

For the six months ended March 31, 2019

MANAGEMENT REPORT OF FUND PERFORMANCE

# NCM BALANCED INCOME PORTFOLIO



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## NCM BALANCED INCOME PORTFOLIO

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This interim management report of fund performance contains financial highlights but does not contain the interim 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.

### RESULTS OF OPERATIONS

The Fund commenced operations on October 1, 2018. We are prohibited from discussing performance data on a Fund until it is a year old. The Fund is a global neutral balanced fund that combines long-term capital appreciation and stable income. As of March 31 2019, the Fund asset allocation was 55.0% equity, 45.0% fixed income and cash. There have been no significant changes in the Fund's asset mix since inception.

For the six months ended March 31, 2019, the Fund earned interest and dividend amounting to \$891 and \$63,691, respectively. The change in unrealized appreciation in current value of investments was an increase of \$304,154 and the realized gain on investments was \$27,922. Management fees of \$38,173 were paid. General and administrative costs were \$6,876, including an operating expense recovery of \$56,500, related to the operations of the Fund. As a result of the above, the increase in net assets attributable to holders of redeemable units was \$351,609. Net assets attributable to holders of redeemable units at the beginning of the period were \$150,000. Proceeds from the sale of units were \$7,868,054; reinvestment of dividends was \$20,401 and redemptions were \$1,143,921. Distributions declared to holders of redeemable units were \$31,374. By March 31, 2019, the Fund had net assets attributable to holders of redeemable units of \$7,214,769.

### RECENT DEVELOPMENTS

The Fund commenced operations on October 1, 2018.

On October 31, 2018, the Fund acquired substantially all of the net assets of NCM Premium Growth Class ("the terminating Fund") of NCM Core Portfolios Ltd. and security holders of the terminating Fund became security holders of the Fund.

As a result, 178,127 Series A units of the Fund were issued and 32,739 Series F units of the Fund were issued. The assets transferred were as follows:

	October 31, 2018
Cash and cash equivalents	5,122,129
Other assets – net of liabilities	(24,126)
Investments, at fair value	-
<b>Value of assets received and units issued</b>	<b>5,098,003</b>

## RELATED PARTY TRANSACTIONS

Management fees of \$38,173 were paid to NCM Asset Management Ltd. (“NCM”), the Fund’s Manager and Portfolio Manager. Management fees are 1.80% for Series A and Series T6 and 0.80% for Series F and Series F6, of the series net asset value of the Fund and are calculated and paid monthly.

NCM has agreed to absorb certain expenses associated with the Fund recorded in the financial statements at March 31, 2019 in the amount of \$56,500.

## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund’s Series A units and are intended to help you understand the Fund’s financial performance for the fiscal period indicated. This information is derived from the Fund’s unaudited interim financial statements.

<b>Net asset value (NAV) per unit <sup>(1)</sup> – Series A</b>	<b>2019 <sup>(4)</sup></b>
Net Asset Value, beginning of period <sup>(4)</sup>	\$25.00
Increase (decrease) from operations:	
Total revenue	0.31
Total expenses	(0.26)
Realized gains (losses) for the period	0.13
Unrealized gains (losses) for the period	1.32
<b>Total increase (decrease) from operations</b>	<b>1.50</b>
Distributions:	
From income	0.13
From dividends	Nil
From capital gains	Nil
<b>Total distributions <sup>(2)</sup></b>	<b>0.13</b>
<b>Net Asset Value, end of period <sup>(3)</sup></b>	<b>\$25.29</b>

(1) This information is provided as at March 31, 2019 in accordance with International Financial Reporting Standards.

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

(3) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units 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) Series A commenced operations October 1, 2018.

<b>Ratios and Supplemental Data – Series A<sup>(1)</sup></b>	<b>2019 <sup>(5)</sup></b>
Net Assets (000’s of \$)	4,326
Number of units outstanding	171,051
Management expense ratio (MER) <sup>(2)</sup>	2.41%
MER before waivers or absorptions <sup>(2)</sup>	4.77%
Portfolio turnover rate <sup>(3)</sup>	13.73%
Trading expense ratio <sup>(4)</sup>	0.17%
Net asset value per unit	\$25.29

(1) This information is provided as at March 31, 2019 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) Series A commenced operations October 1, 2018.

## FINANCIAL HIGHLIGHTS (continued)

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

<b>Net asset value (NAV) per unit <sup>(1)</sup> – Series F</b>	<b>2019 <sup>(4)</sup></b>
Net Asset Value, beginning of period <sup>(4)</sup>	\$25.00
Increase (decrease) from operations:	
Total revenue	0.33
Total expenses	(0.12)
Realized gains (losses) for the period	0.15
Unrealized gains (losses) for the period	1.87
<b>Total increase from operations</b>	<b>2.23</b>
Distributions:	
From income	0.13
From dividends	Nil
From capital gains	Nil
<b>Total distributions <sup>(2)</sup></b>	<b>0.13</b>
<b>Net Asset Value, end of period <sup>(3)</sup></b>	<b>\$25.43</b>

(1) This information is provided as at March 31, 2019 in accordance with International Financial Reporting Standards.

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

(3) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units 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) Series F commenced operations October 1, 2018.

<b>Ratios and Supplemental Data – Series F <sup>(1)</sup></b>	<b>2019 <sup>(5)</sup></b>
Net Assets (000's of \$)	2,694
Number of units outstanding	105,952
Management expense ratio (MER) <sup>(2)</sup>	1.36%
MER before waivers or absorptions <sup>(2)</sup>	3.72%
Portfolio turnover rate <sup>(3)</sup>	13.73%
Trading expense ratio <sup>(4)</sup>	0.17%
Net asset value per unit	\$25.43

(1) This information is provided as at March 31, 2019 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) Series F commenced operations October 1, 2018.

## FINANCIAL HIGHLIGHTS (continued)

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

<b>Net asset value (NAV) per unit <sup>(1)</sup> – Series T6</b>	<b>2019 <sup>(4)</sup></b>
Net Asset Value, beginning of period <sup>(4)</sup>	\$25.29
Increase (decrease) from operations:	
Total revenue	-
Total expenses	-
Realized gains (losses) for the period	-
Unrealized gains (losses) for the period	-
<b>Total increase (decrease) from operations</b>	<b>-</b>
Distributions:	
From income	Nil
From dividends	Nil
From capital gains	Nil
<b>Total distributions <sup>(2)</sup></b>	<b>Nil</b>
<b>Net Asset Value, end of period <sup>(3)</sup></b>	<b>\$25.29</b>

(1) This information is provided as at March 31, 2019 in accordance with International Financial Reporting Standards.

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

(3) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units 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) Series T6 commenced operations March 29, 2019.

<b>Ratios and Supplemental Data – Series T6 <sup>(1)</sup></b>	<b>2019 <sup>(5)</sup></b>
Net Assets (000's of \$)	80
Number of units outstanding	3,163
Management expense ratio (MER) <sup>(2)</sup>	-%
MER before waivers or absorptions <sup>(2)</sup>	-%
Portfolio turnover rate <sup>(3)</sup>	13.73%
Trading expense ratio <sup>(4)</sup>	0.17%
<b>Net asset value per unit</b>	<b>\$25.29</b>

(1) This information is provided as at March 31, 2019 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) Series T6 commenced operations March 29, 2019.

## FINANCIAL HIGHLIGHTS (continued)

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

<b>Net asset value (NAV) per unit <sup>(1)</sup> – Series F6</b>	<b>2019 <sup>(4)</sup></b>
Net Asset Value, beginning of period <sup>(4)</sup>	\$25.00
Increase (decrease) from operations:	
Total revenue	0.39
Total expenses	(0.06)
Realized gains (losses) for the period	0.16
Unrealized gains (losses) for the period	1.77
<b>Total increase (decrease) from operations</b>	<b>2.26</b>
Distributions:	
From income	0.72
From dividends	Nil
From capital gains	Nil
<b>Total distributions <sup>(2)</sup></b>	<b>0.72</b>
<b>Net Asset Value, end of period <sup>(3)</sup></b>	<b>\$24.94</b>

(1) This information is provided as at March 31, 2019 in accordance with International Financial Reporting Standards.

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

(3) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units 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) Series F6 commenced operations October 1, 2018.

<b>Ratios and Supplemental Data – Series F6 <sup>(1)</sup></b>	<b>2019 <sup>(5)</sup></b>
Net Assets (000's of \$)	114
Number of units outstanding	4,583
Management expense ratio (MER) <sup>(2)</sup>	1.45%
MER before waivers or absorptions <sup>(2)</sup>	3.82%
Portfolio turnover rate <sup>(3)</sup>	13.73%
Trading expense ratio <sup>(4)</sup>	0.17%
<b>Net asset value per unit</b>	<b>\$24.94</b>

(1) This information is provided as at March 31, 2019 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) Series F6 commenced operations October 1, 2018.

## **MANAGEMENT FEES**

The Fund pays an annual management fee of 1.80% for the Series A and Series T6 units, and 0.80% for the Series F and Series F6 units, multiplied by the series net asset value of the Fund, to NCM, the Fund's Manager and Portfolio Manager. Management fees are calculated and paid monthly. For the six months ended March 31, 2019, management fees amounted to \$38,173. NCM paid servicing commissions of \$17,302 (i.e. 45.33%) as well as selling commissions of \$1,586 (i.e. 4.16%) from these management fees to investment dealers.

## **PAST PERFORMANCE**

No performance data is available as the Fund has not been distributed under a simplified prospectus for 12 consecutive months.

## **YEAR BY YEAR RETURNS**

No performance data is available as the Fund has not been distributed under a simplified prospectus for 12 consecutive months.

## SUMMARY OF INVESTMENT PORTFOLIO

The following investments were held by the Fund as at March 31, 2019.

<b>Investments</b>	<b>Percent of net assets</b>
NCM Core Global, Series 'R'	24.1%
BMO Mid-Term US IG Corporate Bond Hedged to CAD Index ETF	24.1%
NCM Core Canadian, Series 'R'	14.6%
NCM Short Term Income Fund, Series 'R'	11.5%
BMO Global Infrastructure Index ETF	6.0%
Vanguard FTSE Developed All Cap ex North America Index ETF (CAD Hedged)	3.9%
BMO High Yield US Corporate Bond Hedged to CAD ETF	3.9%
iUnits Global Real Estate Index ETF	3.0%
iUnits S&P Global Water Index Fund	3.0%
NCM Norrep Fund, Series 'R'	1.9%
Total Securities	96.0%
<b>Other</b>	
Cash	2.3%
Other assets – net of liabilities	1.7%
<b>Total net asset value</b>	<b>100.0%</b>

<b>Industry Sectors</b>	
Energy	2.8%
Basic Materials	2.2%
Industrials	4.5%
Consumer Discretionary	4.5%
Consumer Staples	6.3%
Health Care	3.5%
Financials	9.6%
Communication Services	2.4%
Information Technology	4.2%
Utilities	1.3%
Real Estate	1.4%
Bonds and Term Loans	40.6%
Exchange Traded Funds	16.6%
Mutual Funds	0.1%
<b>Total</b>	<b>100.0%</b>

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

The simplified prospectus and all 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 from our website at [www.ncminvestments.com](http://www.ncminvestments.com).



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