

September 30, 2023

FINANCIAL STATEMENTS OF
**NCM CONSERVATIVE
INCOME PORTFOLIO**



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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of NCM Conservative Income Portfolio

Opinion

We have audited the financial statements of NCM Conservative Income Portfolio (the Fund), which comprise:

- the statements of financial position as at September 30, 2023 and September 30, 2022
- the statements of comprehensive income (loss) for the years then ended
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended
- the statements of cash flows for the years then ended
- 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 the Fund as at September 30, 2023 and September 30, 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the 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.



Other Information

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

- the information included in the Fund's Management Report of Fund Performance filed with the relevant Canadian Securities Commissions.

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 included in the Fund's Management Report of Fund Performance filed with the relevant Canadian Securities Commissions as at the date of this auditor's 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 auditor's 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 the financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), 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 the 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 liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's 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 auditor's 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 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 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 auditor's 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 auditor's report. However, future events or conditions may cause the 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 that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Calgary, Canada
December 7, 2023

NCM CONSERVATIVE INCOME PORTFOLIO

Statements of Financial Position

(in Canadian dollars, except units outstanding)

As at	September 30 2023	September 30 2022
Assets		
Cash and cash equivalents	20,185	174,121
Dividends receivable	7,217	4,500
Interest receivable	65,626	33,125
Due from Manager (note 8)	75,021	100,583
Investments, at fair value through profit or loss	8,925,460	6,941,993
Total assets	9,093,509	7,254,322
Liabilities		
Accrued expenses (note 8)	53,073	33,684
Redemptions payable	–	3,100
Total liabilities (excluding net assets attributable to holders of redeemable units)	53,073	36,784
Net assets attributable to holders of redeemable units	9,040,436	7,217,538
Net assets attributable to holders of redeemable units:		
Series A	3,044,735	3,645,082
Series F	3,966,768	3,051,622
Series T6	49,291	51,185
Series F6	460,756	463,545
Series M	6,380	6,104
Series AA	1,512,506	–
Redeemable units outstanding (note 7):		
Series A	136,818	166,402
Series F	168,850	133,424
Series T6	2,664	2,664
Series F6	23,412	22,936
Series M	253	251
Series AA	67,822	–
Net assets attributable to holders of redeemable units per unit:		
Series A	22.25	21.91
Series F	23.49	22.87
Series T6	18.50	19.21
Series F6	19.68	20.21
Series M*	25.18	24.32
Series AA	22.30	–

*Due to rounding, the NAV/unit presented may not calculate precisely and 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

Statements of Comprehensive Income (Loss)

For the years ended September 30, 2023 and 2022

(in Canadian dollars)

	2023	2022
Dividend income	98,194	134,880
Interest for distribution purposes	172,615	47,983
Net gain (loss) on investments at fair value through profit or loss		
Net realized gain (loss) on investments	(66,108)	(608,319)
Net change in unrealized appreciation (depreciation) in fair value of investments	155,121	(445,932)
Total investment revenue (loss)	359,822	(871,388)
Management fees (note 8)	92,268	107,435
Custodian and record keeping fees	41,424	39,712
Legal and filing fees	22,512	20,779
HST/GST	20,749	18,314
Audit fees	16,100	15,050
Tax and other professional fees	8,306	8,087
Administrative fees (note 8)	7,631	5,239
Other	6,558	4,916
Transaction costs	3,052	15,074
Computer services	1,879	2,053
Independent review committee	1,168	1,006
Operating expense recovery (note 8)	(75,021)	(100,583)
Total operating expenses	146,626	137,082
Increase (decrease) in net assets attributable to holders of redeemable units before tax	213,196	(1,008,470)
Withholding tax expense	2,857	3,751
Increase (decrease) in net assets attributable to holders of redeemable units	210,339	(1,012,221)
Change in net assets attributable to holders of redeemable units (note 7):		
Series A	94,995	(511,519)
Series F	105,816	(440,174)
Series T6	1,320	(23,005)
Series F6	14,389	(52,138)
Series M	276	14,615
Series AA	(6,457)	–
Change in net assets attributable to holders of redeemable units per unit (note 7):		
Series A	0.64	(2.86)
Series F	0.75	(2.67)
Series T6	0.50	(1.88)
Series F6	0.64	(2.98)
Series M	1.09	1.67
Series AA	(0.09)	–

See accompanying notes to financial statements.

NCM CONSERVATIVE INCOME PORTFOLIO

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

For the years ended September 30, 2023 and 2022

(in Canadian dollars)

	All Series		Series A		Series F		Series T6		Series F6		Series M		Series AA	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net assets attributable to holders of redeemable units, beginning of year	7,217,538	12,258,432	3,645,082	4,970,917	3,051,622	5,624,236	51,185	565,425	463,545	112,472	6,104	985,382	-	-
Increase (decrease) in net assets, attributable to holders of redeemable units	210,339	(1,012,221)	94,995	(511,519)	105,816	(440,174)	1,320	(23,005)	14,389	(52,138)	276	14,615	(6,457)	-
Transactions attributable to holders of redeemable units:														
Issuance of redeemable units in exchange for net assets held by NCM Core Income Fund (note 4)	3,701,156	-	-	-	1,962,324	-	-	-	-	-	-	-	-	1,738,832
Issuance of units	612,385	1,722,576	185,528	595,260	156,857	543,970	-	-	270,000	583,346	-	-	-	-
Reinvestment of distributions	34,721	120,478	21,688	70,056	12,976	48,002	-	2,256	-	-	57	164	-	-
Redemptions	(2,646,268)	(5,600,742)	(870,336)	(1,367,473)	(1,296,814)	(2,607,844)	-	(476,880)	(259,249)	(155,345)	-	(993,200)	(219,869)	-
	1,701,994	(3,757,688)	(663,120)	(702,157)	835,343	(2,015,872)	-	(474,624)	10,751	428,001	57	(993,036)	1,518,963	-
Distributions declared	(89,435)	(270,985)	(32,222)	(112,159)	(26,013)	(116,568)	(3,214)	(16,611)	(27,929)	(24,790)	(57)	(857)	-	-
	(89,435)	(270,985)	(32,222)	(112,159)	(26,013)	(116,568)	(3,214)	(16,611)	(27,929)	(24,790)	(57)	(857)	-	-
Net assets attributable to holders of redeemable units, end of year	9,040,436	7,217,538	3,044,735	3,645,082	3,966,768	3,051,622	49,291	51,185	460,756	463,545	6,380	6,104	1,512,506	-
Distributions per unit to holders of redeemable units:			0.20	0.62	0.21	0.64	1.21	1.37	1.27	1.42	0.23	0.67	-	-

See accompanying notes to financial statements.

NCM CONSERVATIVE INCOME PORTFOLIO

Statements of Cash Flows

For the years ended September 30, 2023 and 2022

(in Canadian dollars)

	2023	2022
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	210,339	(1,012,221)
Adjustments for:		
Net realized (gain) loss on sale of investments at fair value through profit or loss	66,108	608,319
Net change in unrealized (appreciation) depreciation of investments at fair value through profit or loss	(155,121)	445,932
Purchase of investments	(5,414,092)	(10,898,537)
Proceeds from the sale and maturity of investments	3,481,822	14,947,279
Dividend income	(98,194)	(134,880)
Dividends received, net of withholding tax paid	92,620	150,291
Withholding tax paid	2,857	3,751
Interest for distribution purposes	(172,615)	(47,983)
Interest received	140,114	14,858
Due from Manager	25,562	(10,413)
Accrued expenses	19,389	(3,086)
Net cash from (used in) operating activities	(1,801,211)	4,063,310
Cash flows from (used in) financing activities		
Cash acquired for the issuance of units to NCM Core Income Fund (note 4)	3,736,429	–
Proceeds from the issuance of redeemable units	612,385	1,722,576
Amounts paid on redemption of redeemable units	(2,649,368)	(5,603,907)
Distributions to holders of redeemable units, net of reinvestments	(54,714)	(150,507)
Net cash from (used in) financing activities	1,644,732	(4,031,838)
Net increase (decrease) in cash and cash equivalents	(156,479)	31,472
Effect of exchange rates on cash and cash equivalents	2,543	1,595
Cash and cash equivalents at beginning of year	174,121	141,054
Cash and cash equivalents at end of year	20,185	174,121

See accompanying notes to financial statements.

Schedule of Investment Portfolio

As at September 30, 2023

(in Canadian dollars)

Description	Number of Shares/ Par Value	Cost (\$)	Fair Value (\$)	% of Net Assets
MUTUAL FUND SHARES				
NCM Core Portfolios Ltd.				
NCM Core Global, Series 'O'	9,448	429,336	431,361	
		429,336	431,361	4.8%
TOTAL MUTUAL FUND SHARES		429,336	431,361	4.8%
CANADIAN EQUITIES				
Consumer Discretionary				
Martinrea International Inc.	1,720	17,832	21,517	
		17,832	21,517	0.2%
Energy				
CES Energy Solutions Corp.	5,040	14,656	19,404	
Headwater Exploration Inc.	1,950	12,202	13,962	
Keyera Corp.	390	12,271	12,437	
Peyto Exploration & Development Corp.	2,040	24,115	27,928	
Secure Energy Services Inc.	1,960	14,570	14,621	
Topaz Energy Corp.	1,200	26,658	25,716	
Whitecap Resources Inc.	1,800	18,239	20,646	
		122,711	134,714	1.5%
Financials				
Alaris Equity Partners Income	1,530	25,184	21,038	
Canadian Western Bank	730	18,508	20,542	
Element Fleet Management Corp.	1,180	21,934	22,998	
EQB Inc.	190	10,445	14,326	
goeasy Ltd.	190	22,164	20,260	
Royal Bank of Canada	160	20,231	18,992	
Toronto-Dominion Bank (The)	210	17,288	17,184	
		135,754	135,340	1.5%
Industrials				
AG Growth International Inc.	340	19,413	18,102	
Dexterra Group Inc.	3,290	18,923	18,819	
Exchange Income Corp.	480	25,566	21,523	
Mullen Group Ltd.	1,170	17,075	15,701	
Stantec Inc.	130	10,390	11,457	
		91,367	85,602	1.0%

NCM CONSERVATIVE INCOME PORTFOLIO

Schedule of Investment Portfolio (continued)

As at September 30, 2023

(in Canadian dollars)

Description	Number of Shares / Par Value	Cost (\$)	Fair Value (\$)	% of Net Assets
Materials				
Alamos Gold Inc., Class 'A'	1,340	15,936	20,529	
Richards Packaging Income Fund	330	16,257	10,781	
		32,193	31,310	0.3%
Real Estate				
CT REIT	2,050	33,115	28,065	
Granite REIT	180	14,425	12,974	
Information Services Corp., Class 'A'	850	18,608	18,785	
		66,148	59,824	0.7%
Utilities				
Superior Plus Corp.	2,320	24,786	23,803	
		24,786	23,803	0.3%
TOTAL CANADIAN EQUITIES		490,791	492,110	5.5%
EXCHANGE TRADED FUNDS				
CANADIAN EQUITIES ETFS				
BMO Global Infrastructure Index ETF	4,700	186,466	181,937	
Evolve Automobile Innovation Index Fund	2,900	116,342	73,312	
Evolve Cyber Security Index Fund	2,100	92,089	79,170	
iShares Global Agriculture Index ETF	1,160	65,670	71,630	
iShares Global Real Estate Index ETF	6,700	193,034	166,495	
iShares NASDAQ 100 Index ETF (CAD-Hedged)	1,700	169,542	191,250	
iShares S&P Global Water Index Fund	2,100	92,575	95,781	
Vanguard FTSE Developed All Cap ex North America Index ETF (CAD Hedged)	9,300	304,623	317,688	
		1,220,341	1,177,263	13.0%
TOTAL CANADIAN EQUITIES ETFS		1,220,341	1,177,263	13.0%
UNITED STATES BOND ETFS				
SPDR Bloomberg Short Term High Yield Bond ETF	19,977	678,090	660,638	
		678,090	660,638	7.3%
TOTAL UNITED STATES BOND ETFS		678,090	660,638	7.3%

Description	Number of Shares / Par Value	Cost (\$)	Fair Value (\$)	% of Net Assets
UNITED STATES EQUITIES ETFS				
BMO High Yield US Corporate Bond Hedged to CAD Index ETF	13,700	181,296	144,261	
Invesco Leisure and Entertainment ETF	900	53,830	46,628	
iShares CDN S&P 500 Hedged to Canadian Dollars Index Fund, CAD-Hedged Units	5,000	213,162	226,500	
iShares Global Clean Energy ETF	2,500	68,964	49,415	
		517,252	466,804	5.2%
TOTAL UNITED STATES EQUITIES ETFS		517,252	466,804	5.2%
TOTAL EXCHANGE TRADED FUNDS				
		2,415,683	2,304,705	25.5%
CANADIAN BONDS (Par Value in CAD except as otherwise stated)				
Corporate				
AltaLink L.P., Callable, 2.747%, 2026/05/29	425,000	406,022	398,777	
Bank of Montreal, Callable, 1.551%, 2026/05/28	430,000	387,570	387,251	
Brookfield Property Finance ULC, Callable, Series 3, 4.300%, 2024/03/01	155,000	151,590	153,042	
Central 1 Credit Union, 1.323%, 2026/01/29	180,000	161,077	160,976	
Fairfax Financial Holdings Ltd., Callable, 4.250%, 2027/12/06	425,000	403,554	397,249	
Glacier Credit Card Trust, Series '2023', 6.881%, 2028/09/20	280,000	280,000	277,710	
goeasy Ltd., Callable, 5.375%, 2024/12/01	200,000	260,629	265,404	
Morguard Corp., Callable, Series 'F', 4.204%, 2024/11/27	465,000	439,571	443,166	
Parkland Corp., Callable, 6.000%, 2028/06/23	470,000	453,198	448,674	

NCM CONSERVATIVE INCOME PORTFOLIO

Schedule of Investment Portfolio (continued)

As at September 30, 2023

(in Canadian dollars)

Description	Number of Shares / Par Value	Cost (\$)	Fair Value (\$)	% of Net Assets
Pembina Pipeline Corp., Callable, Series '10', 4.020%, 2028/03/27	430,000	410,985	398,759	
Rogers Communications Inc., Restricted, 3.100%, 2025/04/15	280,000	268,342	268,343	
Royal Bank of Canada, Variable Rate, Callable, 3.650%, 2081/11/24	425,000	338,000	309,630	
Sun Life Financial Inc., Variable Rate, Callable, 2.800%, 2033/11/21	425,000	375,960	364,065	
Toronto-Dominion Bank (The), Variable Rate, Perpetual, Series '28', 7.232%, 2027/10/01	210,000	209,503	203,651	
Videotron Ltd., Callable, 3.625%, 2028/06/15	470,000	406,785	410,545	
		<u>4,952,786</u>	<u>4,887,242</u>	<u>54.0%</u>
Provincial Government & Guaranteed				
Province of Alberta, 2.200%, 2026/06/01	90,000	85,833	84,035	
Province of Alberta, 2.550%, 2027/06/01	155,000	148,225	143,584	
Province of Ontario, 2.600%, 2025/06/02	455,000	442,670	437,025	
Province of Quebec, 2.500%, 2026/09/01	155,000	148,967	145,398	
		<u>825,695</u>	<u>810,042</u>	<u>9.0%</u>
TOTAL BONDS		<u>5,778,481</u>	<u>5,697,284</u>	<u>63.0%</u>
Less: Transaction costs included in average cost		<u>(654)</u>		
TOTAL INVESTMENTS		<u>9,113,637</u>	<u>8,925,460</u>	<u>98.8%</u>
Other assets, less liabilities			<u>114,976</u>	<u>1.2%</u>
TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			<u>9,040,436</u>	<u>100.0%</u>

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Financial Statements

For the years ended September 30, 2023 and 2022

1. Reporting entity

NCM Conservative Income Portfolio (the “Fund”) is an open-ended mutual fund trust established under the laws of Alberta pursuant to a Declaration of Trust dated August 27, 2018. The Fund’s principal place of business is Dome Tower, Suite 1850, 333 - 7th Avenue SW, Calgary, Alberta, T2P 2Z1.

The Fund may issue an unlimited number of units. 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. is the investment fund manager and the portfolio manager (the “Manager”) of the Fund. Effective May 15, 2020 the Trustee changed to NCM Asset Management Ltd. CIBC Mellon Trust Company (“CIBC Mellon”) is the custodian of the Fund.

The Fund commenced operations on October 1, 2018. The Fund (in this context, the “Top Fund”) may invest in securities of other funds within the NCM Group of funds (in this context, each an Underlying 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 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 7, 2023.

(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.

(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.

3. Significant accounting policies

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

(a) Financial assets and financial liabilities:

(i) Classification

The Fund follows IFRS 9 Financial Instruments. The standard requires assets to be initially recognized at fair value and subsequently measured at amortized cost, with changes in fair value recognized in profit and loss or fair value through other comprehensive income (“FVOCI”) based on the entity’s business model for managing financial assets or the contractual cash flow characteristics of the financial assets.

Assessment and decision on the business model approach used is an accounting judgement.

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Financial Statements

For the years ended September 30, 2023 and 2022

3. Significant accounting policies (continued)

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

(i) Classification (continued)

Under IFRS 9, derivatives are classified as FVTPL.

The Fund classifies 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 amortized cost:

- All liabilities other than redeemable units

The Fund designates 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.

(ii) Recognition and initial measurement

Financial assets and financial liabilities at fair value through profit or loss (“FVTPL”) 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.

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.

(iii) 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.

(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.

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.

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Financial Statements

For the years ended September 30, 2023 and 2022

3. Significant accounting policies (continued)

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

(iv) Fair value measurement (continued)

Fair value of investments in restricted units is determined using an economic model taking into account various factors including risk free rate of interest, volatility, market value and length of restriction.

Fair value of investments in bonds, asset-backed securities and secured loans represents a price that may fall between the last bid and ask price provided by an independent security pricing service, depending on which service provider is used.

There is no difference between pricing fair value and accounting fair value.

(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: Presentation. 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.

(b) Interest for distribution purposes:

The interest for distribution purposes shown on the statements of comprehensive income represents the coupon interest received by the Fund accounted for on an accrual basis and is recognized through profit or loss. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities.

(c) 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.

(d) 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.

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Financial Statements

For the years ended September 30, 2023 and 2022

3. Significant accounting policies (continued)

- (e) 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.

- (f) Income tax:

As at September 30, 2023 the Fund was a “mutual fund trust” under the Income Tax Act (Canada) and, accordingly, is not taxed on that portion of its taxable income that is paid or allocated to unitholders. The Fund pays 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 \$2,857 in withholding tax expense (September 30, 2022 - \$3,751) for the year ended September 30, 2023.

- (g) 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 increase (decrease) in net assets attributable to holders of redeemable units, divided by the weighted average units outstanding during the period.

- (h) 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.

- (i) Derivative financial instruments:

The Fund may use derivative financial instruments with the Fund's other instrument strategies. Derivative financial instruments are recorded at fair value with changes in fair value recorded in the statement of comprehensive income.

4. Asset transfers

On May 16, 2023, NCM Core Income Fund transferred all of its net assets to NCM Conservative Income Portfolio in exchange for units. As a result, on that date, 77,649 Series AA units were issued at a NAV of \$1,738,832, and 83,352 Series F units were issued at a NAV of \$1,962,324. The assets transferred were as follows:

<i>(in Canadian dollars)</i>	May 16, 2023
Cash and cash equivalents	3,736,429
Other liabilities - net of assets	(35,273)
Value of assets received and mutual fund units issued	3,701,156

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Financial Statements

For the years ended September 30, 2023 and 2022

5. 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 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 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, 2023				
Public securities				
Equities	492,110	—	—	492,110
Equities – Equity and Bond ETFs	2,304,705	—	—	2,304,705
Bonds	—	5,697,284	—	5,697,284
Underlying Funds	—	431,361	—	431,361
Total Investments	2,796,815	6,128,645	—	8,925,460

<i>(in Canadian dollars)</i>	Level 1	Level 2	Level 3	Total
September 30, 2022				
Public securities				
Equities	454,050	—	—	454,050
Equities – Equity and Bond ETFs	2,187,418	47,600	—	2,235,018
Bonds	—	3,968,581	—	3,968,581
Underlying Funds	—	284,344	—	284,344
Total Investments	2,641,468	4,300,525	—	6,941,993

There was a transfer out of Level 2 to Level 1 for Evolve Cyber Security Index Fund during the year ended September 30, 2023. This security was not traded in an active market on September 30, 2022 but was traded in an active market on September 30, 2023.

(c) Financial instruments not measured at fair value:

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

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Financial Statements

For the years ended September 30, 2023 and 2022

6. 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.

Market disruptions associated with acts of terrorism, war, natural disasters and epidemics can lead to increased market volatilities and be highly disruptive to economics, individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings and investor sentiment. Such disruptions can adversely affect the financial instrument risks associated with the Fund and its investments. 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 Fund. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. The carrying amount of bonds, including those in the Underlying Funds and ETFs represents credit risk exposure as at September 30, 2023. This also applies to the carrying amount of cash and cash equivalents and receivables as they have a short-term settlement.

A portion of the Fund's portfolio, including Underlying Funds and ETFs, may consist of instruments that have a credit quality rated below investment grade by internationally recognized credit rating organizations or may be unrated. These securities involve significant risk exposure as there is uncertainty regarding the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations. Low rated and unrated debt instruments generally offer a higher current yield than that available from higher grade issuers, but typically involve greater risk.

As at September 30, 2023 and September 30, 2022, the Fund was invested in debt securities with the following credit rating:

Debt Security by Credit Rating	% of Assets Under Management in each category	
	September 30, 2023	September 30, 2022
AA	1.6%	5.9%
A	24.9%	25.9%
BBB	17.5%	14.3%
Below BBB	19.0%	8.9%

Credit risk arising on transactions for units 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 and the high credit quality of the brokers, used.

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.

Substantially all of the assets of the Fund are held by CIBC Mellon, the Custodian. Bankruptcy or insolvency of the custodian may cause the Fund's rights with respect to securities held by the Custodian to be delayed or limited. The Fund monitors its risk by monitoring the credit quality and credit rating and financial positions of the custodian. If the credit quality or the financial position deteriorates significantly then the Portfolio Manager will move the investment or cash holdings to another financial institution.

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

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Financial Statements

For the years ended September 30, 2023 and 2022

6. Financial instruments and associated risks (continued)

Credit risk (continued):

Other than outlined above there were no significant concentrations of credit risk to counterparties at September 30, 2023 and September 30, 2022

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 and its Underlying Funds are exposed to daily cash redemptions of redeemable units. 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. Consequently, in order to fund redemptions, the Underlying Fund may have to liquidate shareholdings in the more liquid large and medium-sized companies.

To the extent that the liquidity is limited, the Fund's ability to realize profits and/or minimize losses may be limited, which could adversely affect the net asset value of the Fund. Also, the Underlying Fund's investments may include unlisted equity and debt instruments which are not traded on an organized public market and which may be illiquid. As a result, the Underlying Fund may not be able to quickly liquidate some of its investments in these instruments at an amount close to their fair value in order to meet their liquidity requirements. The Fund believes it maintains sufficient cash and cash equivalent positions to maintain liquidity.

The Fund's liquidity risk is managed on a daily basis by the Portfolio Manager. The Fund's redemption policy allows for redemptions at any time during any given month.

The Fund is subject to regulatory requirements whereby the Fund 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 Fund's strategy on the management of investment risk is driven by the Fund's investment objective. The Fund is designed to provide investors with current income and the potential for capital preservation by investing, directly or indirectly through investments in Underlying Funds, in a diversified portfolio consisting primarily of fixed-income securities and to a lesser extent equity securities from anywhere in the world.

The Fund may engage in a limited amount of short selling as well as in securities lending, repurchase and reverse repurchase transactions. The Fund may also invest in derivatives (including forward contracts, calls and puts) and in Horizon BetaPro ETFs. These transactions will be used to achieve the Fund's overall investment objectives and to enhance the Fund's returns.

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

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, 2023 are disclosed in the schedule of investment portfolio.

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Financial Statements

For the years ended September 30, 2023 and 2022

6. Financial instruments and associated risks (continued)

Market risk (continued):

(a) Currency risk:

The Fund may invest in financial instruments and enter into transactions denominated in currencies other than the Canadian dollar. In addition, some of the Underlying Funds and ETFs hold investments in global currencies. Consequently, the Fund is exposed to risks that the exchange rate of the Canadian dollar to other foreign currencies may fluctuate.

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 the reporting date the Fund had 11.4% and (September 30, 2022 – 10.5%) of its net asset value in USD currency.

Sensitivity analysis:

At September 30, 2023 had the Canadian dollar strengthened or weakened by 1% in relation to all currencies with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased by \$10,269 (September 30, 2022 - \$7,612). In practice the actual trading results may differ from this sensitivity analysis and difference could be material.

(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.

The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing market interest rates.

High yield corporate bond prices are impacted by the credit metrics, liquidity and business fundamentals of the corporate entity movements in underlying interest rates and inflows and outflows in and out of high yield space.

The table below summarizes the Fund's exposure to interest risks at September 30, 2023 and 2022. It includes the Fund's assets at fair values, categorized by the maturity dates.

	Less than 1 year	1 to 3 years	3 to 5 years	>5 years
September 30, 2023				
All amounts stated in Canadian dollars				
Corporate bonds	153,042	2,590,375	2,280,173	673,694

	Less than 1 year	1 to 3 years	3 to 5 years	>5 years
September 30, 2022				
All amounts stated in Canadian dollars				
Corporate bonds	153,259	1,093,491	1,065,840	1,655,991

(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 Fund's 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.

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Financial Statements

For the years ended September 30, 2023 and 2022

6. Financial instruments and associated risks (continued)

Market risk (continued):

(c) Other price risk (continued):

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 underlying Fund indices and in the blended index; 5% S&P 3-Month Canada Treasury Bill Index, 62.5% FTSE Canada Universe Bond Index, 12.5% S&P/TSX Composite Total Return Index, 14% Morningstar Developed Markets Target Market Exposure NR USD, 6% Morningstar Developed Markets Target Market Exposure NR EUR for the remaining securities that are contained in the portfolio at September 30, 2023 and September 30, 2022, is an increase or decrease in the net assets attributable to holders of redeemable units of approximately:

(In Canadian dollars)	Total Return Index	Change in Net Assets (\$)	
		2023	2022
Underlying Funds			
NCM Core Global	70% Morningstar Developed Markets Target Market Exposure NR USD and 30% Morningstar Developed Markets Target Market Exposure NR EUR	4,314	2,843
Total Underlying Funds		4,314	2,843
Total Bonds		56,973	39,686
Total Equities		4,921	4,541
Total ETFs		23,047	22,350
Total		89,255	69,420

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

The Fund's financial assets exposed to other price risk were concentrated in the following industries as a percentage of total investments at September 30, 2023 and September 30, 2022 :

Equities	2023	2022
Energy	1.5%	1.2%
Materials	0.3%	0.9%
Industrials	1.0%	1.3%
Consumer Discretionary	0.2%	1.3%
Consumer Staples	–	0.8%
Health Care	–	0.7%
Financials	1.5%	2.0%
Information Technology	–	0.8%
Communication Services	–	0.8%
Utilities	0.3%	0.3%
Real Estate	0.7%	0.5%
Bonds	63.9%	57.2%
Exchange Traded Funds	30.6%	32.2%
Total	100.0%	100.0%

7. Net assets attributable to unitholders of redeemable units

Redeemable units

The authorized capital of the Fund consists of an unlimited number of units, issuable in series. Currently, the Fund is offered in six series of units: Series A units, Series F units, Series M units, Series T6 units, Series F6 units and Series AA units. Each series ranks equally 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 and Series T6 are sold 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 units are redeemed in the first 30 days.

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Financial Statements

For the years ended September 30, 2023 and 2022

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

Redeemable units (continued)

Series F are sold to purchasers enrolled in a fee-for-service or wrap program with their dealer. A 2% redemption fee is charged if the Series F is redeemed within the first 30 days.

Series F6 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 F6 is redeemed in the first 30 days.

Series AA is not available to purchase.

Series M units are not available for general public purchase.

The units may be redeemed daily at the net asset value per unit of the respective series; The analysis of movements in the number of redeemable units and net assets attributable to holders of redeemable units during the years ended September 30, 2023 and 2022 were as follows:

Series A	2023	2022
Balance, opening	166,402	195,416
Issued on distributions reinvested	983	2,780
Issued for cash	8,272	25,484
Redeemed for cash	(38,839)	(57,278)
Balance, September 30	136,818	166,402

Series F	2023	2022
Balance, opening	133,424	214,130
Issued in exchange for assets transferred in (note 4)	83,352	–
Issued on distributions reinvested	562	1,840
Issued for cash	6,661	21,651
Redeemed for cash	(55,149)	(104,197)
Balance, September 30	168,850	133,424

Series T6	2023	2022
Balance, opening	2,664	24,365
Issued on distributions reinvested	–	100
Redeemed for cash	–	(21,801)
Balance, September 30	2,664	2,664

Series F6	2023	2022
Balance, opening	22,936	4,656
Issued for cash	13,238	25,255
Redeemed for cash	(12,762)	(6,975)
Balance, September 30	23,412	22,936

Series M	2023	2022
Balance, opening	251	35,584
Issued on distributions reinvested	2	6
Redeemed for cash	–	(35,339)
Balance, September 30	253	251

Series AA	2023	2022
Balance, opening	–	–
Issued in exchange for assets transferred in (note 4)	77,649	–
Redeemed for cash	(9,827)	–
Balance, September 30	67,822	–

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

September 30, 2023	Series A	Series F	Series T6
Increase (decrease) in net assets attributable to holders of redeemable units (in 000's of \$)	95	106	1
Average units outstanding during the year (in 000's of units)	148	141	–
Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$0.64	\$0.75	\$0.50

September 30, 2023	Series F6	Series M	Series AA
Increase (decrease) in net assets attributable to holders of redeemable units (in 000's of \$)	14	–	(6)
Average units outstanding during the year (in 000's of units)	22	–	71
Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$0.64	\$1.09	\$(0.09)

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Financial Statements

For the years ended September 30, 2023 and 2022

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

Redeemable units (continued)			
September 30, 2022	Series A	Series F	Series T6
Increase (decrease) in net assets attributable to holders of redeemable units (in 000's of \$)	(512)	(440)	(23)
Average units outstanding during the year (in 000's of units)	179	165	12
Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$(2.86)	\$(2.67)	\$(1.88)

September 30, 2022	Series F6	Series M	Series AA
Increase (decrease) in net assets attributable to holders of redeemable units (in 000's of \$)	(52)	15	–
Average units outstanding during the year (in 000's of units)	17	9	–
Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$(2.98)	\$1.67	–

8. Management fees, expenses and key contracts

(a) Manager and management fees:

Series A and Series T6 paid an annual management fee to the Manager of 1.75% of the net asset value of the series. Series AA, paid an annual management fee to the Manager of 1.25% of the net asset value of the series. Series F and Series F6 paid an annual management fee to the Manager of 0.75% of the net asset value of the series. The management fee is calculated and paid monthly. Series M units 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 units are intended for such accounts. There is no management fee attached to Series M. Included in accrued expenses at September 30, 2023 is \$8,913 (September 30, 2022 - \$7,523) 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. The Portfolio manager has charged the Fund for administration services. Included in accrued expenses at September 30, 2023 is \$849 (September 30, 2022 - \$563) relating 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, 2023 is \$75,021 (September 30, 2022 - \$100,583) related to these fees.

9. Involvement with unconsolidated structured entities

The Fund holds interests in structured entities that it does not consolidate. The purpose of the investment in these entities is to manage assets on behalf of third party investors and generate fees for the investment manager. These vehicles are financed through the issue of units to investors.

The table below sets out interests held by the Fund in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

	Total net assets of investee funds	Carrying amount included in investments
(in Canadian dollars)		
September 30, 2023		
NCM Core Portfolios Ltd.:		
NCM Core Global	\$35,315,310	\$431,361
Total	\$35,315,310	\$431,361

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Financial Statements

For the years ended September 30, 2023 and 2022

9. Involvement with unconsolidated structured entities (continued)

	Total net assets of investee funds	Carrying amount included in investments
(in Canadian dollars)		
September 30, 2022		
NCM Core Portfolios Ltd.:		
NCM Core Global	\$42,761,315	\$284,344
Total	\$42,761,315	\$284,344

During the years ended September 30, 2023 and September 30, 2022, the Fund did not provide financial support to unconsolidated structured entities and had no legal obligation of providing financial or other support.

The Fund can redeem units in the above investments Funds daily at the net asset value per unit of the respective series.

10. Brokerage commissions on securities transactions

The Fund paid brokerage commissions amounting to \$1,010 (September 30, 2022 - \$8,948) in connection with portfolio transactions during the year.

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