

September 30, 2019

FINANCIAL STATEMENTS OF
NCM CANADIAN ENHANCED
EQUITY FUND





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INDEPENDENT AUDITORS' REPORT

To the Unitholders of NCM Canadian Enhanced Equity Fund:

Opinion

We have audited the accompanying financial statements of NCM Canadian Enhanced Equity Fund, which comprise:

- the statements of financial position as at September 30, 2019 and September 30, 2018
- the statements of comprehensive income (loss) for the year ended September 30, 2019 and eleven months ended September 30, 2018
- the statements of changes in net assets attributable to holders of redeemable units for the year ended September 30, 2019 and eleven months ended September 30, 2018
- the statements of cash flows for the year ended September 30, 2019 and eleven months ended September 30, 2018
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NCM Canadian Enhanced Equity Fund as at September 30, 2019 and September 30, 2018, and its financial performance and its cash flows for the year ended September 30, 2019 and eleven months ended September 30, 2018 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “*Auditors' Responsibilities for the Audit of the Financial Statements*” section of our auditors' report.

We are independent of NCM Canadian Enhanced Equity Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.



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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), 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.

In preparing the financial statements, management is responsible for assessing NCM Canadian Enhanced Equity Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to NCM Canadian Enhanced Equity Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing NCM Canadian Enhanced Equity Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit 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 NCM Canadian Enhanced Equity Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NCM Canadian Enhanced Equity Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the NCM Canadian Enhanced Equity Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Chartered Professional Accountants
December 12, 2019
Calgary, Canada

NCM CANADIAN ENHANCED EQUITY FUND

Statements of Financial Position

(in Canadian dollars, except units outstanding)

As at	September 30 2019	September 30 2018
Assets		
Cash and cash equivalents	–	57,579
Dividends receivable	17,679	40,947
Due from Manager (note 7)	9,373	–
Portfolio assets sold	201,559	344,798
Investments, at fair value through profit or loss	9,300,068	15,438,819
Total assets	9,528,679	15,882,143
Liabilities		
Accrued expenses (note 7)	30,273	35,000
Distributions payable	28,148	61,299
Dividends payable on investments sold short	7,255	7,518
Portfolio assets purchased	96,986	415,366
Units redeemed	1,000	10,000
Bank indebtedness	42,861	–
Investments - short, at fair value through profit or loss	2,278,467	3,733,726
Total liabilities (excluding net assets attributable to holders of redeemable units)	2,484,990	4,262,909
Net assets attributable to holders of redeemable units	7,043,689	11,619,234
Net assets attributable to holders of redeemable units:		
Series A	28,528	29,786
Series F	4,264,007	8,480,665
Series I	2,751,154	3,108,783
Redeemable units outstanding (note 6):		
Series A	2,676	2,598
Series F	381,185	712,888
Series I	234,881	252,391
Net assets attributable to holders of redeemable units per unit:		
Series A	10.66	11.46
Series F	11.19	11.90
Series I	11.71	12.32

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 (Loss)

For the years ended September 30, 2019 and eleven months ended September 30, 2018

(in Canadian dollars)

	2019	2018
Dividend income	254,601	367,228
Interest for distribution purposes	4,984	15,515
Net gain (loss) on investments at fair value through profit or loss		
Net realized gain (loss) on investments	(233,868)	235,226
Net change in unrealized (appreciation) depreciation in fair value of investments	(396,435)	(279,653)
Total investment revenue (loss)	(370,718)	338,316
Dividend expense on investments sold short	58,400	56,431
Management fees (note 7)	46,278	83,370
Custodian and record keeping fees	31,656	29,230
Transaction costs	26,909	31,167
Risk management fees	16,372	23,556
Administrative fees (note 7)	12,238	14,426
Other	10,924	10,918
Audit fees	10,700	10,700
HST/GST	6,331	7,832
Legal and filing fees	4,105	3,030
Computer services	3,179	3,736
Tax and other professional fees	1,932	1,240
Independent review committee	1,028	1,224
Performance fee (recovery) (note 7)	–	(2,402)
Operating expense (recovery) (note 7)	(9,373)	–
Total operating expenses	220,679	274,458
Increase (decrease) in net assets attributable to holders of redeemable units before tax	(591,397)	63,858
Withholding tax expense	455	49
Increase (decrease) in net assets attributable to holders of redeemable units	(591,852)	63,809
Change in net assets attributable to holders of redeemable units (note 6):		
Series A	(1,258)	(483)
Series F	(540,509)	14,873
Series I	(50,085)	49,419
Change in net assets attributable to holders of redeemable units per unit (note 6):		
Series A	(0.47)	(0.16)
Series F	(1.31)	0.02
Series I	(0.20)	0.21

See accompanying notes to financial statements.

NCM CANADIAN ENHANCED EQUITY FUND

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

Year ended September 30, 2019 and eleven months ended September 30, 2018

(in Canadian dollars)

	All Series		Series A		Series F		Series I	
	2019	2018	2019	2018	2019	2018	2019	2018
Net assets attributable to holders of redeemable units, beginning of period	11,619,234	13,029,716	29,786	98,486	8,480,665	10,020,126	3,108,783	2,911,104
Increase (decrease) in net assets, attributable to holders of redeemable units	(591,852)	63,809	(1,258)	(483)	(540,509)	14,873	(50,085)	49,419
Transactions attributable to holders of redeemable units:								
Issuance of units	856,028	1,119,127	–	29,908	592,824	903,667	263,204	185,552
Reinvestment of dividends	85,562	191,211	804	1,588	7,113	33,552	77,645	156,071
Amounts paid on redemptions	(4,725,403)	(2,126,397)	–	(98,125)	(4,157,678)	(1,992,425)	(567,725)	(35,847)
	(3,783,813)	(816,059)	804	(66,629)	(3,557,741)	(1,055,206)	(226,876)	305,776
Distributions declared	(199,880)	(658,232)	(804)	(1,588)	(118,408)	(499,128)	(80,668)	(157,516)
	(199,880)	(658,232)	(804)	(1,588)	(118,408)	(499,128)	(80,668)	(157,516)
Net assets attributable to holders of redeemable units, end of period	7,043,689	11,619,234	28,528	29,786	4,264,007	8,480,665	2,751,154	3,108,783
Distributions per unit to holders of redeemable units			0.31	0.63	0.32	0.65	0.33	0.67

See accompanying notes to financial statement

NCM CANADIAN ENHANCED EQUITY FUND

Statements of Cash Flows

For the year ended September 30, 2019 and eleven months ended September 30, 2018

(in Canadian dollars)

	2019	2018
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	(591,852)	63,809
Adjustments for:		
Net realized (gain) loss on sale of investments at fair value through profit or loss	233,868	(235,226)
Net change in unrealized (appreciation) depreciation of investments at fair value through profit or loss	396,435	279,653
Purchase of investments	(33,305,883)	(37,295,014)
Proceeds from the sale of investments	37,183,971	37,890,079
Dividends receivable	23,268	(15,252)
Due from Manager	(9,373)	–
Accrued expenses	(4,727)	5,000
Performance fees payable	–	(2,540)
Dividends payable on investments sold short	(263)	4,324
Net cash from (used in) operating activities	3,925,444	694,833
Cash flows from (used in) financing activities		
Proceeds from the issuance of redeemable units	856,028	1,119,127
Amounts paid on redemption of redeemable units	(4,734,403)	(2,124,341)
Distributions to holders of redeemable units, net of reinvestments	(147,469)	(405,722)
Net cash from (used in) financing activities	(4,025,844)	(1,410,936)
Net increase (decrease) in cash and cash equivalents	(100,400)	(716,103)
Effect of exchange rates on cash and cash equivalents	(40)	(135)
Cash and cash equivalents at beginning of period	57,579	773,817
Cash and cash equivalents (bank indebtedness) at end of period	(42,861)	57,579
Dividends received, net of withholding tax paid	277,414	351,927
Interest received	4,984	15,515
Dividend expenses on investments sold short	58,663	52,107

See accompanying notes to financial statements.

NCM CANADIAN ENHANCED EQUITY FUND

Schedule of Investment Portfolio

As at September 30, 2019

(in Canadian dollars)

Description	Number of Shares	Cost (\$)	Fair Value (\$)	% of Net Assets
CANADIAN EQUITIES - Long				
Communication Services				
BCE Inc.	2,800	167,687	179,424	
Rogers Communications Inc., Class 'B'	3,800	256,818	245,214	
		424,505	424,638	6.0%
Consumer Discretionary				
A&W Revenue Royalties Income Fund	2,500	109,274	96,125	
Boston Pizza Royalties Income Fund	6,000	104,666	103,500	
BRP Inc.	2,000	87,825	103,100	
Dollarama Inc.	3,700	177,377	175,491	
Gildan Activewear Inc.	3,800	184,945	178,676	
		664,087	656,892	9.3%
Consumer Staples				
Alimentation Couche-Tard Inc., Class 'B'	7,000	263,330	284,200	
Metro Inc., Class 'A'	2,500	121,371	145,825	
Premium Brands Holdings Corp.	1,600	149,543	149,008	
		534,244	579,033	8.2%
Energy				
Birchcliff Energy Ltd.	94,900	282,228	203,086	
Enerplus Corp.	20,300	222,953	200,361	
North American Construction Group Ltd.	8,700	140,701	132,849	
Parex Resources Inc.	13,500	269,025	274,050	
Parkland Fuel Corp.	4,100	177,841	174,209	
Questor Technology Inc.	36,900	173,734	160,884	
TC Energy Corp.	3,100	185,667	212,660	
		1,452,149	1,358,099	19.3%
Financials				
ECN Capital Corp.	30,200	130,904	138,014	
goeasy Ltd.	2,500	111,610	148,900	
Manulife Financial Corp.	14,400	328,452	349,920	
Royal Bank of Canada	5,300	483,665	569,591	
Sun Life Financial Inc.	4,200	218,614	248,808	
Toronto-Dominion Bank (The)	7,800	596,679	602,550	
		1,869,924	2,057,783	29.2%
Health Care				
Bausch Health Cos. Inc.	3,600	117,884	104,040	
		117,884	104,040	1.5%
Industrials				
Aecon Group Inc.	7,400	138,090	134,976	
Air Canada	4,900	197,434	211,729	
Canadian National Railway Co.	2,800	350,525	333,088	
Héroux-Devtek Inc.	11,800	206,046	202,960	
IBI Group Inc.	20,700	104,097	101,430	
Thomson Reuters Corp.	1,600	136,812	141,680	
Westshore Terminals Investment Corp.	8,200	171,220	167,690	
WSP Global Inc.	1,800	127,057	139,374	
		1,431,281	1,432,927	20.3%

NCM CANADIAN ENHANCED EQUITY FUND

Schedule of Investment Portfolio (continued)

As at September 30, 2019

(in Canadian dollars)

Description	Number of Shares	Cost (\$)	Fair Value (\$)	% of Net Assets
Information Technology				
Enghouse Systems Ltd.	2,900	112,269	105,850	
Firan Technology Group Corp.	30,700	109,886	103,152	
Open Text Corp.	2,600	125,473	140,504	
		<u>347,628</u>	<u>349,506</u>	<u>5.0%</u>
Materials				
CCL Industries Inc., Class 'B'	2,600	169,255	138,944	
Centerra Gold Inc.	12,900	127,762	145,254	
Champion Iron Ltd.	47,400	126,970	103,332	
ERO Copper Corp.	6,900	164,201	133,515	
K92 Mining Inc.	69,900	154,399	148,887	
Kirkland Lake Gold Ltd.	2,900	133,130	172,115	
North American Palladium Ltd.	15,200	215,578	269,800	
Pretium Resources Inc.	9,200	114,204	140,484	
		<u>1,205,499</u>	<u>1,252,331</u>	<u>17.8%</u>
Real Estate				
Artis REIT	11,400	137,448	143,412	
Morguard North American Residential REIT	5,100	86,052	101,235	
NorthWest Healthcare Properties REIT	15,300	181,271	180,081	
Plaza Retail REIT	24,100	101,755	107,245	
RioCan REIT	6,800	178,521	179,384	
Slate Retail REIT, Class 'U'	9,600	107,204	123,840	
		<u>792,251</u>	<u>835,197</u>	<u>11.9%</u>
Utilities				
Emera Inc.	2,500	118,864	145,400	
Northland Power Inc.	4,100	101,185	104,222	
		<u>220,049</u>	<u>249,622</u>	<u>3.5%</u>
TOTAL CANADIAN EQUITIES - Long		<u>9,059,501</u>	<u>9,300,068</u>	<u>132.0%</u>
<hr/>				
Description	Number of Shares	Proceeds (\$)	Fair Value (\$)	% of Net Assets
CANADIAN EQUITIES - Short				
Consumer Discretionary				
Great Canadian Gaming Corp.	(1,700)	(67,340)	(70,278)	
Park Lawn Corp.	(2,700)	(70,807)	(69,768)	
Sleep Country Canada Holdings Inc.	(3,100)	(54,634)	(63,891)	
Spin Master Corp.	(1,700)	(69,566)	(68,816)	
		<u>(262,347)</u>	<u>(272,753)</u>	<u>-3.9%</u>
Consumer Staples				
Alcanna Inc.	(12,900)	(74,279)	(67,080)	
Rogers Sugar Inc.	(12,000)	(69,209)	(64,680)	
		<u>(143,488)</u>	<u>(131,760)</u>	<u>-1.9%</u>
Energy				
Imperial Oil Ltd.	(1,900)	(72,901)	(65,550)	
Keyera Corp.	(2,100)	(72,759)	(67,557)	
Seven Generations Energy Ltd., Class 'A'	(7,900)	(57,002)	(66,518)	
Tervita Corp.	(11,000)	(71,911)	(82,500)	
		<u>(274,573)</u>	<u>(282,125)</u>	<u>-4.0%</u>

NCM CANADIAN ENHANCED EQUITY FUND

Schedule of Investment Portfolio (continued)

As at September 30, 2019

(in Canadian dollars)

Description	Number of Shares	Proceeds (\$)	Fair Value (\$)	% of Net Assets
Financials				
Fiera Capital Corp.	(6,500)	(72,774)	(66,950)	
IGM Financial Inc.	(2,000)	(75,147)	(75,240)	
Laurentian Bank of Canada	(1,600)	(71,016)	(72,048)	
		(218,937)	(214,238)	-3.1%
Industrials				
Bird Construction Inc.	(12,800)	(70,210)	(72,704)	
Dirtt Environmental Solutions Ltd.	(11,700)	(83,486)	(70,083)	
Exco Technologies Ltd.	(9,200)	(70,674)	(67,620)	
Rocky Mountain Dealerships Inc.	(9,300)	(61,786)	(66,774)	
Savaria Corp.	(6,000)	(70,132)	(72,180)	
SNC-Lavalin Group Inc.	(3,400)	(56,627)	(63,444)	
Stantec Inc.	(1,500)	(43,686)	(43,980)	
		(456,601)	(456,785)	-6.4%
Information Technology				
Celestica Inc.	(7,800)	(72,219)	(74,100)	
Sierra Wireless Inc.	(4,700)	(73,687)	(66,505)	
		(145,906)	(140,605)	-2.0%
Materials				
AirBoss of America Corp.	(8,000)	(68,088)	(62,400)	
Barrick Gold Corp.	(1,600)	(33,915)	(36,672)	
Continental Gold Inc.	(7,900)	(33,393)	(29,072)	
IAMGOLD Corp.	(7,200)	(34,109)	(32,544)	
Newmont Goldcorp Corp.	(700)	(34,813)	(35,070)	
Sandstorm Gold Ltd.	(3,900)	(33,540)	(29,211)	
		(237,858)	(224,969)	-3.2%
Real Estate				
Canadian Apartment Properties REIT	(1,300)	(63,439)	(70,811)	
Cominar REIT	(6,100)	(77,556)	(80,337)	
Crombie REIT	(4,400)	(57,406)	(69,520)	
Granite REIT	(1,100)	(68,531)	(70,565)	
H&R REIT	(3,100)	(71,991)	(71,703)	
InterRent REIT	(4,300)	(61,122)	(70,348)	
Minto Apartment REIT	(1,500)	(34,511)	(33,930)	
Tricon Capital Group Inc.	(1,700)	(17,379)	(17,272)	
		(451,935)	(484,486)	-6.8%
Utilities				
Algonquin Power & Utilities Corp.	(3,900)	(62,579)	(70,746)	
		(62,579)	(70,746)	-1.0%
TOTAL CANADIAN EQUITIES - Short		(2,254,224)	(2,278,467)	-32.3%
Less: Transaction costs included in average cost		(4,524)		
TOTAL INVESTMENTS		6,800,753	7,021,601	99.7%
Other assets, less liabilities			22,088	0.3%
TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			7,043,689	100.0%

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Year ended September 30, 2019 and eleven months ended September 30, 2018

1. Reporting Entity

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 as supplemented August 27, 2018. The Fund’s principal place of business is 310, 99 Yorkville Avenue, Toronto, Ontario, 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. (“NCM”) 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 Norrep Investment Management Group Inc. 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 Fund’s significant accounting principles under IFRS are presented in note 3. These policies have been applied consistently to all periods presented.

The financial statements of the Fund were approved and were authorized for issue by the Manager’s Board of Directors on December 12, 2019.

(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

Year ended September 30, 2019 and eleven months ended September 30, 2018

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. Financial assets or financial liabilities not at FVTPL are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue.

(ii) Derecognition

Financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire.

(iii) Classification

Effective November 1, 2017, the Fund adopted IFRS 9 Financial Instruments. The 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.

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Year ended September 30, 2019 and eleven months ended September 30, 2018

3. Significant accounting policies (continued)

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

(iii) Classification (continued)

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

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

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

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

Financial assets and liabilities at fair value through profit or loss:

- All investments, including derivatives

Financial assets at amortized cost:

- Loans and receivables: cash and cash equivalents and receivables

Financial liabilities at amortised cost:

- Other liabilities: 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.

(iv) 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.

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Year ended September 30, 2019 and eleven months ended September 30, 2018

3. Significant accounting policies (continued)

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

(iv) Fair value measurement (continued)

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.

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.

(v) 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).

(vi) 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.

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Year ended September 30, 2019 and eleven months ended September 30, 2018

3. Significant accounting policies (continued)

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

(vi) Specific instruments (continued)

Redeemable units (continued)

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 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.

However, certain dividend and interest income received by the Fund is subject to withholding tax imposed in certain countries of origin. Income that is subject to such tax is recognized gross of the taxes and the corresponding withholding tax is recognized as a tax expense. The Fund incurred withholding tax expense of \$455 (2018 - \$49) for the year ended September 30, 2019.

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Year ended September 30, 2019 and eleven months ended September 30, 2018

3. Significant accounting policies (continued)

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

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular series of units by the total number of units of that particular series outstanding at the end of the period.

Change 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:

- (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

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Year ended September 30, 2019 and eleven months ended September 30, 2018

3. Significant accounting policies (continued)

(h) Derivative financial instruments (continued):

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 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);
- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable (Level 2);

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Year ended September 30, 2019 and eleven months ended September 30, 2018

4. Fair value measurement (continued)

(a) Investments (continued):

- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (Level 3).

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, 2019				
Public securities				
Equities - long	9,300,068	—	—	9,300,068
Equities - short	(2,278,467)	—	—	(2,278,467)
Total Investments	7,021,601	—	—	7,021,601
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

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

(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 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.

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Year ended September 30, 2019 and eleven months ended September 30, 2018

5. Financial instruments and associated risks (continued)

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, 2019.

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 custodian or 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.

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

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Year ended September 30, 2019 and eleven months ended September 30, 2018

5. Financial instruments and associated risks (continued)

Liquidity risk (continued):

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.

Details of the nature of the Fund's investment portfolio at September 30, 2019 are disclosed in the schedule of investment portfolio.

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Year ended September 30, 2019 and eleven months ended September 30, 2018

5. Financial instruments and associated risks (continued)

Market risk (continued):

(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, 2019 the Fund did not hold any foreign currency denominated investments.

(b) Interest rate risk:

Interest rate risk arises on interest bearing financial instruments. A change in general interest rates is a main factor affecting the price of a fund that invests in fixed-income securities. Fixed-income securities, like bonds, pay interest based on interest rates when the bond is issued. When interest rates fall, the value of bonds rise. This is because the interest on existing bonds will be higher than the rate on newer bonds. Conversely, when interest rates rise, the price of existing bonds drop because they pay less than newer bonds. 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, 2019, 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

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Year ended September 30, 2019 and eleven months ended September 30, 2018

5. Financial instruments and associated risks (continued)

Market risk (continued):

(c) Other price risk (continued):

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 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, 2019 would have impacted the net assets and the net increase/decrease in net assets attributable to holders of redeemable units by \$70,216 (2018 - \$117,051).

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, 2019 and September 30, 2018:

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Year ended September 30, 2019 and eleven months ended September 30, 2018

5. Financial instruments and associated risks (continued)

Market Risk (continued):

(c) Other price risk (continued):

Equities	2019	2018
Energy	15.3%	20.0%
Materials	14.6%	17.0%
Industrials	13.9%	11.0%
Consumer Discretionary	5.5%	3.4%
Consumer Staples	6.4%	2.4%
Health Care	1.5%	—
Financials	26.3%	30.6%
Information Technology	3.0%	5.3%
Communication Services	6.0%	4.5%
Utilities	2.5%	2.8%
Real Estate	5.0%	3.0%
Total	100.0%	100.0%

6. Net assets attributable to holders of redeemable units

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 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 unit of the respective series upon 7 days' notice prior to the valuation day

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Year ended September 30, 2019 and eleven months ended September 30, 2018

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

The analysis of movements in the number of units and net assets attributable to holders of redeemable units during the period is presented below.

Series A	2019	2018
Balance, opening	2,598	8,121
Issued on distributions reinvested	78	136
Issued for cash	–	2,462
Redeemed for cash	–	(8,121)
Balance, September 30	2,676	2,598

Series F	2019	2018
Balance, opening	712,888	804,162
Issued on distributions reinvested	673	2,791
Issued for cash	51,869	75,192
Redeemed for cash	(384,245)	(169,257)
Balance, September 30	381,185	712,888

Series I	2019	2018
Balance, opening	252,391	227,914
Issued on distributions reinvested	6,949	12,611
Issued for cash	23,134	14,874
Redeemed for cash	(47,593)	(3,008)
Balance, September 30	234,881	252,391

The calculation of 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, 2019	Series A	Series F	Series I
Decrease in net assets attributable to holders of redeemable units	\$(1,258)	\$(540,509)	\$(50,085)
Average units outstanding during the period	2,630	411,739	248,862
Decrease in net assets attributable to holders of redeemable units per unit	\$(0.47)	\$(1.31)	\$(0.20)

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

NCM CANADIAN ENHANCED EQUITY FUND

Notes to the Financial Statements

Year ended September 30, 2019 and eleven months ended September 30, 2018

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 \$3,586 (2018 - \$7,237) 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, 2019, included in accounts payable is \$nil (2018 - \$nil) 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 \$928 (2018 - \$1,241) related to these fees.

(c) Operating expense recoveries:

The Manager has agreed to absorb certain expenses associated with some of the Funds. Such absorptions may be terminated at any time without notice. Included in Due from Manager at September 30, 2019 is \$9,373 (September 30, 2018 - \$nil) related to these fees.

8. Brokerage commissions on securities transactions

The Fund paid brokerage commissions amounting to \$26,746 (2018 - \$31,167) in connection with portfolio transactions during the year.

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.

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