

March 31, 2023

INTERIM FINANCIAL STATEMENTS OF
NCM BALANCED
INCOME PORTFOLIO

TO THE UNITHOLDERS OF NCM BALANCED INCOME PORTFOLIO.

These unaudited interim financial statements are as at March 31, 2023. The unaudited interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) and include statements of financial position as at March 31, 2023 and September 30, 2022, statements of comprehensive income, statements of changes in net assets attributable to holders of redeemable units, and statements of cash flows for the six months ended March 31, 2023 and March 31, 2022; and notes to the interim financial statements, comprising a summary of significant accounting policies, schedule of investment portfolio and other explanatory information.

The accompanying interim financial statements have not been reviewed by the external auditors of the Fund. The external auditors will be auditing the annual financial statements of the Fund prepared in accordance with IFRS.

We would be pleased to respond to any inquiries regarding this Fund.

NCM BALANCED INCOME PORTFOLIO.

May 25, 2023

NCM BALANCED INCOME PORTFOLIO

Interim Statements of Financial Position (unaudited)

(in Canadian dollars, except units outstanding)

As at March 31 September 30
2023 2022

Assets

Cash and cash equivalents	438,262	257,674
Dividends receivable	8,407	13,353
Interest receivable	16,234	17,279
Due from Manager (note 7)	45,432	99,603
Units issued	50	50
Investments, at fair value through profit or loss	5,694,579	7,415,102
Total assets	6,202,964	7,803,061

Liabilities

Accrued expenses (note 7)	31,532	35,003
Distributions payable	9	—
Units redeemed	1,000	—
Total liabilities (excluding net assets attributable to holders of redeemable units)	32,541	35,003
Net assets attributable to holders of redeemable units	6,170,423	7,768,058

Net assets attributable to holders of redeemable units:

Series A	3,512,321	3,550,544
Series F	2,649,361	4,166,816
Series T6	859	835
Series F6	863	835
Series M	7,019	49,028

Redeemable units outstanding (note 6):

Series A	141,400	150,253
Series F	101,811	169,163
Series T6	40	40
Series F6	39	39
Series M	261	1,937

Net assets attributable to holders of redeemable units per unit:

Series A	24.84	23.63
Series F	26.02	24.63
Series T6*	21.67	21.07
Series F6*	22.22	21.51
Series M*	26.86	25.31

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

See accompanying notes to interim financial statements.

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



Alex Sasso



Keith Leslie

Interim Statements of Comprehensive Income (Loss) (unaudited)

Six months ended March 31, 2023 and 2022

(in Canadian dollars)

2023 2022

Dividend income	59,655	69,935
Interest for distribution purposes	35,474	13,482
Net gain (loss) on investments at fair value through profit or loss		
Net realized gain (loss) on investments	(22,137)	332,067
Net change in unrealized appreciation (depreciation) in fair value of investments	448,435	(482,293)
Total investment revenue (loss)	521,427	(66,809)

Management fees (note 7)	41,557	52,529
Custodian and record keeping fees	18,142	19,129
Legal and filing fees	11,720	12,308
Audit fees	7,525	7,000
HST/GST	7,507	8,557
Other	3,980	3,616
Tax and other professional fees	3,470	3,666
Administrative fees (note 7)	2,888	2,519
Transaction costs	1,997	6,449
Computer services	976	920
Independent review committee	425	402
Operating expense recovery (note 7)	(45,432)	(53,153)
Total operating expenses	54,755	63,942

Increase (decrease) in net assets attributable to holders of redeemable units before tax	466,672	(130,751)
Withholding tax expense (recovery)	(870)	724
Increase (decrease) in net assets attributable to holders of redeemable units	467,542	(131,475)

Change in net assets attributable to holders of redeemable units (note 6):

Series A	211,107	(79,247)
Series F	252,986	(52,609)
Series T6	52	(18)
Series F6	56	877
Series M	3,341	(478)

Change in net assets attributable to holders of redeemable units per unit (note 6):

Series A	1.49	(0.51)
Series F	1.87	(0.34)
Series T6	1.30	(0.45)
Series F6	1.43	0.59
Series M	2.77	(0.25)

See accompanying notes to interim financial statements.

NCM BALANCED INCOME PORTFOLIO

Interim Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (unaudited)

Six months ended March 31, 2023 and 2022

(in Canadian dollars)

	All Series		Series A		Series F		Series T6		Series F6		Series M	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net assets attributable to holders of redeemable units, beginning of period	7,768,058	9,640,774	3,550,544	4,611,298	4,166,816	4,896,614	835	1,014	835	76,996	49,028	54,852
Increase (decrease) in net assets, attributable to holders of redeemable units	467,542	(131,475)	211,107	(79,247)	252,986	(52,609)	52	(18)	56	877	3,341	(478)
Transactions attributable to holders of redeemable units:												
Issuance of units	519,961	1,105,496	227,435	397,624	292,526	706,872	–	–	–	1,000	–	–
Reinvestment of distributions	51,331	353,084	31,717	189,710	19,254	160,623	–	–	–	–	360	2,751
Amounts paid on redemptions	(2,569,146)	(2,043,744)	(475,780)	(803,548)	(2,048,016)	(1,163,166)	–	–	–	(77,030)	(45,350)	–
	(1,997,854)	(585,164)	(216,628)	(216,214)	(1,736,236)	(295,671)	–	–	–	(76,030)	(44,990)	2,751
Distributions declared	(67,323)	(435,456)	(32,702)	(207,510)	(34,205)	(224,284)	(28)	(30)	(28)	(881)	(360)	(2,751)
	(67,323)	(435,456)	(32,702)	(207,510)	(34,205)	(224,284)	(28)	(30)	(28)	(881)	(360)	(2,751)
Net assets attributable to holders of redeemable units, end of period	6,170,423	8,488,679	3,512,321	4,108,327	2,649,361	4,324,050	859	966	863	962	7,019	54,374
Distributions per unit to holders of redeemable units			0.24	1.41	0.25	1.46	0.70	0.75	0.71	0.76	0.26	1.49

See accompanying notes to interim financial statements.

NCM BALANCED INCOME PORTFOLIO

Interim Statements of Cash Flows (unaudited)

Six months ended March 31, 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	467,542	(131,475)
Adjustments for:		
Net realized (gain) loss on sale of investments at fair value through profit or loss	22,137	(332,067)
Net change in unrealized (appreciation) depreciation of investments at fair value through profit or loss	(448,435)	482,293
Purchase of investments	(1,935,704)	(3,528,002)
Proceeds from the sale and maturity of investments	4,082,851	4,553,604
Dividend income	(59,655)	(69,935)
Dividends received, net of withholding tax paid	65,471	80,923
Withholding tax paid (recovered)	(870)	724
Interest for distribution purposes	(35,474)	(13,482)
Interest received	36,519	13,482
Due from Manager	54,171	40,078
Accrued expenses	(3,471)	24
Net cash from (used in) operating activities	2,245,082	1,096,167
Cash flows from (used in) financing activities		
Proceeds from the issuance of redeemable units	519,961	919,446
Amounts paid on redemption of redeemable units	(2,568,146)	(2,041,444)
Distributions to holders of redeemable units, net of reinvestments	(15,983)	(82,362)
Net cash from (used in) financing activities	(2,064,168)	(1,204,360)
Net increase (decrease) in cash and cash equivalents	180,914	(108,193)
Effect of exchange rates on cash and cash equivalents	(326)	1,729
Cash and cash equivalents at beginning of period	257,674	168,274
Cash and cash equivalents at end of period	438,262	61,810

See accompanying notes to interim financial statements.

Schedule of Investment Portfolio (unaudited)

As at March 31, 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'	12,241	544,030	556,813	
		544,030	556,813	9.0%
TOTAL MUTUAL FUND SHARES		544,030	556,813	9.0%
CANADIAN EQUITIES				
Communication Services				
BCE Inc.	400	25,912	24,216	
Quebecor Inc., Class 'B'	270	7,727	9,021	
		33,639	33,237	0.5%
Consumer Discretionary				
Dollarama Inc.	160	12,477	12,923	
Gildan Activewear Inc.	405	15,077	18,184	
Martinrea International Inc.	3,975	40,782	57,916	
Pet Valu Holdings Ltd.	120	3,865	4,517	
		72,201	93,540	1.5%
Consumer Staples				
Alimentation Couche-Tard Inc.	160	10,051	10,872	
Jamieson Wellness Inc.	270	9,934	9,042	
Loblaw Cos. Ltd.	100	11,794	12,317	
Saputo Inc.	210	6,989	7,344	
		38,768	39,575	0.7%
Energy				
CES Energy Solutions Corp.	8,885	27,400	23,812	
Enerplus Corp.	470	8,388	9,155	
Gibson Energy Inc.	360	9,167	7,776	
Keyera Corp.	225	7,068	6,658	
Parkland Corp.	875	28,535	28,350	
Peyto Exploration & Development Corp.	845	11,991	10,233	
PHX Energy Services Corp.	890	7,781	6,052	
Secure Energy Services Inc.	3,300	25,718	20,823	
TC Energy Corp.	110	7,524	5,783	
Topaz Energy Corp.	2,210	49,700	42,233	
Tourmaline Oil Corp.	220	17,389	12,390	

NCM BALANCED INCOME PORTFOLIO

Schedule of Investment Portfolio (continued)
(unaudited)

As at March 31, 2023

(in Canadian dollars)

Description	Number of Shares / Par Value	Cost (\$)	Fair Value (\$)	% of Net Assets
Whitecap Resources Inc.	1,422	14,615	14,860	
		215,276	188,125	3.1%
Financials				
Alaris Equity Partners Income	1,995	34,724	33,436	
Bank of Montreal Canadian Western Bank	90	11,515	10,834	
Element Fleet Management Corp.	1,735	44,095	42,959	
EQB Inc.	1,968	36,464	34,932	
goeasy Ltd.	480	26,368	27,984	
Royal Bank of Canada	355	40,657	33,899	
Sun Life Financial Inc. Toronto-Dominion Bank (The)	120	15,024	15,510	
Trisura Group Ltd.	160	9,880	10,102	
	105	8,729	8,500	
	785	34,006	25,976	
		261,462	244,132	4.0%
Industrials				
ADENTRA Inc.	2,293	70,834	59,114	
Canadian National Railway Co.	90	14,559	14,352	
Dexterra Group Inc.	3,715	22,111	18,389	
Exchange Income Corp.	180	8,667	9,639	
Thomson Reuters Corp.	30	4,387	5,275	
		120,558	106,769	1.7%
Information Technology				
CGI Inc.	60	6,795	7,815	
		6,795	7,815	0.1%
Materials				
Alamos Gold Inc., Class 'A'	2,220	26,244	36,630	
Major Drilling Group International Inc.	710	6,795	7,547	
Richards Packaging Income Fund	805	39,804	31,991	
Stella-Jones Inc.	153	7,042	7,924	
Verde Agritech Ltd.	1,095	8,014	3,351	
		87,899	87,443	1.4%
Real Estate				
Choice Properties REIT	704	10,062	10,222	
CT REIT	2,803	46,568	44,932	

Description	Number of Shares / Par Value	Cost (\$)	Fair Value (\$)	% of Net Assets
FirstService Corp.	30	5,130	5,713	
Granite REIT	207	16,473	17,324	
Information Services Corp., Class 'A'	180	4,106	3,960	
NorthWest Healthcare Properties REIT	1,890	24,254	16,008	
Slate Grocery REIT	540	8,266	7,382	
		114,859	105,541	1.7%
Utilities				
Capital Power Corp.	170	8,363	7,079	
Superior Plus Corp.	2,675	29,800	29,799	
		38,163	36,878	0.6%
TOTAL CANADIAN EQUITIES		989,620	943,055	15.3%
EXCHANGED TRADED FUNDS				
CANADIAN EQUITIES ETFs				
BMO Global Infrastructure Index ETF	3,345	133,377	144,972	
Evolve Automobile Innovation Index Fund	4,025	186,223	114,994	
Evolve Cyber Security Index Fund	3,405	168,577	119,584	
iShares Global Agriculture Index ETF	1,168	65,849	78,093	
iShares Global Real Estate Index ETF	6,660	203,648	177,822	
iShares NASDAQ 100 Index ETF (CAD-Hedged)	2,200	211,484	222,794	
iShares S&P Global Water Index Fund	4,565	204,131	225,146	
Vanguard FTSE Developed All Cap ex North America Index ETF (CAD Hedged)	16,320	545,013	548,189	
		1,718,302	1,631,594	26.5%
TOTAL CANADIAN EQUITIES ETFs		1,718,302	1,631,594	26.5%
UNITED STATES BOND ETFs				
SPDR Bloomberg Short Term High Yield Bond ETF	15,473	523,742	520,159	
		523,742	520,159	8.4%
TOTAL UNITED STATES BOND ETFs		523,742	520,159	8.4%

NCM BALANCED INCOME PORTFOLIO

Schedule of Investment Portfolio (continued)
(unaudited)

As at March 31, 2023

(in Canadian dollars)

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	19,670	250,345	213,813	
Invesco Dynamic Leisure and Entertainment ETF	1,755	102,951	96,644	
iShares CDN S&P 500 Hedged to Canadian Dollars Index Fund	5,100	211,647	221,850	
iShares Global Clean Energy ETF	3,405	93,006	91,149	
		<u>657,949</u>	<u>623,456</u>	<u>10.1%</u>
TOTAL UNITED STATES EQUITIES ETFs		657,949	623,456	10.1%
TOTAL EXCHANGE TRADED FUNDS		2,899,993	2,775,209	45.0%

CANADIAN BONDS (Par Value in CAD except as otherwise stated)

Corporate

Fairfax Financial Holdings Ltd., Callable, 4.250%, 2027/12/06	120,000	113,640	115,285	
Glacier Credit Card Trust, Series '19-1', 3.430%, 2024/06/06	85,000	81,833	82,442	
goeasy Ltd., Callable, 5.375%, 2024/12/01	60,000	78,189	76,593	
Morguard Corp., Callable, Series 'F', 4.204%, 2024/11/27	120,000	112,500	113,833	
Parkland Corp., Callable, 6.000%, 2028/06/23	120,000	114,300	117,175	
Pembina Pipeline Corp., Callable, Series '10', 4.020%, 2028/03/27	120,000	114,324	115,898	

Rogers

Communications Inc., Restricted, 3.100%, 2025/04/15	85,000	81,243	82,162	
		<u>1,176,665</u>	<u>1,177,043</u>	<u>19.1%</u>
Provincial Government & Guaranteed				
Province of Alberta, 2.550%, 2027/06/01	45,000	43,077	43,437	
Province of Ontario, 2.600%, 2027/06/02	90,000	86,148	87,094	
Province of Quebec, 2.750%, 2025/09/01	70,000	68,558	68,381	
Province of Quebec, 2.500%, 2026/09/01	45,000	43,321	43,547	
		<u>241,104</u>	<u>242,459</u>	<u>3.9%</u>
TOTAL BONDS		1,417,769	1,419,502	23.0%
Less: Transaction costs included in average cost		<u>(1,200)</u>		
TOTAL INVESTMENTS		5,850,212	5,694,579	92.3%
Other assets, less liabilities			<u>475,844</u>	<u>7.7%</u>
TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			6,170,423	100.0%

NCM BALANCED INCOME PORTFOLIO

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2023 and 2022

1. Reporting entity

NCM Balanced 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 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.

These interim financial statements have also been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim financial reporting.

The financial statements of the Fund were approved and were authorized for issue by the Manager’s Board of Directors on May 25, 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 year. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. Significant areas requiring the use of management estimates include the fair value of investments and the unrealized gains/losses from 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) 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.

NCM BALANCED INCOME PORTFOLIO

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2023 and 2022

3. Significant accounting policies (continued)

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

(i) Recognition and initial measurement (continued)

Financial assets and financial liabilities at fair value through profit or loss (“FVTPL”) are initially recognized at fair value, with transaction costs recognized in profit or loss. Financial assets or financial liabilities not at FVTPL are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue.

(ii) Derecognition

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

The Fund follows 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 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.

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.

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 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 amortised 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.

(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.

NCM BALANCED INCOME PORTFOLIO

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2023 and 2022

3. Significant accounting policies (continued)

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

(iv) Fair value measurement (continued)

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.

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 Net Asset Value ("NAV") and accounting NAV.

(v) Amortized cost measurement

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

(vi) Specific instruments

Cash and cash equivalents

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

Redeemable units

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Fund has multiple classes of redeemable units that do not have identical features and therefore, do not qualify as equity under IAS 32, Financial Instruments: 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.

NCM BALANCED INCOME PORTFOLIO

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2023 and 2022

3. Significant accounting policies (continued)

(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.

(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 March 31, 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 \$(870) in withholding tax expense (recovery) (March 31, 2022 - \$724) for the period ended March 31, 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 investment strategies. Derivative financial instruments are recorded at mark to market with changes in fair value recorded in the statements of comprehensive income.

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4. Fair value measurement

(a) Investments:

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

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

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

- Inputs that are quoted prices (unadjusted) in active markets for identical instruments (Level 1);
- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable (Level 2);
- 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
March 31, 2023				
Public securities				
Equities	943,055	—	—	943,055
Equity and Bond ETFs	2,775,209	—	—	2,775,209
Bonds	—	1,419,502	—	1,419,502
Underlying Funds	—	556,813	—	556,813
Total Investments	3,718,264	1,976,315	—	5,694,579

<i>(in Canadian dollars)</i>	Level 1	Level 2	Level 3	Total
September 30, 2022				
Public securities				
Equities	1,086,172	—	—	1,086,172
Equity and Bond ETFs	3,701,076	112,200	—	3,813,276
Bonds	—	2,041,491	—	2,041,491
Underlying Funds	—	474,163	—	474,163
Total Investments	4,787,248	2,627,854	—	7,415,102

There was a transfer out of Level 2 to Level 1 for Evolve Cyber Security Index Fund during the period ended March 31, 2023 and September 30, 2022. This security was not traded on September 30, 2022 while the security was traded on March 31, 2023. Therefore, the FAS Levels changed.

(c) Financial instruments not measured at fair value:

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

5. Financial instruments and associated risks

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

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5. Financial instruments and associated risks (continued)

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 economies, 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 ETF's represents credit risk exposure as at March 31, 2023 and September 30, 2022. This also applies to the carrying amount of cash and cash equivalents and receivables as they have 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 March 31, 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	
	March 31, 2023	September 30, 2022
AA	1.8%	3.1%
A	5.1%	12.3%
BBB	9.4%	6.7%
Below BBB	6.7%	4.2%

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.

Other than outlined above there were no significant concentrations of credit risk to counterparties at March 31, 2023 and September 30, 2022.

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5. Financial instruments and associated risks (continued)

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 Fund and Underlying Funds 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 the 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 a balance of income and long term capital appreciation by investing, directly or indirectly through investments in Underlying Funds, in a diversified portfolio of fixed-income securities and 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 ETF's. 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 March 31, 2023 are disclosed in the schedule of investment portfolio.

(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

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5. Financial instruments and associated risks (continued)

Market risk (continued):

(a) Currency risk (continued):

Funds and ETF's may 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 12.7% (September 30, 2022 – 10.7%) of its net asset value in foreign currency of USD.

Sensitivity analysis:

At March 31, 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 \$7,862 (September 30, 2022 - \$8,273). In practice the actual trading results may differ from this sensitivity 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. When interest rates fall, the value of 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 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 the high yield space.

The table below summarizes the Fund's exposure to interest risks at March 31, 2023 and September 30, 2022. It includes the Fund's assets at fair values, categorized by the maturity dates.

March 31, 2023	Less than 1 year	1 to 3 years	3 to 5 years	>5 years	Total
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All amounts stated in Canadian dollars

Corporate bonds	–	423,411	577,741	418,350	1,419,502
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September 30, 2023	Less than 1 year	1 to 3 years	3 to 5 years	>5 years	Total
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All amounts stated in Canadian dollars

Corporate bonds	84,038	544,589	567,251	845,613	2,041,491
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(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 security are not listed on any prescribed stock

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Six months ended March 31, 2023 and 2022

5. Financial instruments and associated risks (continued)

Market risk (continued):

(c) Other price risk (continued):

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 underlying Fund indices and in the blended index; 5% S&P 3-Month Canada Treasury Bill Index, 45% FTSE Canada Universe Bond Index, 15% S&P/TSX Composite Total Return Index, 24.5% Morningstar Developed Markets Target Market Exposure NR USD, 10.5% Morningstar Developed Markets Target Market Exposure NR EUR, for the remaining securities that are contained in the portfolio at March 31, 2023 and September 30, 2022, is an increase or decrease in the net assets attributable to holders of redeemable units of approximately:

	Total Return Index (In Canadian dollars)	Change in Net Assets	
		2023	2022
	70% Morningstar Developed Markets Target Market Exposure NR USD and 30% Morningstar Developed Markets Target Market Exposure NR EUR	5,568	4,742
NCM Core Global		5,568	4,742
Total Underlying Funds		14,195	20,415
Total Bonds		9,431	10,862
Total Equities		27,752	38,132
Total ETFs		56,946	74,151
Total			

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 March 31, 2023 and September 30, 2022:

Equities	2023	2022
Energy	3.3%	2.7%
Materials	1.5%	1.8%
Industrials	1.9%	2.6%
Consumer Discretionary	1.6%	2.7%
Consumer Staples	0.7%	1.5%
Health Care	–	1.1%
Financials	4.4%	4.2%
Information Technology	0.1%	1.4%
Communication Services	0.6%	1.3%
Utilities	0.6%	0.6%
Real Estate	1.9%	1.2%
Mutual Funds	9.8%	–
Bonds	24.9%	27.5%
Exchange Traded Funds	48.7%	51.4%
Total	100.0%	100.0%

6. 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 five series of units: Series A units, Series F units, Series M units, Series T6 units, and Series F6 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.

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6. 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 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 periods ended March 31, 2023 and 2022 were as follows:

Series A	2023	2022
Balance, opening	150,253	162,776
Issued on distributions reinvested	1,312	6,821
Issued for cash	9,174	14,804
Redeemed for cash	(19,339)	(29,174)
Balance, March 31	141,400	155,227

Series F	2023	2022
Balance, opening	169,163	167,528
Issued on distributions reinvested	762	5,583
Issued for cash	11,243	24,952
Redeemed for cash	(79,357)	(40,516)
Balance, March 31	101,811	157,547

Series T6	2023	2022
Balance, opening	40	40
Balance, March 31	40	40

Series F6	2023	2022
Balance, opening	39	2,976
Issued for cash	–	39
Redeemed for cash	–	(2,976)
Balance, March 31	39	39

Series M	2023	2022
Balance, opening	1,937	1,844
Issued on dividends reinvested	14	93
Redeemed for cash	(1,690)	–
Balance, March 31	261	1,937

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.

March 31, 2023	Series A	Series F	Series T6	Series F6	Series M
Increase (decrease) in net assets attributable to holders of redeemable units (in 000's of \$)	211	253	-	-	3
Average units outstanding during the period (in 000's of units)	142	135	-	-	1

Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$ 1.49	\$1.87	\$1.30	\$1.43	\$2.77
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March 31, 2022	Series A	Series F	Series T6	Series F6	Series M
Increase (decrease) in net assets attributable to holders of redeemable units (in 000's of \$)	(79)	(53)	-	1	-
Average units outstanding during the period (in 000's of units)	155	158	-	-	2

Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$ (0.51)	\$(0.34)	\$(0.45)	\$0.59	\$(0.25)
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NCM BALANCED INCOME PORTFOLIO

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7. 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 1.80% of the net asset value of the series. Series F and Series F6 paid an annual management fee to the Manager of 0.80% 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 Series M units are intended for such accounts. There is no management fee attached to Series M. Included in accrued expenses at March 31, 2023 is \$6,293 (September 30, 2022 - \$7,726) 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 filling fees, audit, applicable taxes and bank charges, are payable by the Fund. Brokerage costs are expensed as incurred and included in transaction costs. Included in accrued expenses at March 31, 2023 is \$449 (September 30, 2022 - \$652) related to these fees.

(c) Operating expense recoveries:

The Manager has agreed to absorb certain expenses associated with some of the Funds. Such absorptions may be terminated at any time without notice. Included in Due from Manager at March 31, 2023 is \$45,432 (September 30, 2022 - \$99,603) related to these fees.

8. Involvement with unconsolidated structured entities

The Fund holds interests in structured entities that it does not consolidate. The purpose of the investment 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.

	Number of investee funds held	Total net assets of investee funds	Carrying amount included in investments
<i>(in Canadian dollars)</i>			
March 31, 2023			
NCM Core Portfolios Ltd.:			
NCM Core Global Exchange Traded Funds	13	\$38,133,068 24,317,288,130	\$556,813 2,775,209
Total		\$24,355,421,198	\$3,332,022

	Number of investee funds held	Total net assets of investee funds	Carrying amount included in investments
<i>(in Canadian dollars)</i>			
September 30, 2022			
NCM Core Portfolios Ltd.:			
NCM Core Global Exchange Traded Funds	12	\$42,761,315 14,374,463,226	\$474,163 3,813,276
Total		\$14,417,224,541	\$4,287,439

During the periods ended March 31, 2023 and September 30, 2022, the Fund did not provide financial support to unconsolidated structured entities and had no intention of providing financial or other support.

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

9. Brokerage commissions on securities transactions

The Fund paid brokerage commissions amounting to \$1,284 (March 31, 2022 - \$3,693) in connection with portfolio transactions during the period.

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