                               | 31,641    | 32,452    | 28,131    | 32,356    | 35,362    |
| Number of shares outstanding                           | 2,140,831 | 2,167,442 | 1,932,238 | 2,353,081 | 2,339,063 |
| Management expense ratio (MER) <sup>(2)</sup>          | 1.51%     | 1.49%     | 1.49%     | 1.40%     | 2.51%     |
| MER before waivers or absorptions <sup>(2)</sup>       | 1.51%     | 1.49%     | 1.49%     | 1.40%     | 2.51%     |
| Portfolio turnover rate <sup>(3)</sup>                 | 20.35%    | 24.69%    | 50.30%    | 35.28%    | 15.90%    |
| Trading expense ratio <sup>(4)</sup>                   | 0.09%     | 0.10%     | 0.20%     | 0.15%     | 0.08%     |
| Net asset value per share                              | \$14.78   | \$14.97   | \$14.56   | \$13.75   | \$15.12   |

(1) This information is provided as at September 30, 2018 and October 31 for the preceding years presented. The information is in accordance with International Financial Reporting Standards.

(2) Management expense ratio (MER) is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value of the period.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of a period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and performance of the Fund.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

## FINANCIAL HIGHLIGHTS (continued)

The following tables show selected key financial information about the Fund's Series B shares and are intended to help you understand the Fund's financial performance for the fiscal periods indicated. This information is derived from the Fund's audited annual financial statements.

| Net asset value (NAV) per share <sup>(1)</sup> – Series B | 2018    | 2017    | 2016    | 2015    | 2014    |
|---|---------|---------|---------|---------|---------|
| Net Asset Value, beginning of period                      | \$13.25 | \$13.02 | \$12.43 | \$13.83 | \$13.51 |
| Increase (decrease) from operations:                      |         |         |         |         |         |
| Total revenue   | 0.51    | 0.57    | 0.58    | 0.62    | 0.64    |
| Total expenses  | (0.31)  | (0.35)  | (0.34)  | (0.34)  | (0.54)  |
| Realized gains (losses) for the period                    | 0.80    | 0.81    | 0.73    | 0.52    | 0.91    |
| Unrealized gains (losses) for the period                  | (0.77)  | (0.11)  | 0.29    | (1.52)  | (0.12)  |
| Total increase (decrease) from operations                 | 0.23    | 0.92    | 1.26    | (0.72)  | 0.89    |
| Distributions:  |         |         |         |         |         |
| From income   | Nil     | Nil     | Nil     | Nil     | Nil     |
| From dividends  | (0.60)  | (0.54)  | (0.72)  | (0.72)  | (0.54)  |
| From capital gains  | (0.06)  | (0.18)  | Nil     | Nil     | (0.18)  |
| Total distributions <sup>(2)</sup>                        | (0.66)  | (0.72)  | (0.72)  | (0.72)  | (0.72)  |
| Net Asset Value, end of period <sup>(3)</sup>             | \$12.93 | \$13.25 | \$13.02 | \$12.43 | \$13.83 |

(1) This information is provided as at September 30, 2018 and October 31 for the preceding years presented. The information is in accordance with International Financial Reporting Standards. The opening net asset values for 2015 and 2014 are restated in accordance with International Financial Reporting Standards.

(2) Distributions, if any, are reinvested in additional shares or paid in cash when requested.

(3) Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. Due to the different methods of calculating individual components of the table, the sum of the individual components will not necessarily equal the ending net asset value.

| Ratios and Supplemental Data – Series B <sup>(1)</sup> | 2018      | 2017      | 2016      | 2015      | 2014      |
|--|-----------|-----------|-----------|-----------|-----------|
| Net Assets (000's of \$)                               | 25,830    | 37,629    | 48,330    | 57,802    | 78,666    |
| Number of shares outstanding                           | 1,997,720 | 2,840,084 | 3,711,692 | 4,651,287 | 5,689,856 |
| Management expense ratio (MER) <sup>(2)</sup>          | 2.59%     | 2.58%     | 2.58%     | 2.49%     | 3.61%     |
| MER before waivers or absorptions <sup>(2)</sup>       | 2.59%     | 2.58%     | 2.58%     | 2.49%     | 3.61%     |
| Portfolio turnover rate <sup>(3)</sup>                 | 20.35%    | 24.69%    | 50.30%    | 35.28%    | 15.90%    |
| Trading expense ratio <sup>(4)</sup>                   | 0.09%     | 0.10%     | 0.20%     | 0.15%     | 0.08%     |
| Net asset value per share                              | \$12.93   | \$13.25   | \$13.02   | \$12.43   | \$13.83   |

(1) This information is provided as at September 30, 2018 and October 31 for the preceding years presented. The information is in accordance with International Financial Reporting Standards.

(2) Management expense ratio (MER) is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value of the period.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of a period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and performance of the Fund.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

## FINANCIAL HIGHLIGHTS (continued)

The following tables show selected key financial information about the Fund's Series I shares and are intended to help you understand the Fund's financial performance for the fiscal periods indicated. This information is derived from the Fund's audited annual financial statements.

| Net asset value (NAV) per share <sup>(1)</sup> – Series I | 2018    | 2017    | 2016    | 2015    | 2014    |
|---|---------|---------|---------|---------|---------|
| Net Asset Value, beginning of period                      | \$15.90 | \$15.30 | \$14.30 | \$15.52 | \$14.85 |
| Increase (decrease) from operations:                      |         |         |         |         |         |
| Total revenue   | 0.63    | 0.66    | 0.68    | 0.62    | 0.64    |
| Total expenses  | (0.07)  | (0.08)  | (0.09)  | (0.10)  | (0.25)  |
| Realized gains (losses) for the period                    | 1.00    | 0.93    | 0.85    | 0.52    | 0.91    |
| Unrealized gains (losses) for the period                  | (0.88)  | (0.06)  | 0.35    | (1.52)  | (0.12)  |
| Total increase (decrease) from operations                 | 0.68    | 1.45    | 1.79    | (0.48)  | 1.18    |
| Distributions:  |         |         |         |         |         |
| From income   | Nil     | Nil     | Nil     | Nil     | Nil     |
| From dividends  | (0.70)  | (0.62)  | (0.81)  | (0.80)  | (0.58)  |
| From capital gains  | (0.07)  | (0.21)  | Nil     | Nil     | (0.20)  |
| Total distributions <sup>(2)</sup>                        | (0.77)  | (0.83)  | (0.81)  | (0.80)  | (0.78)  |
| Net Asset Value, end of period <sup>(3)</sup>             | \$15.87 | \$15.90 | \$15.30 | \$14.30 | \$15.52 |

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(2) Distributions, if any, are reinvested in additional shares or paid in cash when requested.

(3) Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. Due to the different methods of calculating individual components of the table, the sum of the individual components will not necessarily equal the ending net asset value.

| Ratios and Supplemental Data – Series I <sup>(1)</sup> | 2018    | 2017    | 2016    | 2015    | 2014    |
|--|---------|---------|---------|---------|---------|
| Net Assets (000's of \$)                               | 2,995   | 3,722   | 4,801   | 6,139   | 7,314   |
| Number of shares outstanding                           | 188,758 | 234,060 | 313,867 | 429,400 | 471,131 |
| Management expense ratio (MER) <sup>(2)</sup>          | 0.40%   | 0.37%   | 0.37%   | 0.28%   | 1.40%   |
| MER before waivers or absorptions <sup>(2)</sup>       | 0.40%   | 0.37%   | 0.37%   | 0.28%   | 1.40%   |
| Portfolio turnover rate <sup>(3)</sup>                 | 20.35%  | 24.69%  | 50.30%  | 35.28%  | 15.90%  |
| Trading expense ratio <sup>(4)</sup>                   | 0.09%   | 0.10%   | 0.20%   | 0.15%   | 0.08%   |
| Net asset value per share                              | \$15.87 | \$15.90 | \$15.30 | \$14.30 | \$15.52 |

(1) This information is provided as at September 30, 2018 and October 31 for the preceding years presented. The information is in accordance with International Financial Reporting Standards.

(2) Management expense ratio (MER) is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value of the period.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of a period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and performance of the Fund.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.



## FINANCIAL HIGHLIGHTS (continued)

The following tables show selected key financial information about the Fund's Series T6 shares and are intended to help you understand the Fund's financial performance for the fiscal periods indicated. This information is derived from the Fund's audited annual financial statements.

| Net asset value (NAV) per share <sup>(1)</sup> – Series T6 <sup>(1)</sup> | 2018 <sup>(4)</sup> |
|---|---------------------|
| Net Asset Value, beginning of period                                      | \$12.45             |
| Increase (decrease) from operations:                                      |                     |
| Total revenue   | 0.28                |
| Total expenses  | (0.16)              |
| Realized gains (losses) for the period                                    | 0.45                |
| Unrealized gains (losses) for the period                                  | 0.63                |
| <b>Total increase (decrease) from operations</b>                          | <b>1.20</b>         |
| Distributions:  |                     |
| From income   | Nil                 |
| From dividends  | Nil                 |
| From capital gains  | Nil                 |
| Return of capital   | (0.38)              |
| <b>Total distributions<sup>(2)</sup></b>                                  | <b>(0.38)</b>       |
| <b>Net Asset Value, end of period<sup>(3)</sup></b>                       | <b>\$12.90</b>      |

(1) This information is provided as at September 30, 2018 for the periods presented. The information is in accordance with International Financial Reporting Standards.

(2) Distributions, if any, are paid in cash and may be comprised, in whole or part, of a return of capital.

(3) Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. Due to the different methods of calculating individual components of the table, the sum of the individual components will not necessarily equal the ending net asset value.

(4) The Series T6 commenced operations April 10, 2018.

| Ratios and Supplemental Data – Series T6 <sup>(1)</sup> | 2018 <sup>(5)</sup> |
|---|---------------------|
| Net Assets (000's of \$)                                | 87                  |
| Number of shares outstanding                            | 6,720               |
| Management expense ratio (MER) <sup>(2)</sup>           | 2.73%               |
| MER before waivers or absorptions <sup>(2)</sup>        | 2.73%               |
| Portfolio turnover rate <sup>(3)</sup>                  | 20.35%              |
| Trading expense ratio <sup>(4)</sup>                    | 0.09%               |
| <b>Net asset value per share</b>                        | <b>\$12.90</b>      |

(1) This information is provided as at September 30, 2018 for the periods presented. The information is in accordance with International Financial Reporting Standards.

(2) Management expense ratio (MER) is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value of the period.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of a period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and performance of the Fund.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(5) The Series T6 commenced operations April 10, 2018.

## FINANCIAL HIGHLIGHTS (continued)

The following tables show selected key financial information about the Fund's Series F6 shares and are intended to help you understand the Fund's financial performance for the fiscal periods indicated. This information is derived from the Fund's audited annual financial statements.

| Net asset value (NAV) per share <sup>(1)</sup> – Series F6 <sup>(1)</sup> | 2018 <sup>(4)</sup> |
|---|---------------------|
| Net Asset Value, beginning of period                                      | \$14.15             |
| Increase (decrease) from operations:                                      |                     |
| Total revenue   | 0.13                |
| Total expenses  | (0.05)              |
| Realized gains (losses) for the period                                    | 0.25                |
| Unrealized gains (losses) for the period                                  | 0.44                |
| <b>Total increase (decrease) from operations</b>                          | <b>0.77</b>         |
| Distributions:  |                     |
| From income   | Nil                 |
| From dividends  | Nil                 |
| From capital gains  | Nil                 |
| Return of capital   | (0.21)              |
| <b>Total distributions<sup>(2)</sup></b>                                  | <b>(0.21)</b>       |
| <b>Net Asset Value, end of period<sup>(3)</sup></b>                       | <b>\$14.76</b>      |

(1) This information is provided as at September 30, 2018 for the preceding periods presented. The information is in accordance with International Financial Reporting Standards.

(2) Distributions, if any, are paid in cash and may be comprised, in whole or part, of a return of capital.

(3) Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. Due to the different methods of calculating individual components of the table, the sum of the individual components will not necessarily equal the ending net asset value.

(4) The Series F6 commenced operations July 16, 2018.

| Ratios and Supplemental Data – Series F6 <sup>(1)</sup> | 2018 <sup>(5)</sup> |
|---|---------------------|
| Net Assets (000's of \$)                                | 56                  |
| Number of shares outstanding                            | 3,803               |
| Management expense ratio (MER) <sup>(2)</sup>           | 1.50%               |
| MER before waivers or absorptions <sup>(2)</sup>        | 1.50%               |
| Portfolio turnover rate <sup>(3)</sup>                  | 20.35%              |
| Trading expense ratio <sup>(4)</sup>                    | 0.09%               |
| Net asset value per share                               | \$14.76             |

(1) This information is provided as at September 30, 2018 for the periods presented. The information is in accordance with International Financial Reporting Standards

(2) Management expense ratio (MER) is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value of the period.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of a period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and performance of the Fund.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(5) The Series F6 commenced operations July 16, 2018.

## MANAGEMENT FEES

The Fund pays an annual management fee of 1.65% for the Series A, 1% for the Series F and Series F6, and 2% for the Series B and Series T6, multiplied by the series net asset value of the Fund, to NCM, the Fund's Manager and Portfolio Manager. The management fee is calculated and paid monthly. No management fee is charged to the Series I; instead, the investors pay a management fee directly to the Manager, in an amount determined through negotiation with the Manager. For the period ended September 30, 2018, management fees amounted to \$1,156,381. NCM paid servicing commissions of \$384,310 (i.e., 33.23%) as well as selling commissions of \$5,052 (i.e., 0.44%) from these management fees to investment dealers. NCM also received fees for portfolio management and administrative services with respect to this Fund as well as all the other funds in the NCM group.

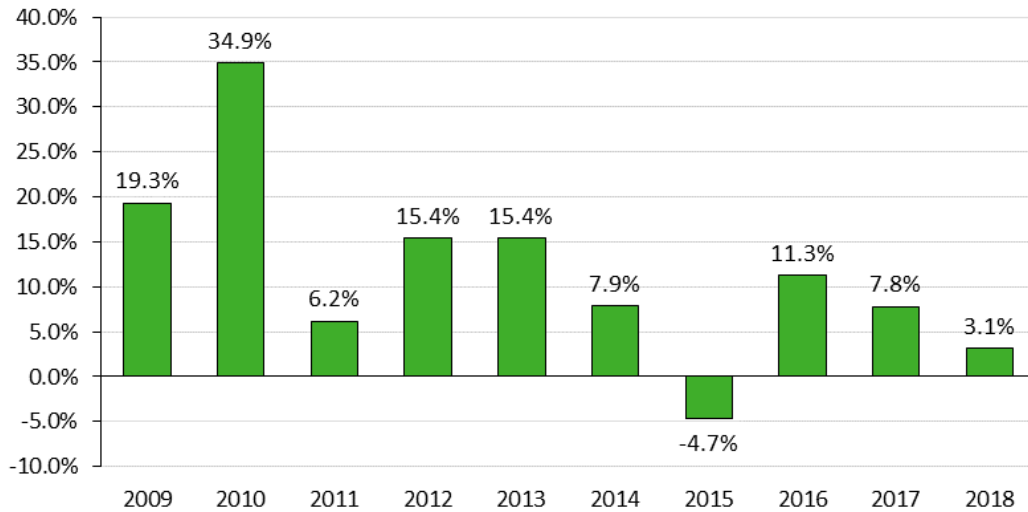
## PAST PERFORMANCE

The charts below illustrate the performance of the Fund for its last 10 fiscal periods as a public mutual fund. The inception date of the Series B was June 30, 2011 and the inception of the Series I was March 29, 2012. These charts reflect the performance you would have received if you invested in the Fund on the first day of the period through the last day of the period.

The charts assume that all distributions made by the Fund in the periods shown are reinvested in additional securities of the Fund. They do not take into account sales, redemptions, distributions or other optional charges, which would have reduced returns or performance. Each period the Fund's performance changes and past performance does not guarantee future performance.

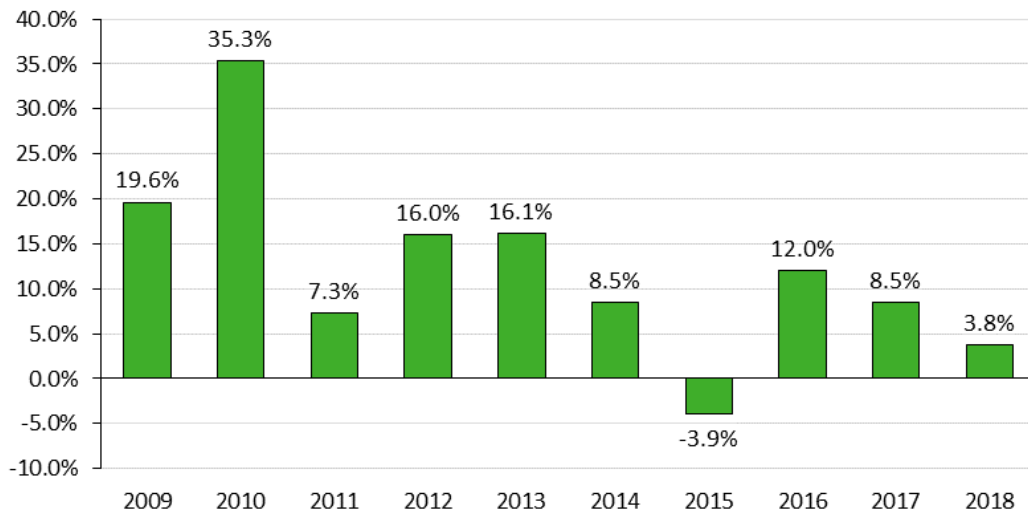
## PERIOD BY PERIOD RETURNS

### Series A



\* November 1 to October 31, except 2018 which is November 1 to September 30

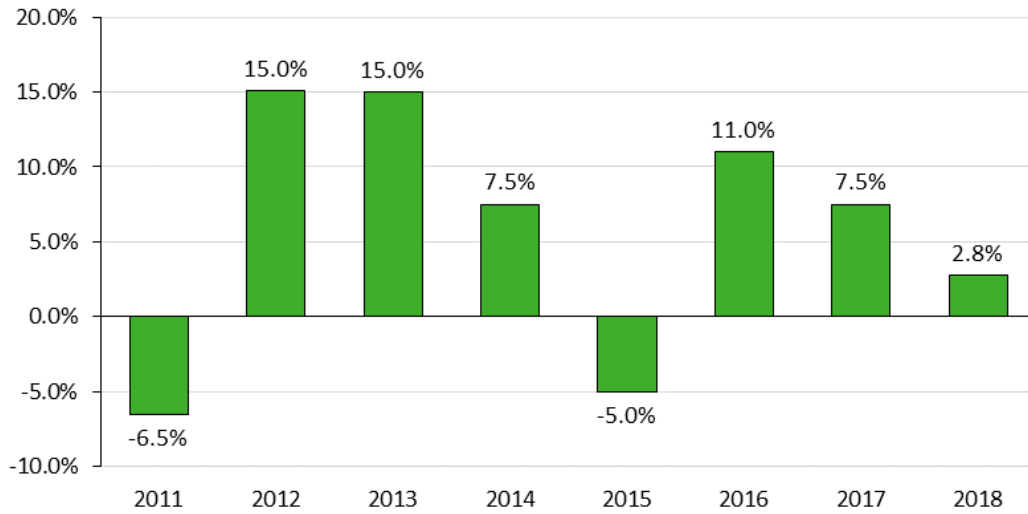
### Series F



\* November 1 to October 31, except 2018 which is November 1 to September 30

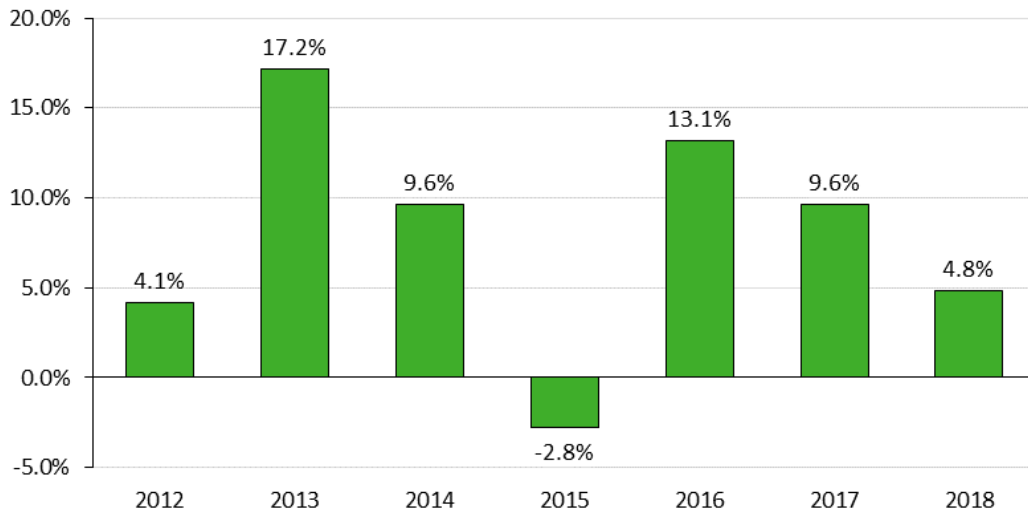
## PERIOD BY PERIOD RETURNS (continued)

### Series B



\* June 30, 2011 to October 31, 2011 and November 1 to October 31 thereafter, except 2018 which is November 1 to September 30

### Series I



\* March 29, 2012 to October 31, 2012 and November 1 to October 31 thereafter, except 2018 which is November 1 to September 30

## ANNUAL COMPOUND RETURNS

The following table shows the percent compounded returns to September 30, 2018 for each series of the Fund for the periods indicated. It also shows the returns for the S&P/TSX Income Trust Total Return Index until December 31, 2010, which was the Fund's benchmark index. Thereafter, the index became a combination of the S&P/TSX Composite Total Return Index (75%) and the FTSE TMX Canada Universe Bond Index (25%).

|   | Series A | Series F | Series B | Series I | Index |
|---|----------|----------|----------|----------|-------|
| One year  | 6.2%     | 6.9%     | 5.8%     | 8.0%     | 4.9%  |
| Three Year*                                     | 7.8%     | 8.5%     | 7.5%     | 9.7%     | 7.6%  |
| Five Year*                                      | 5.8%     | 6.5%     | 5.4%     | 7.6%     | 6.7%  |
| Ten Year*                                       | 9.6%     | 10.2%    |          |          | 6.5%  |
| Since Inception* – Series A (December 31, 2005) | 8.6%     |          |          |          | 5.6%  |
| Since Inception* – Series F (December 31, 2005) |          | 9.3%     |          |          | 5.6%  |
| Since Inception* – Series B (June 30, 2011)     |          |          | 6.2%     |          | 5.2%  |
| Since Inception* – Series I (March 29, 2012)    |          |          |          | 8.4%     | 6.2%  |

\* annualized

## SUMMARY OF INVESTMENT PORTFOLIO

The following investments were held by the Fund as at September 30, 2018:

| <b>Securities</b>                      | <b>Percent of<br/>net assets</b> |
|--|----------------------------------|
| EnerCare Inc.                          | 5.3%                             |
| Parkland Fuel Corp.                    | 5.2%                             |
| Gibson Energy Inc.                     | 4.5%                             |
| FirstService Corp.                     | 4.4%                             |
| Chorus Aviation Inc.                   | 4.3%                             |
| SIR Royalty Income Fund                | 4.0%                             |
| Hardwoods Distribution Inc.            | 3.9%                             |
| TFI International Inc.                 | 3.6%                             |
| Chemtrade Logistics Income Fund        | 3.4%                             |
| Altus Group Ltd.                       | 3.2%                             |
| Badger Daylighting Ltd.                | 3.1%                             |
| Morneau Shepell Inc.                   | 2.9%                             |
| Toronto-Dominion Bank (The)            | 2.9%                             |
| WSP Global Inc.                        | 2.9%                             |
| Ensign Energy Services Inc.            | 2.9%                             |
| Sleep Country Canada Holdings Inc.     | 2.7%                             |
| Royal Bank of Canada                   | 2.7%                             |
| Lundin Mining Corp.                    | 2.7%                             |
| Whitecap Resources Inc.                | 2.6%                             |
| Supremex Inc.                          | 2.6%                             |
| Intertape Polymer Group Inc.           | 2.6%                             |
| NCM Short Term Income Fund, Series 'I' | 2.5%                             |
| ZCL Composites Inc.                    | 2.4%                             |
| Bank of Nova Scotia                    | 2.2%                             |
| Information Services Corp., Class 'A'  | 2.2%                             |
| Other Securities                       | 15.3%                            |
| Total Securities                       | 97.0%                            |
| <b>Other</b>                           |                                  |
| Cash                                   | 4.3%                             |
| Derivative liabilities                 | -                                |
| Other assets - net of liabilities      | (1.3)%                           |
| Total net asset value                  | 100.0%                           |
| <hr/>                                  |                                  |
| <b>Industry Sectors</b>                |                                  |
| Energy                                 | 19.0%                            |
| Basic Materials                        | 12.0%                            |
| Industrials                            | 25.8%                            |
| Consumer Discretionary                 | 12.0%                            |
| Consumer Staples                       | 0.0%                             |
| Financials                             | 7.8%                             |
| Real Estate                            | 9.8%                             |
| Bonds/Term Loans                       | 7.5%                             |
| Mutual Funds                           | 3.1%                             |
| Other                                  | 3.0%                             |
| <hr/>                                  |                                  |
| Total                                  | 100.0%                           |

The investments held by the Fund change due to ongoing portfolio transactions. A revised summary is posted on our website at [www.ncminvestments.com](http://www.ncminvestments.com) no later than 60 days after each quarter end.

## **OTHER MATERIAL INFORMATION**

NCM Income Growth Class is a class of NCM Opportunities Corp., formerly named Norrep Opportunities Corp. The simplified prospectus and other Fund related materials can be obtained by calling us toll-free at (877) 531-9355, by writing to us at 1850, 333-7<sup>th</sup> Avenue SW Calgary, Alberta T2P 2Z1, or on our website at [www.ncminvestments.com](http://www.ncminvestments.com).



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