

For the six months ended March 31, 2019

MANAGEMENT REPORT OF FUND PERFORMANCE  
**NCM ENERGY PLUS CLASS**



# MANAGEMENT REPORT OF FUND PERFORMANCE

## NCM ENERGY PLUS CLASS

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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 is an all capitalization energy portfolio with a historical bias towards small and mid capitalization energy growth companies. In the current investment environment, the Fund remains more exposed to liquid, higher capitalization names. We target companies trading at attractive valuations with experienced management teams, strong balance sheets, growth in reserves, production, and cash flow per share, and with an expanding prospect inventory.

2018 was a tale of two halves, starting with promise as crude oil prices were grinding higher in the first half of the year, creating a tentatively positive move for the Energy stocks. However, this was derailed in the second half as trade war and recessionary fears coupled with a building glut of supply, resulted in a significant sell off in crude oil prices which hit the Energy stocks especially hard.

The Organization of Petroleum Exporting Countries ("OPEC") had been trumped by Trump in 2018, as the group significantly increased production to make up for an expected global shortfall due to a resumption of Iranian sanctions. The last-minute waivers granted to eight main purchasers of Iranian crude resulted in oil moving into an oversupply situation that compounded a weakening global backdrop and had a significant impact on prices. To alleviate the glut, and shore up prices, Saudi Arabia led OPEC and others to a reduction to start 2019 which has tightened the market, resulting in a reduction in U.S. inventories at a time when builds typically occur, and creating momentum for prices. The OPEC planned cuts of ~1.2 million barrels per day ("m/d") have essentially been met with the latest monthly numbers and are expected to at least be in place until June, when OPEC next meets. After the meeting we are expected to find out whether there will be any extensions for the Iranian waivers that expire in May 2019.

The OPEC cuts, as well as tempered supply outlooks on the heels of reduced capital budgets, enabled a strong rally in crude oil prices, which gained 30% in the first quarter of 2019. However, despite this strong performance in the underlying commodity, there was tremendous underperformance on the part of the Energy stocks, as the large caps were up ~12% and the mid and small cap names were remarkably down ~4%. This disconnect between the equities and the commodity resulted in multiple compression to levels not seen in the past 2 decades. We believe this combination of an improving macro backdrop and strong underlying value should be a catalyst for share price performance in 2019 and beyond.

On the Canadian side, the improvement has been even larger in magnitude, as heavy oil demand in the Gulf Coast remains at a premium given the significant declines in Venezuelan and Mexican production. This dynamic coupled with the Alberta Government induced crude oil curtailments, has resulted in Western Canada Select ("WCS") prices improving from US\$29.66/barrel ("Bbl") at the start of the year to over US\$50/Bbl currently. The WCS differential is expected to see

## RESULTS OF OPERATIONS (continued)

some widening into the second half of the year in order to induce rail economics to the Gulf Coast, likely moving from ~US\$10/Bbl currently into the US\$15/Bbl to US\$20/Bbl range. These higher prices are expected to result in positive earnings momentum and revisions in the months ahead as analyst estimates go higher on stronger than expected prices.

Capital discipline remains a key theme in the industry on both sides of the border. Investors have been growingly impatient with shale's capital intensity where profitability and sustainability without external financing is becoming increasingly questioned. The focus on living within cash flow has resulted in a focus on controllable costs and scalability of operations to generate the highest returns possible. Debt reduction has been the preferred outlet for free cash flow with share buys backs and dividends being the other uses. We expect this trend to continue for the foreseeable future which should result in a marginally lower supply response to higher prices in the North American market.

Energy stocks have seen growing momentum in the last two months. We see a relatively stable to improving macro backdrop as well as extremely low valuations as fuel for a strong future rally in prices. In addition, the Alberta election results and inching closer to egress options in the form of Enbridge Line 3, TMX, and Keystone XL, all could be tail winds that improve both domestic prices and investor sentiment. As such, we remain very optimistic for Canadian Energy performance in the quarters and years ahead.

As of September 30, 2018, the portfolio was 98.3% long and 0.0% short. As of March 31, 2019, the portfolio was 95.8% long and 0.0% short. The long positions in the portfolio are high quality companies that we believe are trading at attractive valuations and have significant upside as the volatility and negative momentum subsides. These companies have strong balance sheets, generate meaningful cash flows, and have the assets to generate economic returns even in a low commodity price environment.

As of March 31, 2019, the composition of the portfolio was approximately 53% large cap, 21% mid cap, 22% small cap and 4% net cash. This portfolio compares to the September 30, 2018 portfolio, which was approximately 38% large cap, 29% mid cap, 31% small cap and 2% net cash.

The majority of the Fund's long positions are in companies focused on either oil, natural gas, or both. Our focus is on profitability, growth, valuation, liquidity, and low financial leverage. While we see strong opportunities in the mid and small cap space for the medium term, we will continue to hold increased exposure to lower beta, larger cap names until more visibility on the sustained oil rally is evident.

For the six months ended March 31, 2019, the Fund earned interest and dividend income amounting to \$188 and \$136,123, respectively. The change in unrealized depreciation in current value of investments was a decrease of \$6,180,904. The realized loss on investments was \$1,645,846. Management fees of \$101,755 were paid. General and administrative costs of \$94,675 related to the operations of the Fund were also incurred. As a result of the above, the decrease in net assets attributable to holders of redeemable shares was \$7,886,869.

Net assets attributable to holders of redeemable shares at the beginning of the period were \$25,567,155. Proceeds from the issuance of shares were \$226,507; reinvestment of distributions was \$489,706 and redemptions were \$2,427,103. Distributions declared to holders of redeemable shares were \$498,908. By March 31, 2019, the Fund had net assets attributable to holders of redeemable shares of \$15,470,488.

## RELATED PARTY TRANSACTIONS

Management fees of \$101,755 were paid to NCM Asset Management Ltd. ("NCM"), formerly named Norrep Capital Management Ltd., the Fund's Manager and Portfolio Manager. Management fees are 2% for Series A and 1% for Series F, of the series net asset value of the Fund and are calculated and paid monthly. In addition, administrative fees of \$14,499 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 and unaudited interim financial statements.

<b>Net asset value (NAV) per share<sup>(1)</sup> – Series A</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net Asset Value, beginning of period	\$7.78	\$7.75	\$9.86	\$9.54	\$13.80
Increase (decrease) from operations:					
Total revenue	0.04	0.08	0.15	0.18	0.23
Total expenses	(0.10)	(0.20)	(0.26)	(0.28)	(0.35)
Realized gains (losses) for the period	(0.53)	(0.86)	(0.34)	(2.45)	1.40
Unrealized gains (losses) for the period	(1.95)	0.94	(1.76)	2.78	(5.08)
<b>Total (decrease) increase from operations</b>	<b>(2.54)</b>	<b>(0.04)</b>	<b>(2.21)</b>	<b>0.23</b>	<b>(3.80)</b>
Distributions:					
From income	Nil	Nil	Nil	Nil	Nil
From dividends	Nil	Nil	Nil	Nil	Nil
From capital gains	0.16	Nil	0.08	Nil	Nil
<b>Total distributions<sup>(2)</sup></b>	<b>0.16</b>	<b>Nil</b>	<b>0.08</b>	<b>Nil</b>	<b>Nil</b>
<b>Net Asset Value, end of period<sup>(3)</sup></b>	<b>\$5.15</b>	<b>\$7.78</b>	<b>\$7.75</b>	<b>\$9.86</b>	<b>\$9.54</b>

(1) This information is provided as at March 31, 2019 for the current period, September 30 for 2018 and October 31 for the preceding periods presented. The information is in accordance with International Financial Reporting Standards. The opening net asset value for 2015 was 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>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net Assets (000's of \$)	7,566	12,291	15,235	26,809	26,324
Number of shares outstanding	1,469,160	1,580,498	1,966,624	2,718,747	2,760,524
Management expense ratio (MER) <sup>(2)</sup>	2.89%	2.75%	2.67%	2.65%	2.06%
MER before waivers or absorptions <sup>(2)</sup>	2.89%	2.75%	2.67%	2.65%	2.06%
Portfolio turnover rate <sup>(3)</sup>	18.42%	53.63%	56.08%	40.88%	82.31%
Trading expense ratio <sup>(4)</sup>	0.28%	0.17%	0.23%	0.28%	1.02%
Net asset value per share	\$5.15	\$7.78	\$7.75	\$9.86	\$9.54

(1) This information is provided as at March 31, 2019 for the current period, September 30 for 2018 and October 31 for the preceding 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.

## 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 and unaudited interim financial statements.

<b>Net asset value (NAV) per share<sup>(1)</sup> – Series F</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net Asset Value, beginning of period	\$8.68	\$8.56	\$10.75	\$10.29	\$14.67
Increase (decrease) from operations:					
Total revenue	0.05	0.10	0.17	0.20	0.23
Total expenses	(0.06)	(0.14)	(0.19)	(0.18)	(0.24)
Realized gains (losses) for the period	(0.60)	(0.34)	(0.36)	(2.44)	1.40
Unrealized gains (losses) for the period	(2.39)	(0.09)	(1.69)	2.60	(5.08)
<b>Total (decrease) increase from operations</b>	<b>(3.00)</b>	<b>(0.47)</b>	<b>(2.07)</b>	<b>0.18</b>	<b>(3.69)</b>
Distributions:					
From income	Nil	Nil	Nil	Nil	Nil
From dividends	Nil	Nil	Nil	Nil	Nil
From capital gains	0.18	Nil	0.09	Nil	Nil
<b>Total distributions<sup>(2)</sup></b>	<b>0.18</b>	<b>Nil</b>	<b>0.09</b>	<b>Nil</b>	<b>Nil</b>
<b>Net Asset Value, end of period<sup>(3)</sup></b>	<b>\$5.79</b>	<b>\$8.68</b>	<b>\$8.56</b>	<b>\$10.75</b>	<b>\$10.29</b>

(1) This information is provided as at March 31, 2019 for the current period, September 30 for 2018 and October 31 for the preceding periods presented. The information is in accordance with International Financial Reporting Standards. The opening net asset value for 2015 was 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 F<sup>(1)</sup></b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net Assets (000's of \$)	3,273	6,280	3,241	6,946	3,303
Number of shares outstanding	564,911	723,689	378,516	645,968	321,036
Management expense ratio (MER) <sup>(2)</sup>	1.82%	1.69%	1.60%	1.58%	1.02%
MER before waivers or absorptions <sup>(2)</sup>	1.82%	1.69%	1.60%	1.58%	1.02%
Portfolio turnover rate <sup>(3)</sup>	18.42%	53.63%	56.08%	40.88%	82.31%
Trading expense ratio <sup>(4)</sup>	0.28%	0.17%	0.23%	0.28%	1.02%
Net asset value per share	\$5.79	\$8.68	\$8.56	\$10.75	\$10.29

(1) This information is provided as at March 31, 2019 for the current period, September 30 for 2018 and October 31 for the preceding 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.

## 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 and unaudited interim financial statements.

<b>Net asset value (NAV) per share<sup>(1)</sup> – Series I</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net Asset Value, beginning of period	\$9.42	\$9.20	\$11.40	\$10.79	\$15.14
Increase (decrease) from operations:					
Total revenue	0.05	0.10	0.18	0.21	0.23
Total expenses (recoveries)	(0.01)	(0.07)	(0.08)	(0.10)	(0.12)
Realized gains (losses) for the period	(0.63)	(0.96)	(0.40)	(2.97)	1.40
Unrealized gains (losses) for the period	(2.32)	1.07	(1.81)	3.34	(5.08)
<b>Total increase (decrease) from operations</b>	<b>(2.91)</b>	<b>0.14</b>	<b>(2.11)</b>	<b>0.48</b>	<b>(3.57)</b>
Distributions:					
From income	Nil	Nil	Nil	Nil	Nil
From dividends	Nil	Nil	Nil	Nil	Nil
From capital gains	0.19	Nil	0.09	Nil	Nil
<b>Total distributions<sup>(2)</sup></b>	<b>0.19</b>	<b>Nil</b>	<b>0.09</b>	<b>Nil</b>	<b>Nil</b>
<b>Net Asset Value, end of period<sup>(3)</sup></b>	<b>\$6.34</b>	<b>\$9.42</b>	<b>\$9.20</b>	<b>\$11.40</b>	<b>\$10.79</b>

(1) This information is provided as at March 31, 2019 for the current period, September 30 for 2018 and October 31 for the preceding periods presented. The information is in accordance with International Financial Reporting Standards. The opening net asset value for 2015 was 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 I<sup>(1)</sup></b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net Assets (000's of \$)	4,632	6,996	8,096	10,148	10,391
Number of shares outstanding	730,474	742,710	879,754	890,488	962,818
Management expense (recoveries) ratio (MER) <sup>(2)</sup>	0.71%	0.57%	0.49%	0.48%	(0.12)%
MER before waivers or absorptions (recoveries) <sup>(2)</sup>	0.71%	0.57%	0.49%	0.48%	(0.12)%
Portfolio turnover rate <sup>(3)</sup>	18.42%	53.63%	56.08%	40.88%	82.31%
Trading expense ratio <sup>(4)</sup>	0.28%	0.17%	0.23%	0.28%	1.02%
Net asset value per share	\$6.34	\$9.42	\$9.20	\$11.40	\$10.79

(1) This information is provided as at March 31, 2019 for the current period, September 30 for 2018 and October 31 for the preceding 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.

## MANAGEMENT FEES

The Fund pays an annual management fee of 2% for the Series A, and 1% for the Series F, 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 March 31, 2019, management fees amounted to \$101,755. NCM paid servicing commissions of \$41,579 (i.e. 40.86%) 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. NCM is entitled to a performance bonus of 20% of the excess performance of the Fund compared to its benchmark index multiplied by the weighted average net asset value of the Fund. The performance bonus is more fully described in the simplified prospectus. For the period ended March 31, 2019, the performance bonus reported was \$nil.

## PAST PERFORMANCE

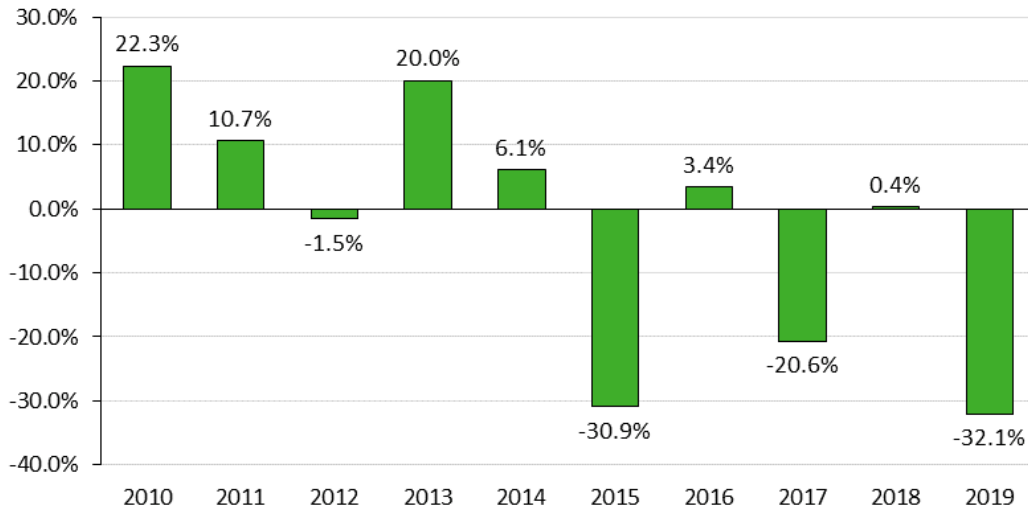
The charts below illustrate the performance of the Fund for its last 10 fiscal years as a public mutual fund. The Series I inception date was March 29, 2012. These charts reflect the performance you would have received if you invested in the Fund on the first day of the year through the last day of the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

They assume that all distributions made by the Fund in the years shown are reinvested in additional securities of the Fund. They do not take into account sales, redemption, distribution or other optional charges which would have reduced returns or performance. Each year, the Fund's performance has changed and past performance does not guarantee future performance.



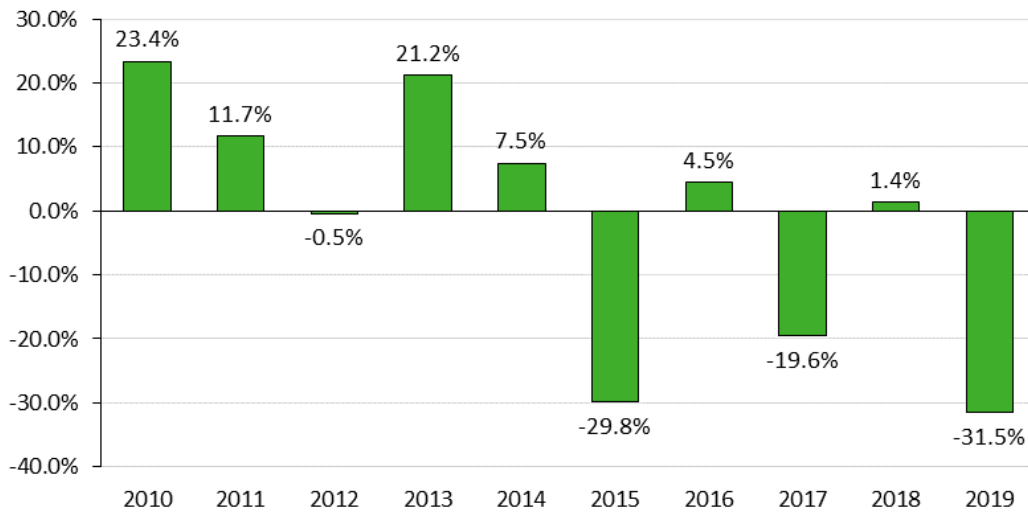
## YEAR BY YEAR RETURNS

### Series A



\* November 1 to October 31 until 2017, after which 2018 is from November 1 to September 30, and 2019 is from October 1 to March 31.

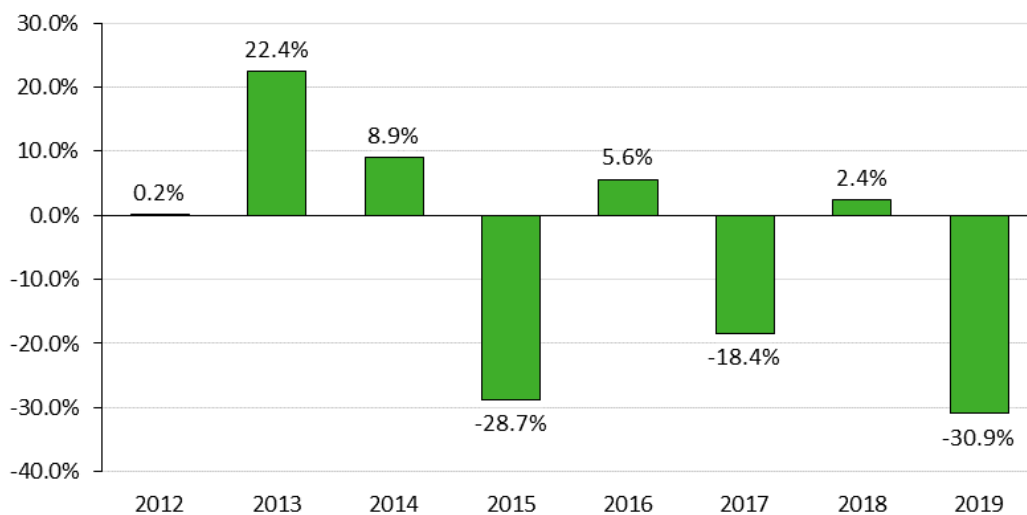
### Series F



\* November 1 to October 31 until 2017, after which 2018 is from November 1 to September 30, and 2019 is from October 1 to March 31.

## YEAR BY YEAR RETURNS (continued)

### Series I



\* March 29, 2012 to October 31, 2012, and November 1 to October 31 until 2017, after which 2018 is from November 1 to September 30, and 2019 is from October 1 to March 31.

## ANNUAL COMPOUND RETURNS

The following table shows the percent compounded returns to March 31, 2019 for each series of the Fund for the periods indicated. It also shows the returns for the S&P/TSX Capped Energy Total Return Index, which is the Fund's benchmark index.

	Series A	Series F	Series I	Index
One year	-22.4%	-21.3%	-20.2%	-11.0%
Three Year*	-17.4%	-16.3%	-15.3%	-1.4%
Five Year*	-18.5%	-17.4%	-16.3%	-9.9%
Since Inception* – Series A (May 31, 2009)	-2.4%			-3.0%
Since Inception* – Series F (May 31, 2009)		-1.3%		-3.0%
Since Inception* – Series I (March 29, 2012)			-7.5%	-4.6%

\* annualized

## SUMMARY OF INVESTMENT PORTFOLIO

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

<b>Securities</b>	<b>Percent of net assets</b>
Parex Resources Inc.	10.1%
Kelt Exploration Ltd.	9.1%
Encana Corp.	8.8%
Birchcliff Energy Ltd.	8.7%
Baytex Energy Corp.	8.3%
InPlay Oil Corp.	8.1%
Enerplus Corp.	7.8%
Canadian Natural Resources Ltd.	5.9%
ARC Resources Ltd.	5.9%
Whitecap Resources Inc.	5.7%
Surge Energy Inc.	5.4%
PetroTal Corp.	4.7%
Gear Energy Ltd.	4.1%
TORC Oil & Gas Ltd.	3.2%
<b>Total Securities</b>	<b>95.8%</b>
<b>Other</b>	
Cash	4.2%
Other assets – net of liabilities	–
<b>Total net asset value</b>	<b>100.0%</b>
<b>Industry Sectors</b>	
Energy	95.8%
Other	4.2%
<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

NCM Energy Plus Class is a class of NCM Opportunities Corp., formerly 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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