

September 30, 2019

FINANCIAL STATEMENTS OF
NCM CORE
PORTFOLIOS LTD.

• NCM Core Canadian • NCM Core Global





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INDEPENDENT AUDITORS' REPORT

To the Shareholders of NCM Core Portfolios Ltd. being:

NCM Core Canadian
NCM Core Global

Opinion

We have audited the accompanying financial statements of NCM Core Portfolios Ltd., which comprise:

- the statements of financial position as at September 30, 2019 and September 30, 2018
- the statements of comprehensive income 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 shares 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 Core Portfolios Ltd. 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 audits 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 Core Portfolios Ltd. 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.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in Management Report of Fund Performance as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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 Core Portfolios Ltd.'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 liquidate NCM Core Portfolios Ltd. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing NCM Core Portfolios Ltd.'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 Core Portfolios Ltd.'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 NCM Core Portfolios Ltd.'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 NCM Core Portfolios Ltd. 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.

KPMG LLP

Chartered Professional Accountants
December 12, 2019
Calgary, Canada

NCM CORE CANADIAN

Statements of Financial Position

(in Canadian dollars, except shares outstanding)

As at	September 30 2019	September 30 2018
Assets		
Cash and cash equivalents	378,086	2,028,899
Dividends receivable	58,839	44,309
Due from Manager (note 7)	29,622	66,700
Portfolio assets sold	346,973	82,685
Shares issued	54,415	–
Investments, at fair value through profit or loss	19,796,817	15,130,002
Total assets	20,664,752	17,352,595
Liabilities		
Accrued expenses (note 7)	49,522	52,900
Dividends payable	30,052	–
Dividends payable on investments sold short	–	1,538
Portfolio assets purchased	281,126	372,273
Shares redeemed	20,385	68,391
Investments - short, at fair value through profit or loss	–	1,188,734
Total liabilities (excluding net assets attributable to holders of redeemable shares)	381,085	1,683,836
Net assets attributable to holders of redeemable shares	20,283,667	15,668,759
Net assets attributable to holders of redeemable shares:		
Series A	7,614,859	8,041,901
Series F	4,410,532	4,800,201
Series M	1,004	–
Series R	6,676,929	–
Series Z	1,580,343	2,826,657
Redeemable shares outstanding (note 6):		
Series A	242,044	257,477
Series F	135,019	149,624
Series M	30	–
Series R	200,841	–
Series Z	47,529	87,257
Net assets attributable to holders of redeemable shares per share:		
Series A	31.46	31.23
Series F	32.67	32.08
Series M*	33.25	–
Series R	33.24	–
Series Z	33.25	32.39

*Due to rounding, the NAV/share presented may not calculate precisely and not reflect the absolute figure.

See accompanying notes to financial statements.

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

Alex Sasso

Keith Leslie

NCM CORE CANADIAN

Statements of Comprehensive Income

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

(in Canadian dollars)

	2019	2018
Dividend income	531,932	394,859
Interest for distribution purposes	35,090	27,458
Securities lending income	27	–
Net gain (loss) on investments at fair value through profit or loss		
Net realized gain (loss) on investments	535,904	664,689
Net change in unrealized appreciation (depreciation) in fair value of investments	234,887	(786,702)
Total investment revenue (loss)	1,337,840	300,304
Management fees (note 7)	166,157	167,100
Transaction costs	36,854	19,557
Custodian and record keeping fees	36,542	30,600
Administrative fees (note 7)	28,696	18,411
Dividend expense on investments sold short	23,495	21,567
Legal and filing fees	23,272	23,457
HST/GST	22,479	18,618
Risk management fees	7,545	9,818
Computer services	6,465	4,925
Audit fees	5,014	11,082
Other	4,733	6,016
Tax and other professional fees	4,129	8,116
Independent review committee	2,282	1,417
Operating expense recovery (note 7)	(29,622)	(66,700)
Total operating expenses	338,041	273,984
Increase (decrease) in net assets attributable to holders of redeemable shares before tax	999,799	26,320
Withholding tax expense	–	132
Increase (decrease) in net assets attributable to holders of redeemable shares	999,799	26,188
Change in net assets attributable to holders of redeemable shares (note 6):		
Series A	228,025	(29,497)
Series F	166,021	31,425
Series M	9	–
Series R	532,367	–
Series Z	73,377	24,260
Change in net assets attributable to holders of redeemable shares per share (note 6):		
Series A	0.92	(0.11)
Series F	1.21	0.20
Series M	0.29	–
Series R	3.61	–
Series Z	1.08	0.38

See accompanying notes to financial statements.

NCM CORE CANADIAN

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

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

(in Canadian dollars)

	All Series		Series A		Series F		Series M		Series R		Series Z	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Net assets attributable to holders of redeemable shares, beginning of period	15,668,759	14,292,424	8,041,901	8,357,007	4,800,201	4,884,431	-	-	-	-	2,826,657	1,050,986
Increase (decrease) in net assets, attributable to holders of redeemable shares:	999,799	26,188	228,025	(29,497)	166,021	31,425	9	-	532,367	-	73,377	24,260
Transactions attributable to holders of redeemable shares:												
Issuance of shares	7,371,512	3,427,631	461,756	929,586	318,450	731,860	995	-	6,562,647	-	27,664	1,766,185
Reinvestment of dividends	455,959	166,414	174,476	90,728	102,348	51,408	24	-	158,866	-	20,245	24,278
Amounts paid on redemptions	(3,726,351)	(2,058,726)	(1,108,415)	(1,210,938)	(870,597)	(842,201)	-	-	(418,085)	-	(1,329,254)	(5,587)
Dividends declared:	4,101,120	1,535,319	(472,183)	(190,624)	(449,799)	(58,933)	1,019	-	6,303,428	-	(1,281,345)	1,784,876
From dividend income	(486,011)	(185,172)	(182,884)	(94,985)	(105,891)	(56,722)	(24)	-	(158,866)	-	(38,346)	(33,465)
	(486,011)	(185,172)	(182,884)	(94,985)	(105,891)	(56,722)	(24)	-	(158,866)	-	(38,346)	(33,465)
Net assets attributable to holders of redeemable shares, end of period	20,283,667	15,668,759	7,614,859	8,041,901	4,410,532	4,800,201	1,004	-	6,676,929	-	1,580,343	2,826,657
Dividends per share to holders of redeemable shares:												
From dividend income			0.77	0.37	0.80	0.38	0.82	-	0.82	-	0.82	0.39

See accompanying notes to financial statements.

NCM CORE CANADIAN

Statement 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 shares	999,799	26,188
Adjustments for:		
Net realized (gain) loss on sale of investments at fair value through profit or loss	(535,904)	(664,689)
Net change in unrealized (appreciation) depreciation of investments at fair value through profit or loss	(234,887)	786,702
Purchase of investments	(45,578,361)	(24,473,067)
Proceeds from the sale of investments	40,138,406	22,942,941
Dividends receivable	(14,530)	(18,329)
Due from Manager	37,078	(2,900)
Accrued expenses	(3,378)	1,600
Dividends payable on investments sold short	(1,538)	(97)
Net cash from (used in) operating activities	(5,193,315)	(1,401,651)
Cash flows from (used in) financing activities		
Proceeds from the issuance of redeemable shares	7,317,097	3,476,631
Amounts paid on redemption of redeemable shares	(3,774,357)	(1,993,381)
Distributions to holders of redeemable shares, net of reinvestments	—	(39,470)
Net cash from (used in) financing activities	3,542,740	1,443,780
Net increase (decrease) in cash and cash equivalents	(1,650,575)	42,129
Effect of exchange rates on cash and cash equivalents	(238)	(59)
Cash and cash equivalents at beginning of period	2,028,899	1,986,829
Cash and cash equivalents at end of period	378,086	2,028,899
Dividends received, net of withholding tax paid	517,402	376,398
Interest received	35,090	27,458
Dividend expenses on investments sold short	25,033	21,664

See accompanying notes to financial statements.

NCM CORE CANADIAN

Schedule of Investment Portfolio

As at September 30, 2019

(in Canadian dollars)

Description	Number of Shares	Cost (\$)	Fair Value (\$)	% of Net Assets
CANADIAN EQUITIES				
Communication Services				
BCE Inc.	10,500	610,851	672,840	
Quebecor Inc., Class 'B'	15,000	407,834	451,200	
Rogers Communications Inc., Class 'B'	10,700	718,460	690,471	
		1,737,145	1,814,511	9.0%
Consumer Discretionary				
A&W Revenue Royalties Income Fund	10,200	437,701	392,190	
Gildan Activewear Inc.	12,900	594,519	606,558	
		1,032,220	998,748	4.9%
Consumer Staples				
Alimentation Couche-Tard Inc., Class 'B'	22,500	806,999	913,500	
Metro Inc., Class 'A'	7,700	376,570	449,141	
North West Co. Inc. (The)	10,600	325,180	299,980	
Premium Brands Holdings Corp.	5,900	559,395	549,467	
		2,068,144	2,212,088	10.9%
Energy				
North American Construction Group Ltd.	39,200	635,995	598,584	
Parkland Fuel Corp.	11,800	514,331	501,382	
Questor Technology Inc.	99,400	456,942	433,384	
TC Energy Corp.	5,800	335,758	397,880	
		1,943,026	1,931,230	9.5%
Financials				
ECN Capital Corp.	83,500	353,639	381,595	
Genworth MI Canada Inc.	7,800	402,223	410,280	
Manulife Financial Corp.	20,900	511,830	507,870	
Royal Bank of Canada	15,100	1,392,270	1,622,797	
Sun Life Financial Inc.	12,200	614,883	722,728	
Toronto-Dominion Bank (The)	22,500	1,718,772	1,738,125	
		4,993,617	5,383,395	26.5%
Industrials				
Aecon Group Inc.	32,300	603,356	589,152	
Air Canada	11,900	481,528	514,199	
Canadian National Railway Co.	3,400	384,027	404,464	
Héroux-Devtek Inc.	33,200	585,123	571,040	
IBI Group Inc.	91,000	456,252	445,900	
Magellan Aerospace Corp.	5,500	92,717	81,895	
Thomson Reuters Corp.	4,600	396,466	407,330	
Westshore Terminals Investment Corp.	24,400	523,237	498,980	
		3,522,706	3,512,960	17.3%
Information Technology				
Open Text Corp.	9,200	431,581	497,168	
		431,581	497,168	2.5%
Materials				
CCL Industries Inc., Class 'B'	7,100	424,185	379,424	
		424,185	379,424	1.9%
Real Estate				
Morguard North American Residential REIT	15,500	266,623	307,675	

NCM CORE CANADIAN

Schedule of Investment Portfolio (continued)

As at September 30, 2019

(in Canadian dollars)

Description	Number of Shares	Cost (\$)	Fair Value (\$)	% of Net Assets
Real Estate (continued)				
NorthWest Healthcare Properties REIT	35,200	418,505	414,304	
Plaza Retail REIT	70,000	296,080	311,500	
RioCan REIT	17,500	457,505	461,650	
Slate Retail REIT, Class 'U'	27,800	313,730	358,620	
		1,752,443	1,853,749	9.1%
Utilities				
ATCO Ltd., Class 'I'	6,400	279,512	310,272	
Emera Inc.	7,100	331,102	412,936	
Northland Power Inc.	7,900	198,292	200,818	
Polaris Infrastructure Inc.	21,900	295,271	289,518	
		1,104,177	1,213,544	6.0%
TOTAL EQUITIES		19,009,244	19,796,817	97.6%
Less: Transaction costs included in average cost		(6,196)		
TOTAL INVESTMENTS		19,003,048	19,796,817	97.6%
Other assets, less liabilities			486,850	2.4%
TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES			20,283,667	100.0%

NCM CORE GLOBAL

Statements of Financial Position

(in Canadian dollars, except shares outstanding)

As at	September 30 2019	September 30 2018
Assets		
Cash and cash equivalents	490,800	1,508,994
Dividends receivable	36,893	17,915
Due from Manager (note 7)	31,663	87,200
Shares issued	104,708	165,327
Unrealized gain on derivative instruments	129,146	119,753
Investments, at fair value through profit or loss	37,995,617	21,575,909
Total assets	38,788,827	23,475,098
Liabilities		
Accrued expenses (note 7)	74,663	62,000
Shares redeemed	148,136	195,325
Unrealized loss on derivative instruments	2,287	4,166
Total liabilities (excluding net assets attributable to holders of redeemable shares)	225,086	261,491
Net assets attributable to holders of redeemable shares	38,563,741	23,213,607
Net assets attributable to holders of redeemable shares:		
Series A	5,034,872	2,927,140
Series F	16,967,692	14,038,080
Series M	178,742	–
Series R	8,727,590	–
Series Z	7,654,845	6,248,387
Redeemable shares outstanding (note 6):		
Series A	148,198	92,419
Series F	481,504	431,292
Series M	4,980	–
Series R	243,167	–
Series Z	213,288	190,128
Net assets attributable to holders of redeemable shares per share:		
Series A	33.97	31.67
Series F	35.24	32.55
Series M*	35.89	–
Series R	35.89	–
Series Z	35.89	32.86

*Due to rounding, the NAV/share presented may not calculate precisely and not reflect the absolute figure.

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

Alex Sasso

Keith Leslie

NCM CORE GLOBAL

Statements of Comprehensive Income

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

(in Canadian dollars)

	2019	2018
Dividend income	597,663	409,629
Interest for distribution purposes	2,517	1,180
Net gain (loss) on investments at fair value through profit or loss		
Net realized gain (loss) on investments	(145,033)	5,679
Net realized gain (loss) on derivative instruments	(105,598)	(398,444)
Net change in unrealized appreciation (depreciation) in fair value of investments	2,851,131	1,240,104
Net change in unrealized appreciation (depreciation) on derivative instruments	11,272	341,777
Total investment revenue (loss)	3,211,952	1,599,925
Management fees (note 7)	177,447	123,519
Custodian and record keeping fees	46,553	35,148
Administrative fees (note 7)	45,152	22,692
Transaction costs	37,704	39,358
HST/GST	27,496	17,394
Legal and filing fees	25,129	26,430
Computer services	9,808	5,832
Audit fees	9,714	16,643
Tax and other professional fees	7,970	12,820
Other	6,521	7,213
Independent review committee	3,644	1,801
Operating expense recovery (note 7)	(31,663)	(87,200)
Total operating expenses	365,475	221,650
Increase (decrease) in net assets attributable to holders of redeemable shares before tax	2,846,477	1,378,275
Withholding tax expense	80,927	54,340
Increase (decrease) in net assets attributable to holders of redeemable shares	2,765,550	1,323,935
Change in net assets attributable to holders of redeemable shares (note 6):		
Series A	286,274	141,818
Series F	972,315	764,844
Series M	165	-
Series R	950,396	-
Series Z	556,400	417,273
Change in net assets attributable to holders of redeemable shares per share (note 6):		
Series A	2.52	1.91
Series F	2.46	2.18
Series M	0.04	-
Series R	5.20	-
Series Z	2.91	2.25

See accompanying notes to financial statements.

NCM CORE GLOBAL

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

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

(in Canadian dollars)

	All Series		Series A		Series F		Series M		Series R		Series Z	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Net assets attributable to holders of redeemable shares, beginning of period	23,213,607	9,805,536	2,927,140	1,328,318	14,038,080	6,152,821	-	-	-	-	6,248,387	2,324,397
Increase (decrease) in net assets, attributable to holders of redeemable shares:	2,765,550	1,323,935	286,274	141,818	972,315	764,844	165	-	950,396	-	556,400	417,273
Transactions attributable to holders of redeemable shares:												
Issuance of shares	21,871,916	16,292,975	2,295,168	2,055,459	8,497,302	9,194,093	178,577	-	8,333,972	-	2,566,897	5,043,423
Amounts paid on redemptions	(9,287,332)	(4,208,839)	(473,710)	(598,455)	(6,540,005)	(2,073,678)	-	-	(556,778)	-	(1,716,839)	(1,536,706)
	12,584,584	12,084,136	1,821,458	1,457,004	1,957,297	7,120,415	178,577	-	7,777,194	-	850,058	3,506,717
Net assets attributable to holders of redeemable shares, end of period	38,563,741	23,213,607	5,034,872	2,927,140	16,967,692	14,038,080	178,742	-	8,727,590	-	7,654,845	6,248,387

See accompanying notes to financial statements.

NCM CORE GLOBAL

Statement 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 shares	2,765,550	1,323,935
Adjustments for:		
Net realized (gain) loss on sale of investments at fair value through profit or loss	145,033	(5,679)
Net change in unrealized (appreciation) depreciation of investments at fair value through profit or loss	(2,851,131)	(1,240,104)
Net change in unrealized (appreciation) depreciation on derivative instruments	(11,272)	(341,777)
Purchase of investments	(18,278,719)	(12,611,851)
Proceeds from the sale of investments	4,577,415	1,383,305
Dividends receivable	(18,978)	(11,065)
Due from Manager	55,537	(25,100)
Accrued expenses	12,663	29,900
Net cash from (used in) operating activities	(13,603,902)	(11,498,436)
Cash flows from (used in) financing activities		
Proceeds from the issuance of redeemable shares	21,932,535	16,644,370
Amounts paid on redemption of redeemable shares	(9,334,521)	(4,039,304)
Net cash from (used in) financing activities	12,598,014	12,605,066
Net increase (decrease) in cash and cash equivalents	(1,005,888)	1,106,630
Effect of exchange rates on cash and cash equivalents	(12,306)	(1,877)
Cash and cash equivalents at beginning of period	1,508,994	404,241
Cash and cash equivalents at end of period	490,800	1,508,994
Dividends received, net of withholding tax paid	497,758	344,224
Interest received	2,517	1,180

See accompanying notes to financial statements.

NCM CORE GLOBAL

Schedule of Investment Portfolio

As at September 30, 2019

(in Canadian dollars)

Description	Number of Shares	Cost (\$)	Fair Value (\$)	% of Net Assets
CANADIAN EQUITIES				
Financials				
Royal Bank of Canada	6,650	645,986	714,676	
Toronto-Dominion Bank (The)	8,700	624,644	672,075	
		1,270,630	1,386,751	3.6%
TOTAL CANADIAN EQUITIES		1,270,630	1,386,751	3.6%
UNITED STATES EQUITIES				
Communication Services				
Alphabet Inc., Class 'A'	665	896,207	1,075,165	
Facebook Inc., Class 'A'	3,750	918,606	884,167	
Verizon Communications Inc.	5,605	385,388	447,933	
		2,200,201	2,407,265	6.2%
Consumer Discretionary				
Alibaba Group Holding Ltd., ADR	3,660	795,156	810,370	
Home Depot Inc. (The)	3,983	935,339	1,223,556	
McDonald's Corp.	4,511	1,020,180	1,282,369	
Nike Inc., Class 'B'	8,359	752,575	1,039,442	
Starbucks Corp.	8,427	720,216	986,533	
		4,223,466	5,342,270	13.9%
Consumer Staples				
Altria Group Inc.	7,937	620,124	429,801	
Anheuser-Busch InBev NV, ADR	4,607	603,497	580,384	
Costco Wholesale Corp.	4,654	1,254,928	1,775,304	
Estée Lauder Cos. Inc. (The), Class 'A'	5,222	943,289	1,375,526	
General Mills Inc.	8,319	564,795	607,111	
		3,986,633	4,768,126	12.4%
Energy				
Chevron Corp.	5,228	792,573	820,934	
		792,573	820,934	2.1%
Financials				
First Republic Bank	9,146	1,095,231	1,170,970	
Wells Fargo & Co.	15,116	1,039,203	1,009,485	
		2,134,434	2,180,455	5.7%
Health Care				
Danaher Corp.	5,596	763,870	1,070,097	
Eli Lilly and Co.	6,490	792,128	960,928	
Johnson & Johnson	7,220	1,252,021	1,236,780	
Thermo Fisher Scientific Inc.	1,980	727,184	763,570	
		3,535,203	4,031,375	10.5%
Industrials				
Lockheed Martin Corp.	1,337	540,413	690,479	
		540,413	690,479	1.8%
Information Technology				
Microsoft Corp.	12,359	1,564,539	2,274,992	
Visa Inc., Class 'A'	6,505	1,093,030	1,481,457	
		2,657,569	3,756,449	9.7%

NCM CORE GLOBAL

Schedule of Investment Portfolio (continued)

As at September 30, 2019

(in Canadian dollars)

Description	Number of Shares	Cost (\$)	Fair Value (\$)	% of Net Assets
Materials				
Ecolab Inc.	1,870	412,052	490,323	
Sherwin-Williams Co. (The)	720	373,115	524,180	
		785,167	1,014,503	2.6%
TOTAL UNITED STATES EQUITIES		20,855,659	25,011,856	64.9%
INTERNATIONAL EQUITIES				
Denmark				
DSV AS	12,088	1,245,273	1,523,204	
Novo Nordisk AS, Series 'B'	6,800	441,182	462,942	
Ringkjoebing Landbobank AS	5,500	409,487	457,215	
Topdanmark AS	14,532	859,981	928,790	
		2,955,923	3,372,151	8.7%
Finland				
Kone OYJ, Class 'B'	5,870	400,682	442,624	
		400,682	442,624	1.2%
Hong Kong				
AIA Group Ltd.	45,500	598,903	569,038	
		598,903	569,038	1.5%
Indonesia				
PT Bank Central Asia TBK	643,300	1,398,291	1,821,062	
		1,398,291	1,821,062	4.7%
Japan				
Bridgestone Corp.	11,600	625,411	594,583	
Suntory Beverage & Food Ltd.	10,700	607,972	605,604	
		1,233,383	1,200,187	3.1%
Luxembourg				
Spotify Technology SA	1,630	349,158	246,026	
		349,158	246,026	0.6%
Netherlands				
Heineken NV	6,700	875,927	958,971	
		875,927	958,971	2.5%
Norway				
Atea ASA	26,504	434,531	451,871	
		434,531	451,871	1.2%
Portugal				
Galp Energia SGPS SA, Class 'B'	33,817	734,548	674,830	
		734,548	674,830	1.8%
Sweden				
Svenska Handelsbanken AB, Class 'A'	30,543	488,569	379,130	
		488,569	379,130	1.0%
Switzerland				
Givaudan SA, Registered	177	553,948	654,290	
		553,948	654,290	1.7%
United Kingdom				
British American Tobacco PLC	5,550	385,314	272,335	
Unilever PLC	6,950	533,481	554,495	
		918,795	826,830	2.1%
TOTAL INTERNATIONAL EQUITIES		10,942,658	11,597,010	30.1%

NCM CORE GLOBAL

Schedule of Investment Portfolio (continued)

As at September 30, 2019

(in Canadian dollars)

Description	Number of Shares	Cost (\$)	Fair Value (\$)	% of Net Assets
TOTAL EQUITIES		33,068,947	37,995,617	98.6%
Less: Transaction costs included in average cost		<u>(26,872)</u>		
TOTAL INVESTMENTS		33,042,075	37,995,617	98.6%
Derivative assets			129,146	0.3%
Derivative liabilities			(2,287)	0.0%
Other assets, less liabilities			441,265	1.1%
TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES			38,563,741	100.0%

NCM Core Global

Schedule of Derivative Investments - Forward Foreign Currency Contracts

As at September 30, 2019

Counterparty	Credit Rating	Settlement Date	Currency to be Delivered	Fair Value in Cdn Dollars	Currency to be Received	Contract Price	Unrealized Gain
Toronto-Dominion Bank (The)	A-1+	December 16, 2019	465,000 CHF	620,847	625,589 CAD	1.3454	4,742
Toronto-Dominion Bank (The)	A-1+	December 16, 2019	16,927,000 DKK	3,289,145	3,332,480 CAD	0.1969	43,335
Toronto-Dominion Bank (The)	A-1+	December 16, 2019	1,360,800 EUR	1,973,352	2,002,717 CAD	1.4717	29,365
Toronto-Dominion Bank (The)	A-1+	December 16, 2019	2,949,500 NOK	429,791	434,629 CAD	0.1474	4,838
Toronto-Dominion Bank (The)	A-1+	December 16, 2019	2,777,000 SEK	375,448	382,481 CAD	0.1377	7,033
Toronto-Dominion Bank (The)	A-1+	October 16, 2019	18,538,600 USD	24,539,570	24,579,403 CAD	1.3259	39,833
Net Unrealized Gain							129,146

Counterparty	Credit Rating	Settlement Date	Currency to be Delivered	Fair Value in Cdn Dollars	Currency to be Received	Contract Price	Unrealized Loss
Toronto-Dominion Bank (The)	A-1+	December 16, 2019	497,700 GBP	813,566	813,097 CAD	1.6337	(469)
Toronto-Dominion Bank (The)	A-1+	December 16, 2019	3,484,000 HKD	588,141	587,135 CAD	0.1685	(1,006)
Toronto-Dominion Bank (The)	A-1+	December 16, 2019	94,561,000 JPY	1,163,495	1,162,683 CAD	0.0123	(812)
Net Unrealized Loss							(2,287)

NCM CORE PORTFOLIOS LTD.

Notes to Financial Statements

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

1. Reporting Entity:

On January 9, 2014, Norrep MG Fund Ltd. changed its name to Norrep Premium Portfolios Ltd. On February 17, 2016 Norrep Premium Portfolios Ltd. changed its name to Norrep Core Portfolios Ltd. On August 27, 2018, Norrep Core Portfolios Ltd. changed its name to NCM Core Portfolios Ltd.

NCM Core Portfolios Ltd. (the "Corporation") consists of NCM Core Canadian, and NCM Core Global (the "Funds"). NCM Core Canadian and NCM Core Global began operations on February 17, 2016. On June 29, 2017, MF Series was renamed as Series A. Additionally, Norrep Core Canadian was renamed as Norrep Core Canadian and Norrep Core Global was renamed as Norrep Core Global. On August 27, 2018, Norrep Core Canadian was renamed as NCM Core Canadian and Norrep Core Global was renamed as NCM Core Global.

Effective August 27, 2018, NCM Core Portfolios Ltd. changed its year end from October 31, 2018 to September 30, 2018. On October 31, 2018, NCM Premium Growth Class merged into NCM Balanced Income Portfolio and ceased to exist.

The Corporation is authorized to issue 100 Classes of special shares, each Class being issuable in series (collectively the "Special Shares") and an unlimited number of common shares. At September 30, 2019, there were 100 common shares issued as well as two Classes of Special Shares with NCM Core Canadian, and NCM Core Global all issued in five series. Each special share represents an equal undivided interest in the net assets of its Fund. CIBC Mellon Trust Company is the Custodian of the Funds, Scotia Capital Inc. is the Prime Broker, and NCM Asset Management Ltd. ("NCM") is the Manager and Portfolio Manager of the Fund.

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 Funds' significant accounting policies under IFRS are presented in note 3. These policies have been applied consistently to all periods presented.

The financial statements of the Funds 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 and derivative instruments which are measured at fair value.

(c) Functional and presentation currency:

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

NCM CORE PORTFOLIOS LTD.

Notes to 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 estimates include the valuation of investments and the unrealized gains/losses from investments.

3. Significant accounting policies:

The Funds have consistently applied the following accounting policies to all periods presented in these financial statements.

(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 are 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) Derecognition

Financial assets are derecognized only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset 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.

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

NCM CORE PORTFOLIOS LTD.

Notes to 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)

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 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 shares

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.

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

NCM CORE PORTFOLIOS LTD.

Notes to 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):

(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 Funds in the management of short-term commitments, other than cash collateral provided in respect of derivatives and securities borrowing transactions.

Redeemable shares

The Funds classify financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Funds have multiple classes of redeemable shares that do not have identical features and therefore, do not qualify as equity under IAS 32, *Financial Instruments: Presentation*. The redeemable shares, 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 share price based on the Fund's valuation policies at each redemption date. The shares represent the residual interest in the Fund.

The value at which mutual fund shares are issued or redeemed is determined by dividing the net assets of the Fund at fair value based on last traded price by the total number of mutual fund shares outstanding on the valuation date. Amounts received on the issuance of mutual fund shares and amounts paid on the redemption of mutual fund shares are added to, or deducted from net assets.

(b) Dividend income:

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.

NCM CORE PORTFOLIOS LTD.

Notes to Financial Statements

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

3. Significant accounting policies (continued):

(c) Dividends to holders of redeemable shares:

Any dividends paid will be in proportion to the number of shares held by each shareholder.

Dividends per share to shareholders is calculated as the total amount of dividends attributable to a series divided by the number of shares of the series at the date of distribution.

(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.

Average cost does not include amortization of premiums or discounts on fixed income securities.

(e) Income tax:

The Corporation is qualified as a mutual fund corporation for the purposes of the Income Tax Act (Canada) and the Alberta Corporate Tax Act.

Interest and foreign dividends received, less applicable expenses, are taxed at Federal and Provincial corporate rates less applicable credits for any foreign taxes paid.

Taxable dividends received from taxable Canadian corporations are subject to taxes that are fully refundable upon payment of sufficient taxable dividends to shareholders.

The Corporation is also subject to tax at full corporate rates on 50% of capital gains realized, less allowable capital losses claimed. This tax is generally refundable to the extent that the Corporation distributes its capital gains to shareholders by way of a capital gains dividend, or through the redemption of its shares.

Temporary differences between the tax basis of assets and liabilities and their carrying amounts may be either taxable or deductible. Taxable temporary differences give rise to deferred income tax liabilities and deductible temporary differences give rise to deferred income tax assets. When the fair value of investments is greater than the related tax basis, a deferred income tax liability arises and the deferred tax liability is offset by refundable taxes generated by future payments of capital gains dividends. When the fair value of investments is less than the related tax basis, a deferred income tax asset arises and due to the uncertainty of such deferred income tax assets ultimately being realized, a full valuation allowance is applied to offset the asset. Any unused capital and non-capital losses represent deferred tax assets to the Corporation for which a full valuation allowance has been established such that no net benefit has been recorded by the Corporation.

Income that would give rise to deferred income tax liabilities or assets are distributed out to shareholders.

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 Funds incurred withholding tax expense accordingly;

NCM CORE PORTFOLIOS LTD.

Notes to Financial Statements

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

3. Significant accounting policies (continued):

(e) Income tax (continued):

	September 30, 2019	September 30, 2018
NCM Core Canadian	–	132
NCM Core Global	80,927	54,340

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

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

Increase (decrease) in net assets attributable to shareholders per share is calculated as increase (decrease) in net assets attributable to shareholders, divided by the weighted average shares 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 Funds may use derivative financial instruments to reduce their 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.

NCM CORE PORTFOLIOS LTD.

Notes to Financial Statements

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

3. Significant accounting policies (continued):

(h) Derivative financial instruments (continued):

When an option expires, the premium for options written or purchased is reflected in the statements 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 statements of financial position.

(i) Securities lending transactions:

The Funds are permitted to enter into securities lending transactions as set out in the Funds' Simplified Prospectus. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities on a future date. Securities lending transactions are administered by The Bank of New York Mellon (collectively the "Securities Lending Agent"). The value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned, sold or purchased. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is included in the Statements of Comprehensive Income as Securities lending income and recognized when earned.

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 Funds determine 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 fair value measurement is directly or indirectly observable (Level 2);
- 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 Funds recognise transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change occurred.

NCM CORE PORTFOLIOS LTD.

Notes to Financial Statements

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

4. Fair value measurement (continued):

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

The tables below analyze investments measured at fair value at September 30, 2019 and September 30, 2018 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
NCM Core Canadian - September 30, 2019				
Public securities				
Equities - long	19,796,817	—	—	19,796,817
Total Investments	19,796,817	—	—	19,796,817

<i>(in Canadian dollars)</i>	Level 1	Level 2	Level 3	Total
NCM Core Canadian - September 30, 2018				
Public securities				
Equities - long	15,130,002	—	—	15,130,002
Equities - short	(1,188,734)	—	—	(1,188,734)
Total Investments	13,941,268	—	—	13,941,268

<i>(in Canadian dollars)</i>	Level 1	Level 2	Level 3	Total
NCM Core Global - September 30, 2019				
Public securities				
Equities - long	37,995,617	—	—	37,995,617
Unrealized gain on derivative instruments – forward contracts	—	129,146	—	129,146
Unrealized loss on derivative instruments – forward contracts	—	(2,287)	—	(2,287)
Total Investments	37,995,617	126,859	—	38,122,476

<i>(in Canadian dollars)</i>	Level 1	Level 2	Level 3	Total
NCM Core Global - September 30, 2018				
Public securities				
Equities - long	21,575,909	—	—	21,575,909
Unrealized gain on derivative instruments – forward contracts	—	119,753	—	119,753
Unrealized loss on derivative instruments – forward contracts	—	(4,166)	—	(4,166)
Total Investments	21,575,909	115,587	—	21,691,496

There were no transfers between Level 1, Level 2 and Level 3 during the periods presented.

(c) Financial instruments not measured at fair value:

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

NCM CORE PORTFOLIOS LTD.

Notes to Financial Statements

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

5. Financial instruments and associated risks:

The Funds' 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 Funds' overall risk management program seeks to maximize the returns for the level of risk to which the Funds are exposed and seeks to minimize potential adverse effects on the Fund's financial performance. All investments result in a risk of loss of capital.

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 Funds. The carrying amount of cash and cash equivalents and receivables also represents their maximum credit risk.

Credit risk arising on transactions for shares purchased 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 and the high credit quality of the brokers used.

For the majority of the transactions, the Funds mitigate 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 shares purchased or the portfolio assets sold. If either party does not meet its obligation then the transaction will fail.

Substantially all of the assets of the Funds are held by CIBC Mellon Trust Company, the custodian and the Prime Broker. Bankruptcy or insolvency of the custodian may cause the Funds' rights with respect to securities held by the custodian to be delayed or limited. The Funds monitor risk by monitoring the credit quality, credit rating and financial position of the custodian the Funds use.

If the credit quality or the financial position deteriorates significantly then the Portfolio Manager will move the cash holdings to another financial institution.

The Portfolio Manager analyses credit concentration based on the counterparty, industry and geographical location of the financial assets that each Fund holds.

Other than outlined above there were no significant concentrations of credit risk to counterparties at September 30, 2019 and September 30, 2018.

Liquidity risk:

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

The Funds are exposed to daily cash redemptions of redeemable shares. Investments in small, mid-capitalization and micro-capitalization companies may involve greater risks than in larger, more established companies since such companies may have more limited markets and financial resources and their securities may be more sensitive to market changes. As well, the liquidity of the securities may be limited.

NCM CORE PORTFOLIOS LTD.

Notes to Financial Statements

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

5. Financial instruments and associated risks (continued):

Liquidity risk (continued):

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

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

The Funds' liquidity risk is managed on a daily basis by the Portfolio Manager. Minimum cash balances may be required to be maintained in each Fund at the discretion of the Portfolio Manager to allow for monies to cover redemptions. The Funds' redemption policy allows for redemptions at any time during any given month.

The Funds are subject to regulatory requirements whereby the Funds shall not purchase an illiquid asset if, immediately after the purchase, more than ten percent of the net assets of each Fund, taken at market value at the time of purchase, would consist of illiquid assets. Residual contractual maturities of financial liabilities are all due on demand.

Market risk:

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

The Funds' strategies on the management of investment risk are driven by the Funds' investment objectives.

NCM Core Canadian is designed to achieve long-term capital appreciation by investing primarily in equity securities of large capitalization issuers. NCM Core Global will seek to achieve long-term capital appreciation by investing primarily in global equity securities.

No material change in the investment objectives, policies or restrictions of a Fund may be made without the approval of a two-thirds majority of the votes cast by shareholders at a meeting of the Fund duly called for that purpose.

The Funds' 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 Funds' investment portfolio at September 30, 2019 are disclosed in the schedule of investment portfolio.

(a) Currency risk:

The Funds may invest in financial instruments and enter into transactions denominated in currencies other than the Canadian dollar. Consequently, the Funds are exposed to risks that the exchange rate of the Canadian dollar to other foreign currencies may fluctuate.

The Funds may use derivatives to hedge the foreign currency exposure. Such permitted derivatives may include exchange-traded options, futures contracts, and options on futures, over-the-counter options and forward contracts.

NCM CORE PORTFOLIOS LTD.

Notes to 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 (continued):

At September 30, 2019 and September 30, 2018, NCM Core Global had the following foreign currency exposure as a percentage of the net asset value, including the impact of outstanding derivatives.

NCM Core Global	2019	2018
Indonesian Rupiah	4.7%	3.5%
U.S. Dollar	1.9%	2.0%
Euro	0.3%	0.1%
Danish Kroner	0.3%	1.0%
Swiss Franc	0.1%	0.0%
Japanese Yen	0.1%	0.2%
Norwegian Krone	0.1%	-

Sensitivity Analysis:

At September 30, 2019 and September 30, 2018, had the Canadian dollar strengthened or weakened by 1% in relation to all currencies, with all other variables held constant, including the impact of outstanding derivative instruments, net assets attributable to the holders of redeemable shares and the change in net assets attributable to holders of redeemable shares would have increased or decreased by the amounts shown below. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

NCM Core Global (in Canadian dollars)	2019	2018
Indonesian Rupiah	18,217	8,072
U.S. Dollar	7,334	4,639
Euro	1,179	166
Danish Kroner	992	2,269
Swiss Franc	372	39
Japanese Yen	367	535
Norwegian Krone	221	112
British Pound	133	112
Swedish Kroner	39	114
Hong Kong Dollar	(191)	-
Total	28,663	16,058

(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

NCM CORE PORTFOLIOS LTD.

Notes to Financial Statements

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

5. Financial instruments and associated risks (continued):

Market risk (continued):

(b) Interest rate risk (continued):

value of the bonds rise. This is because the interest rates of 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.

The majority of the Funds' assets are non-interest-bearing. Interest-bearing financial assets mature or re-price in the short term, being no more than twelve months. There are no interest bearing financial liabilities as a result, the Funds are subject to limited exposure to the risk of fluctuation in the prevailing levels of market interest rates. High yield corporate bond prices are impacted by the credit metrics, liquidity and business fundamentals of the corporate entity with a minimal correlation to 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.

Price risk is managed by the Funds' Portfolio Manager through construction of diversified portfolios. 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. In addition, certain securities are not listed on any prescribed stock exchange and thus a liquid market for resale may not exist.

The Portfolio Manager will monitor these factors daily and make decisions regarding the portfolio based on its knowledge of the market conditions and diversify the portfolio of investments accordingly. The maximum price risk resulting from financial instruments is equivalent to their fair value.

Sensitivity analysis:

Management's estimate of the impact of a 1% increase or decrease on the following indices at September 30, 2019 and September 30, 2018, is an increase or decrease in the net assets attributable to holders of redeemable shares of approximately:

	Total Return Index (In Canadian dollars)	Change in Net Assets	
		2019	2018
NCM Core Canadian	S&P TSX Composite Total Return Index	197,968	139,413
NCM Core Global	MSCI World Net Total Return Index	379,956	215,759

In practice, the actual trading results may differ from this estimate and the difference could be material.

NCM Core Canadian Fund and NCM Core Global Fund financial assets exposed to other price risk are concentrated in the following industries at September 30, 2019 and September 30, 2018.

NCM CORE PORTFOLIOS LTD.

Notes to 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):

NCM Core Canadian	2019	2018
Energy	9.8%	5.6%
Materials	1.9%	10.0%
Industrials	17.7%	17.4%
Consumer Discretionary	5.0%	4.7%
Consumer Staples	11.2%	3.8%
Financials	27.2%	34.5%
Information Technology	2.5%	6.9%
Communication Services	9.2%	8.0%
Utilities	6.1%	2.4%
Real Estate	9.4%	6.7%
Total	100.0%	100.0%

NCM Core Global	2019	2018
Energy	4.0%	4.7%
Materials	4.4%	3.7%
Industrials	7.0%	7.5%
Consumer Discretionary	15.6%	13.7%
Consumer Staples	18.8%	17.5%
Health Care	11.8%	11.4%
Financials	20.4%	24.5%
Information Technology	11.1%	13.0%
Communication Services	6.9%	4.0%
Total	100.0%	100.0%

6. Net Assets attributable to holders of redeemable shares:

The Corporation is authorized to issue an unlimited number of special shares of up to 100 classes with each class representing a separate fund with its own investment objective and investment portfolio (referred to collectively as the “special shares”).

Each class can be divided into 26 series, each series being comprised of an unlimited number of shares. Currently, there are five series outstanding, Series A, Series F, Series M, Series Z and Series R within NCM Core Canadian and NCM Core Global. Each series ranks equally with respect to dividends 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. Series A Series shares are sold through the front end sales charge option. Under the front end sales charge option, a commission ranging from 0% to 5% is paid by the investor to the dealer with a 2% redemption fee being charged if the shares are redeemed in the first 30 days. Series F and Series Z are sold without commission provided the purchaser is enrolled in a fee-for-service or wrap program with the dealer. A 2% redemption fee is charged if the Series F and Series Z shares are redeemed in the first 30 days.

On October 1, 2018, NCM Core Canadian and NCM Core Global issued Series R shares. There are no sales charges or commissions payable in respect of purchases of Series R shares. Series R is only available for

NCM CORE PORTFOLIOS LTD.

Notes to Financial Statements

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

6. Net Assets attributable to holders of redeemable shares (continued):

purchase by the NCM Funds and other funds and accounts managed or advised by the Manager and/or its affiliates.

Series M shares are not available for general public purchase.

In addition, the Corporation is authorized to issue an unlimited number of common shares. The special shares have priority over the common shares with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation or dissolution on winding up of the Corporation. 100 common shares were issued on incorporation for \$1.

The shares may be redeemed daily at the net asset value per share of the respective series.

The analysis of movements in the number of redeemable shares was as follows:

NCM Core Canadian	Series A	Series F	Series M	Series R	Series Z
Balance, September 30, 2018	257,477	149,624	–	–	87,257
Issued for cash	15,035	9,984	29	208,697	851
Issued on reinvestment of distributions	5,546	3,133	1	4,778	609
Redeemed for cash	(36,014)	(27,722)	–	(12,634)	(41,188)
Balance, September 30, 2019	242,044	135,019	30	200,841	47,529

NCM Core Canadian	Series A	Series F	Series Z
Balance, October 31, 2017	263,296	151,296	32,482
Issued for cash	29,828	22,664	54,201
Issued on reinvestment of distributions	2,905	1,603	749
Redeemed for cash	(38,552)	(25,939)	(175)
Balance, September 30, 2018	257,477	149,624	87,257

NCM Core Global	Series A	Series F	Series M	Series R	Series Z
Balance, September 30, 2018	92,419	431,292	–	–	190,128
Issued for cash	70,916	253,453	4,980	259,583	75,594
Redeemed for cash	(15,137)	(203,241)	–	(16,416)	(52,434)
Balance, September 30, 2019	148,198	481,504	4,980	243,167	213,288

NCM Core Global	Series A	Series F	Series Z
Balance, October 31, 2017	44,736	203,460	76,720
Issued for cash	67,397	294,558	161,741
Redeemed for cash	(19,714)	(66,726)	(48,333)
Balance, September 30, 2018	92,419	431,292	190,128

NCM CORE PORTFOLIOS LTD.

Notes to Financial Statements

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

6. Net Assets attributable to holders of redeemable shares (continued):

Increase (decrease) in net assets attributable to holders of redeemable shares per share is calculated as follows:

Due to rounding, numbers presented may not calculate precisely and not reflect the absolute figures.

NCM Core Canadian - September 30, 2019	Series A	Series F	Series M	Series R	Series Z
Increase in net assets attributable to holders of redeemable shares	\$228,025	\$166,021	\$9	\$532,367	\$73,377
Average shares outstanding during the year	246,861	137,558	29	147,163	67,669
Increase in net assets attributable to holders of redeemable shares per share	\$0.92	\$1.21	\$0.29	\$3.61	\$1.08

NCM Core Canadian - September 30, 2018	Series A	Series F	Series Z
Increase (decrease) in net assets attributable to holders of redeemable shares	\$(29,497)	\$31,425	\$24,260
Average shares outstanding during the period	262,754	158,760	63,423
Increase (decrease) in net assets attributable to holders of redeemable shares per share	\$(0.11)	\$0.20	\$0.38

NCM Core Global - September 30, 2019	Series A	Series F	Series M	Series R	Series Z
Increase in net assets attributable to holders of redeemable shares	\$286,274	\$972,315	\$165	\$950,396	\$556,400
Average shares outstanding during the year	113,452	394,723	4,425	182,862	191,013
Increase in net assets attributable to holders of redeemable shares per share	\$2.52	\$2.46	\$0.04	\$5.20	\$2.91

NCM Core Global - September 30, 2018	Series A	Series F	Series Z
Increase in net assets attributable to holders of redeemable shares	\$141,818	\$764,844	\$417,273
Average shares outstanding during the period	74,104	350,192	185,415
Increase in net assets attributable to holders of redeemable shares per share	\$1.91	\$2.18	\$2.25

NCM CORE PORTFOLIOS LTD.

Notes to 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:

NCM Core Canadian paid an annual management fee to the Manager of 1.75% for the Series A, of the net asset value of the series. NCM Core Global paid an annual management fee to the Manager of 1.85% for the Series A, of the net asset value of the series. The NCM Core Canadian paid an annual management fee of 0.75% for the Series F, of the net asset value the series. The NCM Core Global paid an annual management fee of 0.85% for the Series F, of the net asset value of the series. The management fee is calculated and paid monthly. No management fees were charged to Series Z; instead, the investors pay an annual flat management fee of \$1,000 per account, directly to the Manager. There are no management fees payable in respect of Series R shares. The NCM Funds and other funds and accounts managed or advised by the Manager and/or its affiliates that invest in Series R shares are charged a management fee for the provision of the services to them. Series M shares are not available for general public purchase. The Manager and its affiliates offer wealth management services including fee-based and managed accounts under the Cumberland Private Wealth brand, and the Series M shares are intended for such accounts. There is no management fee attached to series M.

Accrued expenses include management fees payable as follows:

<i>(in Canadian dollars)</i>	September 30, 2019	September 30, 2018
NCM Core Canadian	13,917	15,002
NCM Core Global	19,887	14,292

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 Funds. Brokerage costs are expensed as incurred and included in transaction costs.

(b) Expenses:

Accrued expenses include administration services payable to NCM as follows:

<i>(in Canadian dollars)</i>	September 30, 2019	September 30, 2018
NCM Core Canadian	2,702	1,662
NCM Core Global	4,733	2,400

(c) Operating expense recoveries:

NCM has agreed to absorb certain expenses associated with some of the Funds. Such absorptions may be terminated at any time without notice.

Included in accounts receivable are the following related to these items:

	September 30, 2019	September 30, 2018
NCM Core Canadian	29,622	66,700
NCM Core Global	31,663	87,200

NCM CORE PORTFOLIOS LTD.

Notes to Financial Statements

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

8. Brokerage commissions on securities transactions:

The Funds paid brokerage commissions in connection with portfolio transactions during the periods ended September 30, 2019 and 2018 amounting to:

	September 30, 2019	September 30, 2018
NCM Core Canadian	27,102	14,448
NCM Core Global	18,847	13,509

9. Securities lending transactions:

In August 2019, the NCM Core Canadian engaged in securities lending. Collateral received on securities lending may be comprised of debt obligations of the Government of Canada and other countries, Canadian provincial or territorial governments, governments of states of the United States of America, and evidence of indebtedness of financial institutions whose short-term debt is rated A-1 or R-1 or equivalent by a recognized, widely followed North American credit rating agency, corporate debt or corporate commercial paper, convertible securities or cash that is not to be invested. The table below shows a reconciliation of the gross amount generated from securities lending transactions to the securities lending income earned by the remaining Funds for the period ended September 30, 2019 and 2018.

NCM Core Canadian

	2019		2018	
Gross securities lending income	\$45	100.0%	\$ –	–%
Withholding taxes	–	–%	–	–%
Agent fees	\$(18)	(40.0%)	–	–%
Securities lending income	\$27	60.0%	\$ –	–%

Security Lending:	2019	2018
Value of securities loaned	\$ 962,897	\$ –
Value of collateral received	\$ 1,011,042	\$ –

10. Comparative Figures:

Certain 2018 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current period.

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