

March 31, 2023

INTERIM FINANCIAL STATEMENTS OF
NCM CONSERVATIVE
INCOME PORTFOLIO

TO THE UNITHOLDERS OF NCM CONSERVATIVE 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, statement of changes in net assets attributable to unitholders, and statement 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 Conservative Income Portfolio.

May 25, 2023

NCM CONSERVATIVE INCOME PORTFOLIO

Interim Statements of Financial Position (unaudited)

(in Canadian dollars, except units outstanding)

As at	March 31 2023	September 30 2022
Assets		
Cash and cash equivalents	52,338	174,121
Dividends receivable	4,799	4,500
Interest receivable	36,048	33,125
Due from Manager (note 7)	41,018	100,583
Units issued	20,711	–
Investments, at fair value through profit or loss	6,133,054	6,941,993
Total assets	6,287,968	7,254,322

Liabilities

Accrued expenses (note 7)	32,419	33,684
Distributions payable	2,155	–
Units redeemed	4,845	3,100
Total liabilities (excluding net assets attributable to holders of redeemable units)	39,419	36,784
Net assets attributable to holders of redeemable units	6,248,549	7,217,538

Net assets attributable to holders of redeemable units:

Series A	3,200,805	3,645,082
Series F	2,610,213	3,051,622
Series T6	51,425	51,185
Series F6	379,713	463,545
Series M	6,393	6,104

Redeemable units outstanding (note 6):

Series A	142,165	166,402
Series F	110,431	133,424
Series T6	2,664	2,664
Series F6	18,602	22,936
Series M	253	251


Net assets attributable to holders of redeemable units per unit:

Series A	22.51	21.91
Series F	23.64	22.87
Series T6	19.30	19.21
Series F6	20.41	20.21
Series M*	25.23	24.32

*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	43,013	81,045
Interest for distribution purposes	69,488	27,883
Net gain (loss) on investments at fair value through profit or loss		
Net realized gain (loss) on investments	(60,023)	(39,576)
Net change in unrealized appreciation (depreciation) in fair value of investments	279,380	(335,387)
Total investment revenue (loss)	331,858	(266,035)

Management fees (note 7)	41,140	60,303
Custodian and record keeping fees	19,040	19,716
Legal and filing fees	11,679	12,089
HST/GST	7,689	9,787
Audit fees	7,525	7,000
Other	3,835	3,697
Tax and other professional fees	3,492	3,705
Administrative fees (note 7)	2,651	2,491
Transaction costs	1,285	10,380
Computer services	834	1,321
Independent review committee	321	398
Operating expense recovery (note 7)	(41,018)	(53,506)
Total operating expenses	58,473	77,381

Increase (decrease) in net assets attributable to holders of redeemable units before tax	273,385	(343,416)
Withholding tax expense (recovery)	(831)	913
Increase (decrease) in net assets attributable to holders of redeemable units	274,216	(344,329)

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

Series A	131,556	(181,460)
Series F	123,652	(149,676)
Series T6	1,908	(19,307)
Series F6	16,811	(9,726)
Series M	289	15,840

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

Series A	0.84	(0.98)
Series F	1.00	(0.81)
Series T6	0.72	(0.90)
Series F6	0.87	(0.84)
Series M	1.15	0.94

See accompanying notes to interim financial statements.

NCM CONSERVATIVE 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	7,217,538	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	274,216	(344,329)	131,556	(181,460)	123,652	(149,676)	1,908	(19,307)	16,811	(9,726)	289	15,840
Transactions attributable to holders of redeemable units:												
Issuance of units	168,426	610,336	104,305	254,723	64,121	178,868	–	–	–	176,745	–	–
Reinvestment of distributions	34,721	120,478	21,688	70,056	12,976	48,002	–	2,255	–	–	57	165
Amounts paid on redemptions	(1,374,074)	(3,127,347)	(669,604)	(580,928)	(616,145)	(1,489,521)	–	(70,278)	(88,325)	(19,614)	–	(967,006)
	(1,170,927)	(2,396,533)	(543,611)	(256,149)	(539,048)	(1,262,651)	–	(68,023)	(88,325)	157,131	57	(966,841)
Distributions declared	(72,278)	(252,870)	(32,222)	(112,159)	(26,013)	(116,568)	(1,668)	(14,820)	(12,318)	(8,466)	(57)	(857)
	(72,278)	(252,870)	(32,222)	(112,159)	(26,013)	(116,568)	(1,668)	(14,820)	(12,318)	(8,466)	(57)	(857)
Net assets attributable to holders of redeemable units, end of period	6,248,549	9,264,700	3,200,805	4,421,149	2,610,213	4,095,341	51,425	463,275	379,713	251,411	6,393	33,524
Distributions per unit to holders of redeemable units			0.20	0.62	0.21	0.64	0.63	0.69	0.66	0.72	0.23	0.67

See accompanying notes to interim financial statements.

NCM CONSERVATIVE 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	274,216	(344,329)
Adjustments for:		
Net realized (gain) loss on sale of investments at fair value through profit or loss	60,023	39,576
Net change in unrealized (appreciation) depreciation of investments at fair value through profit or loss	(279,380)	335,387
Purchase of investments	(1,368,895)	(5,742,661)
Proceeds from the sale and maturity of investments	2,396,154	8,246,714
Dividend income	(43,013)	(81,045)
Dividends received, net of withholding tax paid	43,545	97,413
Withholding tax paid	(831)	913
Interest for distribution purposes	(69,488)	(27,883)
Interest received	66,565	27,883
Due from Manager	59,565	36,664
Accrued expenses	(1,265)	(964)
Net cash from (used in) operating activities	1,137,196	2,587,668
Cash flows from (used in) financing activities		
Proceeds from the issuance of redeemable units	147,715	584,672
Amounts paid on redemption of redeemable units	(1,372,329)	(3,130,607)
Distributions to holders of redeemable units, net of reinvestments	(35,402)	(129,063)
Net cash from (used in) financing activities	(1,260,016)	(2,674,998)
Net increase (decrease) in cash and cash equivalents	(122,820)	(87,330)
Effect of exchange rates on cash and cash equivalents	1,037	1,821
Cash and cash equivalents at beginning of period	174,121	141,054
Cash and cash equivalents at end of period	52,338	55,545

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'	7,287	329,336	331,470	
		329,336	331,470	5.3%
TOTAL MUTUAL FUND SHARES		329,336	331,470	5.3%
CANADIAN EQUITIES				
Communication Services				
BCE Inc.	180	11,660	10,897	
Quebecor Inc., Class 'B'	150	4,293	5,012	
		15,953	15,909	0.3%
Consumer Discretionary				
Dollarama Inc.	80	6,239	6,462	
Gildan Activewear Inc.	200	7,445	8,980	
Martinrea International Inc.	2,780	28,822	40,504	
Pet Valu Holdings Ltd.	90	2,899	3,388	
		45,405	59,334	0.9%
Consumer Staples				
Alimentation Couche-Tard Inc.	70	4,402	4,756	
Jamieson Wellness Inc.	120	4,415	4,019	
Loblaw Cos. Ltd.	50	5,897	6,158	
Saputo Inc.	110	3,717	3,847	
		18,431	18,780	0.3%
Energy				
CES Energy Solutions Corp.	3,870	11,870	10,372	
Enerplus Corp.	380	6,782	7,402	
Gibson Energy Inc.	150	3,800	3,240	
Keyera Corp.	100	3,163	2,959	
Parkland Corp.	260	9,107	8,424	
Peyto Exploration & Development Corp.	360	5,136	4,360	
PHX Energy Services Corp.	350	3,045	2,380	
Secure Energy Services Inc.	1,590	12,292	10,033	
TC Energy Corp.	50	3,420	2,628	
Topaz Energy Corp.	1,000	22,695	19,110	
Tourmaline Oil Corp.	100	7,904	5,632	
Whitecap Resources Inc.	780	8,118	8,151	
		97,332	84,691	1.4%
Financials				
Alaris Equity Partners Income	930	16,112	15,587	
Bank of Montreal	50	6,397	6,019	

NCM CONSERVATIVE 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
Canadian Western Bank	1,010	25,607	25,007	
Element Fleet Management Corp.	920	16,654	16,330	
EQB Inc.	280	15,393	16,324	
goeasy Ltd.	240	27,997	22,918	
Royal Bank of Canada	80	10,016	10,340	
Sun Life Financial Inc.	80	4,912	5,051	
Toronto-Dominion Bank (The)	70	5,819	5,666	
Trisura Group Ltd.	340	14,951	11,251	
		143,858	134,493	2.2%
Industrials				
ADENTRA Inc.	890	28,037	22,944	
Canadian National Railway Co.	50	8,088	7,973	
Dexterra Group Inc.	1,530	9,204	7,574	
Exchange Income Corp.	100	4,786	5,355	
Mullen Group Ltd.	1,220	17,805	18,019	
Thomson Reuters Corp.	20	2,910	3,517	
		70,830	65,382	1.0%
Information Technology				
CGI Inc.	30	3,338	3,908	
		3,338	3,908	0.1%
Materials				
Alamos Gold Inc., Class 'A'	1,290	15,088	21,285	
Major Drilling Group International Inc.	380	3,628	4,040	
Richards Packaging Income Fund	330	16,257	13,114	
Stella-Jones Inc.	70	3,240	3,625	
Verde Agritech Ltd.	440	3,354	1,346	
		41,567	43,410	0.7%
Real Estate				
Choice Properties REIT	340	4,855	4,937	
CT REIT	1,240	20,539	19,877	
FirstService Corp.	20	3,446	3,809	
Granite REIT	100	7,939	8,369	
Slate Grocery REIT	250	3,807	3,417	
		40,586	40,409	0.6%
Utilities				
Capital Power Corp.	70	3,444	2,915	

Description	Number of Shares / Par Value	Cost (\$)	Fair Value (\$)	% of Net Assets
Superior Plus Corp.	980	11,042	10,917	
		14,486	13,832	0.2%
TOTAL CANADIAN EQUITIES		491,786	480,148	7.7%
EXCHANGE TRADED FUNDS				
CANADIAN EQUITIES ETFs				
BMO Global Infrastructure Index ETF	3,520	138,135	152,557	
Evolve Automobile Innovation Index Fund	1,900	91,408	54,283	
Evolve Cyber Security Index Fund	1,400	68,225	49,168	
iShares Global Agriculture Index ETF	533	27,546	35,636	
iShares Global Real Estate Index ETF	4,800	143,164	128,160	
iShares NASDAQ 100 Index ETF (CAD-Hedged)	1,300	124,968	131,651	
iShares S&P Global Water Index Fund	1,600	68,035	78,912	
Vanguard FTSE Developed All Cap ex North America Index ETF (CAD Hedged)	6,455	205,838	216,824	
		867,319	847,191	13.5%
TOTAL CANADIAN EQUITIES ETFs		867,319	847,191	13.5%
UNITED STATES BOND ETFs				
SPDR Bloomberg Short Term High Yield Bond ETF	19,977	678,090	671,571	
		678,090	671,571	10.8%
TOTAL UNITED STATES BOND ETFs		678,090	671,571	10.8%
UNITED STATES EQUITIES ETFs				
BMO High Yield US Corporate Bond Hedged to CAD Index ETF	13,700	182,483	148,919	
Invesco Dynamic Leisure and Entertainment ETF	900	53,830	49,561	
iShares CDN S&P 500 Hedged to Canadian Dollars Index Fund	3,000	124,498	130,500	
iShares Global Clean Energy ETF	2,500	68,964	66,923	
		429,775	395,903	6.4%

NCM CONSERVATIVE 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
TOTAL UNITED STATES EQUITIES ETFs		429,775	395,903	6.4%
TOTAL EXCHANGE TRADED FUNDS		1,975,184	1,914,665	30.7%
CANADIAN BONDS (Par Value in CAD except as otherwise stated)				
Corporate				
AltaLink L.P., Callable, 2.747%, 2026/05/29	235,000	224,848	225,272	
Bank of Montreal, Callable, 1.551%, 2026/05/28	235,000	210,372	214,120	
Brookfield Property Finance ULC, Callable, Series 3, 4.300%, 2024/03/01	155,000	151,590	150,677	
Central 1 Credit Union, 1.323%, 2026/01/29	100,000	89,411	89,895	
Fairfax Financial Holdings Ltd., Callable, 4.250%, 2027/12/06	235,000	222,545	225,767	
Glacier Credit Card Trust, Series '19- 1', 3.430%, 2024/06/06	155,000	149,225	150,335	
goeasy Ltd., Callable, 5.375%, 2024/12/01	110,000	143,347	140,421	
Morguard Corp., Callable, Series 'F', 4.204%, 2024/11/27	235,000	220,312	222,924	
Parkland Corp., Callable, 6.000%, 2028/06/23	235,000	223,837	229,468	
Pembina Pipeline Corp., Callable, Series '10', 4.020%, 2028/03/27	235,000	223,884	226,966	
Rogers Communications Inc., Restricted, 3.100%, 2025/04/15	155,000	148,149	149,825	

Description	Number of Shares / Par Value	Cost (\$)	Fair Value (\$)	% of Net Assets
Royal Bank of Canada, Variable Rate, Callable, 3.650%, 2081/11/24	235,000	197,400	173,197	
Sun Life Financial Inc., Variable Rate, Callable, 2.800%, 2033/11/21	235,000	207,470	209,070	
Toronto-Dominion Bank (The), Variable Rate, Perpetual, Series '28', 7.232%, 2027/10/01	115,000	115,633	114,333	
TransCanada PipeLines Ltd., Callable, 3.390%, 2028/03/15	235,000	218,480	220,954	
Videotron Ltd., Callable, 3.625%, 2028/06/15	235,000	199,750	207,534	
		<u>2,946,253</u>	<u>2,950,758</u>	<u>47.2%</u>
Provincial Government & Guaranteed				
Province of Alberta, 2.200%, 2026/06/01	50,000	47,817	47,957	
Province of Alberta, 2.550%, 2027/06/01	85,000	81,367	82,048	
Province of Ontario, 2.600%, 2025/06/02	250,000	244,115	243,753	
Province of Quebec, 2.500%, 2026/09/01	85,000	81,830	82,255	
		<u>455,129</u>	<u>456,013</u>	<u>7.3%</u>
TOTAL BONDS		3,401,382	3,406,771	54.5%
Less: Transaction costs included in average cost		<u>(717)</u>		
TOTAL INVESTMENTS		6,196,971	6,133,054	98.2%
Other assets, less liabilities			<u>115,495</u>	<u>1.8%</u>
TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			6,248,549	100.0%

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 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 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 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 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 (“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. Other financial assets and financial liabilities are recognized on the date on which they are originated.

NCM CONSERVATIVE 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 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 or 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 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.

(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 CONSERVATIVE 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 CONSERVATIVE 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 \$(831) in withholding tax expense (recovery) (March 31, 2022 - \$913) 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 instrument strategies. Derivative financial instruments are recorded at mark to market with changes in fair value recorded in the statement of comprehensive income.

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2023 and 2022

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 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	480,148	—	—	480,148
Equities – Equity and Bond ETFs	1,914,665	—	—	1,914,665
Bonds	—	3,406,771	—	3,406,771
Underlying Funds	—	331,470	—	331,470
Total Investments	2,394,813	3,738,241	—	6,133,054

<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 transfers 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 receivable 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

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2023 and 2022

5. Financial instruments and associated risks (continued)

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 March 31, 2023. This also applies to the carrying amount of cash and cash equivalents and receivable as they have a short-term settlement.

A portion of the 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	1.3%	5.9%
A	20.1%	25.9%
BBB	17.8%	14.3%
Below BBB	15.3%	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 Interim Financial Statements
(unaudited)

Six months ended March 31, 2023 and 2022

5. Financial instruments and associated risks (continued)

Credit risk (continued):

Other than outlined above there were no significant concentrations of credit risk to counterparties at March 31, 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 March 31, 2023 are disclosed in the schedule of investment portfolio.

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2023 and 2022

5. 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 14.9% and (September 30, 2022 – 10.5%) of its net asset value in USD currency.

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 \$9,312 (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, when interest rates fall, the value of the bonds rise. This is because the interest rates of

existing bonds will be higher than the rate on newer bonds. Conversely, when interest rates rise, the price of existing bonds drop because they pay less than newer bonds.

The 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 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
----------------	---------------------	-----------------	-----------------	-------------	-------

All amounts stated in Canadian dollars

Corporate bonds	150,677	997,153	1,439,672	819,269	3,406,771
-----------------	---------	---------	-----------	---------	-----------

September 30, 2022	Less than 1 year	1 to 3 years	3 to 5 years	>5 years	Total
-----------------------	---------------------	-----------------	-----------------	-------------	-------

All amounts stated in Canadian dollars

Corporate bonds	153,259	1,093,491	1,065,840	1,655,991	3,968,581
-----------------	---------	-----------	-----------	-----------	-----------

(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.

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2023 and 2022

5. Financial instruments and associated risks (continued)

Market risk (continued):

(c) Other price risk (continued):

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. 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 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
Underlying Funds			
NCM Core Global	70% Morningstar Developed Markets Target Market Exposure NR USD and 30% Morningstar Developed Markets Target Market Exposure NR EUR	3,315	2,843
Total Underlying Funds		3,315	2,843
Total Bonds		34,068	39,686
Total Equities		4,801	4,541
Total ETFs		19,147	22,350
Total		61,331	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 March 31, 2023 and September 30, 2022 :

	2023	2022
Equities		
Energy	1.4%	1.2%
Materials	0.7%	0.9%
Industrials	1.1%	1.3%
Consumer Discretionary	1.0%	1.3%
Consumer Staples	0.4%	0.8%
Health Care	–	0.7%
Financials	2.3%	2.0%
Information Technology	0.1%	0.8%
Communication Services	0.3%	0.8%
Utilities	0.2%	0.3%
Real Estate	0.6%	0.5%
Mutual Funds	5.4%	–
Bonds	55.4%	57.2%
Exchange Traded Funds	31.1%	32.2%
Total	100.0%	100.0%

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2023 and 2022

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.

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, 2022 and 2023 were as follows:

Series A	2023	2022
Balance, opening	166,402	195,416
Issued on distributions reinvested	983	2,780
Issued for cash	4,653	10,483
Redeemed for cash	(29,873)	(23,218)
Balance, March 31	142,165	185,461

Series F	2023	2022
Balance, opening	133,424	214,130
Issued on distributions reinvested	562	1,840
Issued for cash	2,738	6,833
Redeemed for cash	(26,293)	(57,343)
Balance, March 31	110,431	165,460

Series T6	2023	2022
Balance, opening	2,664	24,365
Issued on distributions reinvested	–	100
Redeemed for cash	–	(3,029)
Balance, March 31	2,664	21,436

Series F6	2023	2022
Balance, opening	22,936	4,656
Issued for cash	–	7,317
Redeemed for cash	(4,334)	(856)
Balance, March 31	18,602	11,117

Series M	2023	2022
Balance, opening	251	35,584
Issued on distributions reinvested	2	6
Redeemed for cash	–	(34,311)
Balance, March 31	253	1,279

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.

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2023 and 2022

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

Redeemable units (continued)

March 31, 2023	Series A	Series F	Series T6
Increase (decrease) in net assets attributable to holders of redeemable units (in 000's of \$)	132	124	2
Average units outstanding during the period (in 000's of units)	156	123	3
Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$0.84	\$1.00	\$0.72

March 31, 2023	Series F6	Series M
Increase (decrease) in net assets attributable to holders of redeemable units (in 000's of \$)	17	–
Average units outstanding during the period (in 000's of units)	19	–
Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$0.87	\$1.15

March 31, 2022	Series A	Series F	Series T6
Increase (decrease) in net assets attributable to holders of redeemable units (in 000's of \$)	(181)	(150)	(19)
Average units outstanding during the period (in 000's of units)	185	184	21
Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$(0.98)	\$(0.81)	\$(0.90)

March 31, 2022	Series F6	Series M
Increase (decrease) in net assets attributable to holders of redeemable units (in 000's of \$)	(10)	16
Average units outstanding during the period (in 000's of units)	12	17
Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$(0.84)	\$0.94

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 1.75% 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 March 31, 2023 is \$6,392 (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 March 31, 2023 is \$429 (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 March 31, 2023 is \$41,018 (September 30, 2022 - \$100,583) 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.

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2023 and 2022

8. Investment with unconsolidated structured entities (continued)

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
(in Canadian dollars)			
March 31, 2023			
NCM Core Portfolios Ltd.:			
NCM Core Global		\$38,133,068	\$331,470
Exchange Traded Funds	13	24,317,288,130	1,914,665
Total		\$24,355,421,198	\$2,246,135

	Number of investee funds held	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
Exchange Traded Funds	13	14,443,788,226	2,235,018
Total		\$14,486,549,541	\$2,519,362

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 investments and 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 \$559 (March 31, 2022 - \$7,476) in connection with portfolio transactions during the period.

10. Subsequent event

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, 77,649 Series AA units were issued, and 83,352 Series F units were issued. The assets transferred were as follows:

(in Canadian dollars)	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



Suite 1850, 333 7th Avenue S.W. Calgary, AB T2P 2Z1
(877) 431-1407 | ncminvestments.com