

September 30, 2018

FINANCIAL STATEMENTS OF
NCM CANADIAN ENHANCED
EQUITY FUND





KPMG LLP
205 5th Avenue SW
Suite 3100
Calgary AB
T2P 4B9
Telephone (403) 691-8000
Fax (403) 691-8008
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Unitholders of NCM Canadian Enhanced Equity Fund:

We have audited the accompanying financial statements of NCM Canadian Enhanced Equity Fund, which comprise the statement of financial position as at September 30, 2018, the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the eleven months ended September 30, 2018, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of NCM Canadian Enhanced Equity Fund as at September 30, 2018 and its financial performance and its cash flows for the eleven months ended September 30, 2018 in accordance with International Financial Reporting Standards.

A handwritten signature in black ink, appearing to read 'KPMG LLP'.

Chartered Professional Accountants
December 13, 2018
Calgary, Canada

NCM CANADIAN ENHANCED EQUITY FUND

Statements of Financial Position

(in Canadian dollars, except units outstanding)

As at	September 30 2018	October 31 2017
Assets		
Cash and cash equivalents	57,579	773,817
Dividends and interest receivable	40,947	25,695
Portfolio assets sold	344,798	117,227
Investments, at fair value through profit or loss	15,438,819	16,484,374
Total assets	15,882,143	17,401,113
Liabilities		
Accrued expenses (note 7)	35,000	30,000
Distributions payable	61,299	–
Dividends payable on investments sold short	7,518	3,194
Performance fees payable (note 7)	–	2,540
Portfolio assets purchased	415,366	260,901
Units redeemed	10,000	7,944
Investments - short, at fair value through profit or loss	3,733,726	4,066,818
Total liabilities (excluding net assets attributable to holders of redeemable units)	4,262,909	4,371,397
Net assets attributable to holders of redeemable units	11,619,234	13,029,716
Net assets attributable to holders of redeemable units:		
Series A	29,786	98,486
Series F	8,480,665	10,020,126
Series I	3,108,783	2,911,104
Redeemable units outstanding (note 6):		
Series A	2,598	8,121
Series F	712,888	804,162
Series I	252,391	227,914
Net assets attributable to holders of redeemable units per unit:		
Series A	11.46	12.13
Series F	11.90	12.46
Series I	12.32	12.77

See accompanying notes to financial statements.

On behalf of the Board of Directors of NCM Asset Management Ltd.



Alex Sasso



Keith Leslie

NCM CANADIAN ENHANCED EQUITY FUND

Statements of Comprehensive Income

Eleven months ended September 30, 2018 and year ended October 31, 2017

(in Canadian dollars)

	2018	2017
Dividend income	367,228	262,759
Interest for distribution purposes	15,515	7,020
Net gain (loss) on investments at fair value through profit or loss		
Net realized gain (loss) on investments	235,226	649,467
Net change in unrealized appreciation (depreciation) in fair value of investments	(279,653)	523,403
Total investment revenue (loss)	338,316	1,442,649
Management fees (note 7)	83,370	46,549
Dividend expense on investments sold short	56,431	43,683
Transaction costs	31,167	20,270
Custodian and record keeping fees	29,230	30,688
Risk management fees	23,556	16,107
Administrative fees (note 7)	14,426	9,013
Audit and tax fees	11,940	11,854
Other	10,918	8,830
HST/GST	7,832	6,383
Computer services	3,736	2,243
Legal and filing fees	3,030	1,851
Independent review committee	1,224	917
Performance fee (recovery) (note 7)	(2,402)	2,402
Total operating expenses	274,458	200,790
Increase (decrease) in net assets attributable to holders of redeemable units before tax	63,858	1,241,859
Withholding tax expense	49	56
Increase (decrease) in net assets attributable to holders of redeemable units	63,809	1,241,803
Change in net assets attributable to holders of redeemable units (note 6):		
Series A	(483)	15,622
Series F	14,873	759,766
Series I	49,419	466,415
Change in net assets attributable to holders of redeemable units per unit (note 6):		
Series A	(0.16)	1.63
Series F	0.02	1.94
Series I	0.21	1.94

See accompanying notes to financial statements.

NCM CANADIAN ENHANCED EQUITY FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Eleven months ended September 30, 2018 and year ended October 31, 2017

(in Canadian dollars)

	All Series		Series A		Series F		Series I	
	2018	2017	2018	2017	2018	2017	2018	2017
Net assets attributable to holders of redeemable units, beginning of period	13,029,716	6,749,301	98,486	126,299	10,020,126	3,916,630	2,911,104	2,706,372
Increase (decrease) in net assets, attributable to holders of redeemable units	63,809	1,241,803	(483)	15,622	14,873	759,766	49,419	466,415
Transactions attributable to holders of redeemable units:								
Issuance of units	1,119,127	5,778,244	29,908	-	903,667	5,773,244	185,552	5,000
Reinvestment of distributions	191,211	87,136	1,588	3,163	33,552	9,550	156,071	74,423
Amounts paid on redemptions of redeemable units	(2,126,397)	(624,939)	(98,125)	(43,435)	(1,992,425)	(319,677)	(35,847)	(261,827)
	(816,059)	5,240,441	(66,629)	(40,272)	(1,055,206)	5,463,117	305,776	(182,404)
Distributions declared:	(658,232)	(201,829)	(1,588)	(3,163)	(499,128)	(119,387)	(157,516)	(79,279)
	(658,232)	(201,829)	(1,588)	(3,163)	(499,128)	(119,387)	(157,516)	(79,279)
Net assets attributable to holders of redeemable units, end of period	11,619,234	13,029,716	29,786	98,486	8,480,665	10,020,126	3,108,783	2,911,104
Distributions per unit to holders of redeemable units			0.63	0.32	0.65	0.32	0.67	0.33

See accompanying notes to financial statements.

NCM CANADIAN ENHANCED EQUITY FUND

Statements of Cash Flows

Eleven months ended September 30, 2018 and year ended October 31, 2017

(in Canadian dollars)

	2018	2017
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	63,809	1,241,803
Adjustments for:		
Net realized (gain) loss on sale of investments at fair value through profit or loss	(235,226)	(649,467)
Net change in unrealized (appreciation) depreciation of investments at fair value through profit or loss	279,653	(523,403)
Purchase of investments	(37,295,014)	(26,073,249)
Proceeds from the sale of investments	37,890,079	21,232,338
Dividends and interest receivable	(15,252)	(5,381)
Accrued expenses	5,000	6,500
Performance fee payable	(2,540)	2,540
Dividends payable on investments sold short	4,324	(673)
Net cash from (used in) operating activities	694,833	(4,768,992)
Cash flows from (used in) financing activities		
Proceeds from the issuance of redeemable units	1,119,127	5,778,244
Amounts paid on redemption of redeemable units	(2,124,341)	(620,183)
Distributions to holders of redeemable units, net of reinvestments	(405,722)	(114,693)
Net cash from (used in) financing activities	(1,410,936)	5,043,368
Net increase (decrease) in cash and cash equivalents	(716,103)	274,376
Effect of exchange rates on cash and cash equivalents	(135)	-
Cash and cash equivalents at beginning of period	773,817	499,441
Cash and cash equivalents at end of period	57,579	773,817
Dividends received, net of withholding tax paid	351,927	257,322
Interest received	15,515	7,020
Dividend expenses on investments sold short	52,107	44,356

See accompanying notes to financial statements

NCM CANADIAN ENHANCED EQUITY FUND

Schedule of Investment Portfolio

As at September 30, 2018

(in Canadian dollars)

Description	Number of Shares	Cost (\$)	Fair Value (\$)	% of Net Assets
CANADIAN EQUITIES - Long				
Communication Services				
Quebecor Inc., Class 'B'	9,200	232,987	238,280	
Rogers Communications Inc., Class 'B'	4,400	266,808	292,292	
		499,795	530,572	4.6%
Consumer Discretionary				
BRP Inc.	3,900	238,770	236,301	
Great Canadian Gaming Corp.	3,900	184,067	180,570	
Leon's Furniture Ltd.	15,700	279,397	276,477	
		702,234	693,348	6.0%
Consumer Staples				
Alimentation Couche-Tard Inc., Class 'B'	6,700	388,120	432,887	
		388,120	432,887	3.7%
Energy				
Canadian Natural Resources Ltd.	8,400	376,352	354,480	
Enerplus Corp.	21,700	281,989	346,115	
Husky Energy Inc.	15,500	337,371	351,540	
Parex Resources Inc.	33,700	644,130	739,715	
Suncor Energy Inc.	6,600	326,312	329,868	
TransCanada Corp.	7,800	450,781	407,628	
Whitecap Resources Inc.	52,500	457,789	411,600	
		2,874,724	2,940,946	25.3%
Financials				
Bank of Nova Scotia	3,100	243,064	238,669	
Canadian Imperial Bank of Commerce	3,800	398,938	459,914	
goeasy Ltd.	4,900	201,260	250,341	
Great-West Lifeco Inc.	9,400	313,731	294,596	
Manulife Financial Corp.	10,300	241,201	237,827	
National Bank of Canada	6,400	374,129	412,864	
Royal Bank of Canada	8,200	726,661	849,028	
Sun Life Financial Inc.	5,700	299,838	292,695	
TMX Group Ltd.	3,000	259,376	260,070	
Toronto-Dominion Bank (The)	7,300	568,588	572,977	
		3,626,786	3,868,981	33.3%
Industrials				
Badger Daylighting Ltd.	8,100	230,299	239,760	
CAE Inc.	7,800	184,825	204,516	
Canadian Pacific Railway Ltd.	1,200	282,481	327,876	
Finning International Inc.	7,300	231,955	230,315	
Hardwoods Distribution Inc.	19,400	343,679	331,740	
Russel Metals Inc.	10,500	291,289	281,400	
TFI International Inc.	5,600	199,238	262,528	
Wajax Corp.	10,200	263,428	266,424	
		2,027,194	2,144,559	18.5%
Information Technology				
Constellation Software Inc.	500	418,456	474,935	
Open Text Corp.	5,300	229,946	260,495	
		648,402	735,430	6.3%

NCM CANADIAN ENHANCED EQUITY FUND

Schedule of Investment Portfolio (continued)

As at September 30, 2018

(in Canadian dollars)

Description	Number of Shares	Cost (\$)	Fair Value (\$)	% of Net Assets
Materials				
Canfor Pulp Products Inc.	17,100	361,693	418,266	
CCL Industries Inc., Class 'B'	3,800	238,419	221,236	
Conifex Timber Inc.	87,300	464,213	360,549	
Hudbay Minerals Inc.	36,700	318,770	240,018	
Kirkland Lake Gold Ltd.	18,700	374,547	457,776	
Methanex Corp.	2,800	259,545	285,488	
Nutrien Ltd.	4,900	356,895	365,442	
Teck Resources Ltd., Class 'B'	9,000	276,939	280,170	
		2,651,021	2,628,945	22.6%
Real Estate				
BTB REIT	50,500	213,374	242,905	
Northview Apartment REIT	9,100	229,129	233,324	
Slate Retail REIT, Class 'U'	31,600	400,597	402,268	
		843,100	878,497	7.6%
Utilities				
Superior Plus Corp.	22,800	284,032	289,104	
TransAlta Renewables Inc.	25,700	309,248	295,550	
		593,280	584,654	5.0%
TOTAL CANADIAN EQUITIES - Long		14,854,656	15,438,819	132.9%
TOTAL EQUITIES - Long		14,854,656	15,438,819	132.9%
<hr/>				
Description	Number of Shares	Proceeds (\$)	Fair Value (\$)	% of Net Assets
CANADIAN EQUITIES - Short				
Consumer Discretionary				
MTY Food Group Inc.	(1,800)	(113,346)	(115,650)	
Restaurant Brands International Inc.	(2,300)	(178,373)	(175,904)	
		(291,719)	(291,554)	-2.5%
Consumer Staples				
Cott Corp.	(7,100)	(146,249)	(148,035)	
		(146,249)	(148,035)	-1.3%
Energy				
ARC Resources Ltd.	(8,700)	(121,965)	(125,280)	
Cenovus Energy Inc.	(9,800)	(125,134)	(127,106)	
Freehold Royalties Ltd.	(9,900)	(119,307)	(110,286)	
Imperial Oil Ltd.	(2,900)	(122,196)	(121,220)	
Inter Pipeline Ltd.	(5,100)	(118,279)	(114,240)	
		(606,881)	(598,132)	-5.1%
Financials				
CI Financial Corp.	(4,300)	(103,177)	(88,193)	
ECN Capital Corp.	(53,600)	(200,550)	(202,072)	
		(303,727)	(290,265)	-2.5%

NCM CANADIAN ENHANCED EQUITY FUND

Schedule of Investment Portfolio (continued)

As at September 30, 2018

(in Canadian dollars)

Description	Number of Shares	Proceeds (\$)	Fair Value (\$)	% of Net Assets
Industrials				
Boyd Group Income Fund	(1,100)	(142,212)	(138,578)	
Dirtt Environmental Solutions Ltd.	(21,300)	(136,056)	(139,089)	
Héroux-Devtek Inc.	(7,400)	(108,804)	(114,552)	
Richelieu Hardware Ltd.	(5,900)	(169,513)	(176,410)	
Savaria Corp.	(8,600)	(155,849)	(171,914)	
Stantec Inc.	(3,600)	(117,602)	(115,668)	
		(830,036)	(856,211)	-7.4%
Information Technology				
Absolute Software Corp.	(15,500)	(112,172)	(116,095)	
		(112,172)	(116,095)	-1.0%
Materials				
Acadian Timber Corp.	(3,000)	(56,712)	(54,660)	
Barrick Gold Corp.	(11,000)	(146,585)	(157,190)	
First Quantum Minerals Ltd.	(7,600)	(135,094)	(111,796)	
Goldcorp Inc.	(10,500)	(149,177)	(138,180)	
Western Forest Products Inc.	(34,500)	(75,072)	(72,795)	
Winpak Ltd.	(2,400)	(114,519)	(114,336)	
		(677,159)	(648,957)	-5.6%
Real Estate				
Boardwalk REIT	(2,300)	(105,057)	(115,391)	
Cominar REIT	(9,500)	(128,017)	(110,770)	
Dream Unlimited Corp., Class 'A'	(8,300)	(69,089)	(67,064)	
H&R REIT	(5,900)	(119,135)	(117,233)	
Morguard North American Residential REIT	(7,200)	(108,779)	(115,272)	
		(530,077)	(525,730)	-4.6%
Utilities				
ATCO Ltd., Class 'I'	(2,900)	(111,168)	(109,475)	
Canadian Utilities Ltd., Class 'A'	(4,700)	(150,017)	(149,272)	
		(261,185)	(258,747)	-2.2%
TOTAL CANADIAN EQUITIES - Short				
		(3,759,205)	(3,733,726)	-32.2%
Less: Transaction costs included in average cost		(7,641)		
TOTAL INVESTMENTS				
		11,087,810	11,705,093	100.7%
Other assets, less liabilities			(85,859)	-0.7%
TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS				
			11,619,234	100.0%

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Eleven months ended September 30, 2018 and year ended October 31, 2017

1. Reporting Entity:

On August 27, 2018, Norrep Canadian Enhanced Equity Fund changed its name to NCM Canadian Enhanced Equity Fund. NCM Canadian Enhanced Equity Fund (the "Fund") is an unincorporated open-ended mutual fund trust established under the laws of Ontario pursuant to a trust agreement dated January 30, 2015. The Fund's principal place of business is Suite 310, 99 Yorkville Avenue, Toronto, ON M5R 3K5.

The Fund may issue an unlimited number of units in an unlimited number of series. Each unit represents an equal undivided interest in the net assets of the Fund; however, the value of a Trust Unit in one Class may differ from the value of a Trust Unit in another Class, depending on the Net Asset Value of that particular Class.

NCM Asset Management Ltd. (formerly, Norrep Capital Management Ltd.) is the Manager and Portfolio Manager for the Fund. As Manager, it provides overall management and direction for the Fund as well as manages the day-to-day operation of the Fund. As Portfolio Manager, it provides investment management services to the Fund. Computershare Trust Company is the Trustee, Scotia Capital Inc. is the Prime Broker, CIBC Mellon Global Securities Services Company is the Custodian, Administrator, Transfer Agent and Registrar and NCM Investment Management Group Inc. ("NCM") is the Sponsor of the Fund. .

Effective August 27, 2018, NCM Canadian Enhanced Equity Fund changed its year end from October 31 to September 30.

2. Basis of preparation:

(a) Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements of the Fund were approved and were authorized for issue by the Manager's Board of Directors on December 13, 2018.

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis, except for investments at fair value through profit or loss which are measured at fair value.

(c) Functional and presentation currency:

The financial statements are presented in Canadian dollars, which is the Fund's functional currency, and all values are rounded to the nearest dollar except where otherwise indicated.

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Eleven months ended September 30, 2018 and year ended October 31, 2017

2. Basis of preparation (continued):

(d) Use of judgements and estimates:

These financial statements include estimates and assumptions made by management that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and gains and losses during the reporting period. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Significant areas requiring the use of management estimates include the fair value of investments, the unrealized gains/losses from investments and the accruals for investment income.

3. Significant accounting policies:

(a) Financial assets and financial liabilities:

(i) Recognition and initial measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they originated.

Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value, with transaction costs recognized in profit or loss.

(ii) Classification

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.

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Eleven months ended September 30, 2018 and year ended October 31, 2017

3. Significant accounting policies (continued):

(a) Financial assets and financial liabilities (continued):

(ii) Classification (continued)

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.

The Funds classify financial assets and financial liabilities into the following categories.

Financial assets at fair value through profit or loss:

- All investments, including derivatives

Financial assets at amortized cost:

- Cash and cash equivalents and receivables

Financial liabilities at amortised cost:

- All liabilities other than redeemable units

The Funds designate all financial assets and liabilities at fair value through profit or loss on initial recognition because it manages securities on a fair value basis in accordance with its documented investment strategy. Internal reporting and performance measurement of these securities and the Fund as a whole is on a fair value basis. The Manager also receives management fees which are based on the overall fair value of the Fund.

(iii) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at last traded price.

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Eleven months ended September 30, 2018 and year ended October 31, 2017

3. Significant accounting policies (continued):

(a) Financial assets and financial liabilities (continued):

(iii) Fair value measurement (continued)

For securities where market quotes are not available, the Fund values the initial investment at the amount paid. After initial investment, the Fund uses estimation techniques to determine fair value including observable market data, discounted cash flows and internal models that compare the investments to its peer group.

There is no difference between pricing Net Asset Value (“NAV”) and accounting NAV.

(iv) Amortized cost measurement

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at recognition, minus principal repayments (if applicable), plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount (if applicable), minus any reduction for impairment (if applicable).

(v) Specific instruments

Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Fund in the management of short-term commitments, other than cash collateral provided in respect of derivatives and securities borrowing transactions.

Redeemable units

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Fund has multiple classes of redeemable units that do not have identical features and therefore, do not qualify as equity under IAS 32, Financial Instruments. The redeemable units, which are classified as financial liabilities and measured at redemption amount, provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Fund’s valuation policies at each redemption date. The units represent the residual interest in the Fund.

The value at which redeemable units are issued or redeemed is determined by dividing the net assets at fair value, based on last trading price, of each class by the total number of redeemable units outstanding for the Class at the Valuation Time on the Dealing Day as defined in the Offering Memorandum (generally the last day of each calendar week and

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Eleven months ended September 30, 2018 and year ended October 31, 2017

3. Significant accounting policies (continued):

(a) Financial assets and financial liabilities (continued):

(v) Specific instruments (continued)

Redeemable units (continued)

the last business day of each calendar month). Amounts received on the issuance of redeemable units and amounts paid by the Class on the redemption of redeemable units are added to or deducted from net assets.

(b) Dividend income and dividend expense:

Dividend income is recognized in profit or loss on the date on which the right to receive payment is established. This is usually the ex-dividend date.

The Fund incurs expenses on short positions in equity securities equal to the dividends due on these securities. Such dividend expense is recognized in profit or loss as operating expense when the shareholders' right to receive payment is established.

(c) Distributions to holders of redeemable units:

Any distribution made will be in proportion to the number of units held by each unitholder.

Distributions per unit are calculated as the total amount of distributions divided by the number of units on the record date.

(d) Net gain (loss) from financial instruments at fair value through profit or loss:

Net unrealized/realized gain/loss from financial instruments at fair value through profit or loss is calculated using the average cost method.

(e) Income tax:

The Fund is a "mutual fund trust" under the Income Tax Act (Canada) and, accordingly, will not be taxed on that portion of its taxable income that is paid or allocated to unitholders. The Fund expects to pay out sufficient net income and net realized capital gains so that it will not be subject to income taxes. Accordingly, no provision for income taxes has been made in these financial statements.

(f) Increase (decrease) in net assets attributable to holders of redeemable units:

Increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated as the increase (decrease) in net assets attributable to holders of redeemable units of a Series for the period, divided by the weighted average units outstanding during the period.

(g) Translation of foreign currency:

Foreign currency amounts are expressed in Canadian dollars as follows:

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Eleven months ended September 30, 2018 and year ended October 31, 2017

3. Significant accounting policies (continued):

(g) Translation of foreign currency (continued):

- (i) fair value of investments and accrued receivables and payables and other assets and liabilities at the rate of exchange at the end of the period; and
- (ii) purchases and sales of investments and dividend and interest income at the rate of exchange prevailing on the respective dates of such transactions.

Foreign currency differences are recognized as a component of net gain/loss from financial instruments at fair value through profit or loss.

(h) Derivative financial instruments:

The Fund may use derivative financial instruments to reduce its exposure to fluctuations in foreign currency exchange rates. Derivative financial instruments are recorded at mark to market with changes in fair value recorded in the statement of comprehensive income.

Options are contracts entitling the holder to purchase or sell a specified item at a specified price, during a specified period or on a specified date. Options purchased are recorded as investments; options written (sold) are recorded as liabilities. Any gain or loss resulting from revaluation is included in change in unrealized gain (loss) on derivative instruments on the statements of comprehensive income. Upon closing of an option, other than by exercise, which results in a cash settlement, the difference between the premium (original option value) and the settlement proceeds is included in net realized gain (loss) on derivative instruments on the statements of comprehensive income. When securities are acquired or delivered upon exercise of an option, the acquisition cost or sale proceeds are adjusted by the amount of the premium. When an option is closed, the difference between the premium and the cost to close the position is included in net realized gain (loss) on derivatives on the statements of comprehensive income. When an option expires, the premium for options written or purchased is reflected in the statement of operations as net realized gain (loss) on derivative instruments.

The risks include the possibility there may be an illiquid options market or the inability of the counterparties to fulfill their obligations under the contract. Writing options involves, to varying degrees, elements of market risk in excess of the amount recognized in the statement of financial position.

(i) Short selling:

The Fund may make short sales whereby a security that it does not own is sold in anticipation of a decline in the fair value of the security. Securities that are sold short are valued at the last traded price reported by the principal securities exchange on which the issue is traded on the financial statement date. To enter into a short sale, the Fund will need to borrow the security for

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Eleven months ended September 30, 2018 and year ended October 31, 2017

3. Significant accounting policies (continued):

(i) Short selling (continued):

delivery to the buyer. Also, while the transaction is open, the Fund will incur a liability for any paid dividends or interest that is due to the lender of the security.

Should the security increase in value during the shorting period, the Fund will incur a loss. There is, in theory, no upper limit to how high the price of a security may go. Another risk involved in shorting is the loss of a borrow, a situation where the lender of the security requests its return. In cases like this, the Fund must either find securities to replace those borrowed or step into the market and repurchase the securities. Depending on the liquidity of the security shorted, if there are insufficient securities available at current market prices, the Fund may have to bid up the price of the security in order to cover the short, resulting in losses to the Fund.

4. Fair value measurement:

(a) Investments:

The fair values of financial assets and financial liabilities that are traded on active markets are based on quoted market prices. For all other financial instruments, the Fund determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

A three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's investments. The hierarchy of inputs is summarized below:

- Inputs that are quoted prices (unadjusted) in active markets for identical instruments (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for instruments, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and
- Inputs for the instruments that are not based on observable market data (unobservable inputs) (Level 3). This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Eleven months ended September 30, 2018 and year ended October 31, 2017

4. Fair value measurement (continued):

(a) Investments (continued):

effect on the instrument's valuation. This category includes instruments that are valued based on the quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Changes in valuation methods may result in transfers into or out of an investment's assigned level. The Fund recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change occurred.

(b) Fair value hierarchy – Financial instruments measured at fair value:

The tables below analyze investments measured at fair value at the reporting dates by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

<i>(in Canadian dollars)</i>	Level 1	Level 2	Level 3	Total
September 30, 2018				
Public securities				
Equities - long	15,438,819	—	—	15,438,819
Equities - short	(3,733,726)	—	—	(3,733,726)
Total Investments	11,705,093	—	—	11,705,093

<i>(in Canadian dollars)</i>	Level 1	Level 2	Level 3	Total
October 31, 2017				
Public securities				
Equities - long	16,484,374	—	—	16,484,374
Equities - short	(4,066,818)	—	—	(4,066,818)
Total Investments	12,417,556	—	—	12,417,556

There were no transfers into or out of Level 1, 2 or 3 during the periods.

(c) Financial instruments not measured at fair value:

The carrying values of cash and cash equivalents, dividends and interest receivable, accrued expenses, and other receivables and payables approximate their fair values due to their short term nature.

5. Financial instruments and associated risks:

The Fund's activities expose it to a variety of risks associated with financial instruments as follows: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance. All investments result in a risk of loss of capital. The Fund also holds short positions

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Eleven months ended September 30, 2018 and year ended October 31, 2017

5. Financial instruments and associated risks (continued):

which are subject to certain inherent risks. The ultimate cost to the Fund to acquire these securities may exceed the liability reflected in these financial statements.

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. The carrying amount of cash and cash equivalents and receivables, represent the maximum credit risk exposure as at September 30, 2018.

Credit risk arising on transactions for shares issued and portfolio assets sold relates to transactions awaiting settlement, also known as settlement risk. 'Settlement risk' is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed. Credit risk relating to unsettled transactions is considered small due to the short settlement period involved.

For the majority of the transactions, the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Also, legal entitlement will not pass until all monies have been received for the units purchased or the portfolio assets sold. If either party does not meet its obligation then the transaction will fail.

All of the assets of the Fund are held by Scotia Capital Inc., the Prime Broker. Bankruptcy or insolvency of the Prime Broker may cause the Fund's rights with respect to securities held by the custodian and prime broker to be delayed or limited. The Fund monitors its risk by monitoring the credit quality and credit rating and financial position of the prime broker. If the credit quality or the financial position deteriorates significantly then the Manager will move the cash holdings to another financial institution.

Liquidity risk:

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

The Fund is exposed to weekly and monthly cash redemptions of redeemable units. The Fund may acquire significant positions in thinly-traded and relatively illiquid investments that may cease to be traded after the Fund invests. In such cases, and in the event of extreme market volatility, the Fund may not be able to promptly liquidate its investments, if a need should arise.

Additionally, investments in small, mid-capitalization and micro-capitalization companies may involve greater risks than investments in larger, more established companies since such companies may have more limited markets and financial resources, their securities may be more sensitive to market changes, and the liquidity of their securities may be limited.

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Eleven months ended September 30, 2018 and year ended October 31, 2017

5. Financial instruments and associated risks (continued):

Liquidity risk (continued):

Consequently, in order to fund redemptions, the Fund may have to liquidate its shareholdings in the more liquid large and medium-sized companies.

To the extent that the liquidity is limited, the Fund's ability to realize profits and/or minimize losses may be limited, which could adversely affect the net asset value of the Fund. The Fund believes it maintains sufficient cash and cash equivalent positions to maintain liquidity.

The Fund may borrow to make investments or maintain liquidity and may pledge its assets to secure the borrowings.

Market risk:

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and price risk.

The Fund is an alternative investment fund that seeks long-term capital appreciation by investing primarily in a diversified portfolio of Canadian equity securities. The Fund pursues its investment objective by establishing long and short equity exposure to securities of companies, stock markets or industry sectors located, primarily, in Canada. The Fund may hold a portion of its assets in cash, money market instruments, or fixed-income securities, including bonds and other debt securities. In periods of unusual market conditions, a significant portion of the Fund's assets may be held in such instruments. The Fund may also from time to time use derivatives, such as options, futures and forward contracts for hedging purposes, to gain exposure to individual securities and markets (instead of buying the securities directly) and/or to generate income.

The success of the Fund's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Unexpected volatility or illiquidity could reduce the Fund's profitability or result in losses.

No material change that would adversely affect the interest of the Unitholders of the Fund may be made without the approval of the unitholders. An approval is not required if the Manager provides the Unitholders with at least 60 days written notice of such proposed change and the right to redeem all Units prior to the effective date of the change. The Manager may alter the Fund's investment objectives, strategies and restrictions without prior approval by Unitholders in certain circumstances.

The Fund's market risk is managed on a daily basis by the Portfolio Manager in accordance with the policies and procedures in place.

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Eleven months ended September 30, 2018 and year ended October 31, 2017

5. Financial instruments and associated risks (continued):

Market risk (continued):

Details of the nature of the Fund's investment portfolio at September 30, 2018 are disclosed in the schedule of investment portfolio.

(a) Currency risk:

Investment in securities denominated in a currency other than Canadian dollars will be affected by the changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated. Therefore the value of securities held by the Fund may be worth more or less depending on their susceptibility to foreign exchange rates. At September 30, 2018 the Fund did not hold any foreign currency denominated investments.

(b) Interest rate risk:

Interest rate risk arises on interest bearing financial instruments. Changes in interest rates may also affect the value of the equity securities. The income earned by an investment fund and the interest paid by an investment fund for borrowing, is also affected by changes in interest rates.

At September 30, 2018, there are no interest-bearing financial assets or liabilities. As a result, the Fund is subject to limited exposure to interest rate risks due to fluctuations in the prevailing levels of market interest rates.

(c) Other price risk:

Other price risk is the risk that the value of the instrument 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 or its issuer, or factors affecting all instruments traded in the market. All securities present a risk of loss of capital. However, the Fund holds short positions that are subject to certain inherent risks. The ultimate cost to the Fund to acquire these securities may exceed the liability reflected in these financial statements.

To achieve its objective, the Fund will generally hold 100 percent net long equity market exposure by investing primarily in equity securities with an aggregate value of approximately 130 percent of its Net Asset Value and holding short positions with a market value of approximately 30 percent of its Net Asset Value.

Approximately 10% of the equity portion of the invested net assets of the Fund may be managed with "pairs" trades, meaning the Fund will match a "long" position with a "short" position of two different stocks in the sub-sector of the market with the intention of eliminating market risk. This strategy seeks to take advantage of profitable opportunities based on differences in valuation and market momentum (i.e. the perceived strength of a downward or upward movement in prices) of

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Eleven months ended September 30, 2018 and year ended October 31, 2017

5. Financial instruments and associated risks (continued):

Market risk (continued):

(c) Other price risk (continued):

companies in the same line of business rather than absolute values of their returns.

The remaining equity portion of the invested net assets of the Fund will primarily be managed using the Manager's back tested quantitative models. Earnings surprises (i.e. actual company performance in comparison to analysts' expectations) will have a significant influence on securities selection. Other factors of importance in the long positions include low valuations, high profitability, strong earnings and price momentum and low debt levels. The short positions tend to consist of stocks that lack momentum, growth or trade at unreasonable valuations.

Price risk is managed by the Manager by constructing a diversified portfolio of instruments. The price of a security is affected by individual company developments and by general economic and financial conditions in those countries where the issuer of the security is located, does business or where the security is listed for trading.

The Manager monitors these factors daily and makes decisions regarding the portfolio based on its knowledge of the market conditions and diversifies the portfolio of investments accordingly. The risk resulting from financial instruments is equivalent to their fair value.

Sensitivity analysis:

A 1% increase or decrease on the S&P/TSX Total Return Index ("Benchmark") at September 30, 2018 would have impacted the net assets and the net increase/decrease in net assets attributable to holders of redeemable units by \$117,051 (October 31, 2017 – \$124,176).

The Fund's financial assets exposed to other price risk were concentrated in the following industries as a percentage of net investment at September 30, 2018 and October 31, 2017:

Equities	2018	2017
Energy	20.0%	16.1%
Materials	17.0%	14.4%
Industrials	11.0%	14.1%
Consumer Discretionary	3.4%	4.8%
Consumer Staples	2.4%	4.6%
Financials	30.6%	29.0%
Information Technology	5.3%	1.3%
Communication Services	4.5%	3.1%
Utilities	2.8%	7.2%
Real Estate	3.0%	5.4%
Total	100.0%	100.0%

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Eleven months ended September 30, 2018 and year ended October 31, 2017

6. Net assets attributable to unitholders of redeemable units:

The authorized capital of the Fund consists of an unlimited number of Units, each representing an equal undivided interest in the net assets of the Fund. Currently, there are three series outstanding, Series A, Series F and Series I. Each series ranks equally, on a per-Series basis, with respect to distributions and return of capital in the event of liquidation, dissolution or winding up based on their respective series' net asset values. Each series pays its own fees and expenses. The general expenses that are not series specific are allocated in proportion to the annual weighted average units of each series. Series A is sold under the front end sales charge option. A commission ranging from 0% to 2% is paid by the investor to the dealer with a 3% redemption fee being charged if the Units are redeemed in the first 180 days of investment. Series F is sold without commission provided the purchaser is enrolled in a fee-for-service or wrap program with the dealer. A 3% redemption fee is charged if the Series F is redeemed in the first 180 days of investment.

Series I units are sold with commissions negotiated between the investor and the dealer and are available to certain investors at the Portfolio Manager's discretion. A 3% redemption fee is charged if the units are redeemed in the first 180 days of investment.

The rights attached to the redeemable units are as follows:

- the units may be redeemed on the last business day of each week and the last business day of each month at the net asset value per share of the respective series upon 7 days' notice prior to the valuation day;
- units carry a right to receive notice of, attend and vote at meetings called in accordance with the Declaration of Trust;
- the holders of Units are entitled to receive all distributions declared by the Fund. Distributions the Fund makes will be allocated among each Series in such manner as the Manager considers appropriate and equitable. Distributions paid in cash will be paid in the currency in which the investor bought the units.

The analysis of movements in the number of Units and net assets attributable to holders of redeemable units at during the period was as follows:

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Eleven months ended September 30, 2018 and year ended October 31, 2017

6. Net assets attributable to unitholders of redeemable units (continued):

Series A	2018	2017
Balance, opening	8,121	11,744
Issued on dividends reinvested	136	283
Issued for cash	2,462	–
Redeemed for cash	(8,121)	(3,906)
Balance, September 30, 2018 and October 31, 2017	2,598	8,121

Series F	2018	2017
Balance, opening	804,162	357,687
Issued on dividends reinvested	2,791	833
Issued for cash	75,192	473,993
Redeemed for cash	(169,257)	(28,351)
Balance, September 30, 2018 and October 31, 2017	712,888	804,162

Series I	2018	2017
Balance, opening	227,914	243,377
Issued on dividends reinvested	12,611	6,377
Issued for cash	14,874	446
Redeemed for cash	(3,008)	(22,286)
Balance, September 30, 2018 and October 31, 2017	252,391	227,914

The calculation of the increase (decrease) in net assets attributable to holders of redeemable units per unit is presented below. Due to rounding, numbers presented may not calculate precisely and not reflect the absolute figures.

September 30, 2018	Series A	Series F	Series I
Increase (decrease) in net assets attributable to holders of redeemable units	\$(483)	\$14,873	\$49,419
Average units outstanding during the period	3,094	739,773	239,951
Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$(0.16)	\$0.02	\$0.21

October 31, 2017	Series A	Series F	Series I
Increase (decrease) in net assets attributable to holders of redeemable units	\$15,622	\$759,766	\$466,415
Average units outstanding during the year	9,605	392,408	240,274
Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$1.63	\$1.94	\$1.94

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Eleven months ended September 30, 2018 and year ended October 31, 2017

7. Management fees, expenses and key contracts:

(a) Manager and management fees:

The Series A units paid an annual management fee to the Manager of 2.0% of the net asset value of the series. Series F units paid an annual management fee to the Manager of 1.0% of the net asset value of the series. The management fee is calculated and paid monthly. Included in accrued expenses is \$7,237 (October 31, 2017 - \$6,358) related to these fees.

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.

The Fund will pay the Manager a Performance Fee if the series return of the Fund exceeds the return of a specified benchmark (the "Benchmark") during the relevant period. The Performance Fee is based on the performance of the Fund determined at the end of each calendar quarter. If the series performance exceeds the Benchmark, 20% of this amount will be multiplied by the average series net asset value during the Performance Measurement Period, as defined. As at September 30, 2018, included in accounts payable is \$nil (October 31, 2017 - \$2,540) related to these fees.

(b) Expenses:

All fees and expenses applicable to the administration and operation of each series, including record keeping and communication costs, custodian fees, legal and filing fees, audit, applicable taxes and bank charges are payable by the Fund. Brokerage costs are incorporated in the cost and proceeds of securities transactions. The Manager has charged the Fund for administration services. Included in accrued expenses is \$1,241 (October 31, 2017 - \$791) related to these fees.

8. Brokerage commissions on securities transactions:

The Fund paid brokerage commissions amounting to \$31,167 (October 31, 2017 - \$20,270) in connection with portfolio transactions during the period.

9. Filing of financial statements:

The Fund is relying on the exemption provided by Section 2.11 of National Instrument 81-106 and therefore does not file its financial statements with the Ontario Securities Commission.

THIS PAGE LEFT INTENTIONALLY BLANK

THIS PAGE LEFT INTENTIONALLY BLANK

U



Suite 1850, 333 – 7 Avenue S.W.
Calgary, Alberta T2P 2Z1

ncminvestments.com

1.877.431.1407