

March 31, 2024

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, 2024. 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, 2024 and September 30, 2023, statements of comprehensive income, statements of changes in net assets attributable to unitholders, and statement of cash flows for the six months ended March 31, 2024 and March 31, 2023; 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 28, 2024

NCM CONSERVATIVE INCOME PORTFOLIO

Interim Statements of Financial Position (unaudited)

(in Canadian dollars, except units outstanding)

As at March 31 September 30
2024 2023

Assets

Cash and cash equivalents	79,459	20,185
Dividends receivable	4,163	7,217
Interest receivable	54,997	65,626
Due from Manager (note 8)	36,973	75,021
Investments, at fair value through profit or loss	8,197,372	8,925,460
Total assets	8,372,964	9,093,509

Liabilities

Accrued expenses (note 8)	38,762	53,073
Total liabilities (excluding net assets attributable to holders of redeemable units)	38,762	53,073
Net assets attributable to holders of redeemable units	8,334,202	9,040,436

Net assets attributable to holders of redeemable units:		
Series A	3,123,835	3,044,735
Series F	3,768,872	3,966,768
Series T6	51,838	49,291
Series F6	343,481	460,756
Series M	6,983	6,380
Series AA	1,039,193	1,512,506

Redeemable units outstanding (note 7):		
Series A	131,386	136,818
Series F	149,329	168,850
Series T6	2,664	2,664
Series F6	16,499	23,412
Series M	257	253
Series AA	43,492	67,822

Net assets attributable to holders of redeemable units per unit:		
Series A	23.77	22.25
Series F	25.23	23.49
Series T6*	19.45	18.50
Series F6*	20.81	19.68
Series M*	27.15	25.18
Series AA	23.89	22.30

*Due to rounding, the NAV/unit presented may not be calculated 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, 2024 and 2023

(in Canadian dollars)

	2024	2023
Dividend income	60,010	43,013
Interest for distribution purposes	110,890	69,488
Net gain (loss) on investments at fair value through profit or loss		
Net realized gain (loss) on investments	110,090	(60,023)
Net change in unrealized appreciation (depreciation) in fair value of investments	534,439	279,380
Total investment revenue (loss)	815,429	331,858
Management fees (note 8)	51,432	41,140
Custodian and record keeping fees	19,982	19,040
Legal and filing fees	12,251	11,679
Audit fees	10,116	7,525
HST/GST	9,497	7,689
Other	5,599	3,835
Tax and other professional fees	5,422	3,492
Administrative fees (note 8)	4,237	2,651
Transaction costs	3,326	1,285
Computer services	1,417	834
Independent review committee	768	321
Operating expense recovery (note 8)	(36,973)	(41,018)
Total operating expenses	87,074	58,473
Increase (decrease) in net assets attributable to holders of redeemable units before tax	728,355	273,385
Withholding tax expense (recovery)	386	(831)
Increase (decrease) in net assets attributable to holders of redeemable units	727,969	274,216
Change in net assets attributable to holders of redeemable units (note 7):		
Series A	249,787	131,556
Series F	335,786	123,652
Series T6	4,082	1,908
Series F6	28,988	16,811
Series M	603	289
Series AA	108,723	—
Change in net assets attributable to holders of redeemable units per unit (note 7):		
Series A	1.86	0.84
Series F	2.10	1.00
Series T6	1.53	0.72
Series F6	1.73	0.87
Series M	2.36	1.15
Series AA	1.92	—

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, 2024 and 2023

(in Canadian dollars)

	All Series		Series A		Series F		Series T6		Series F6		Series M		Series AA	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Net assets attributable to holders of redeemable units, beginning of period	9,040,436	7,217,538	3,044,735	3,645,082	3,966,768	3,051,622	49,291	51,185	460,756	463,545	6,380	6,104	1,512,506	–
Increase (decrease) in net assets, attributable to holders of redeemable units	727,969	274,216	249,787	131,556	335,786	123,652	4,082	1,908	28,988	16,811	603	289	108,723	–
Transactions attributable to holders of redeemable units:														
Issuance of units	53,213	168,426	5,912	104,305	47,301	64,121	–	–	–	–	–	–	–	–
Reinvestment of distributions	66,128	34,721	29,286	21,688	21,024	12,976	–	–	–	–	98	57	15,720	–
Redemptions	(1,416,668)	(1,374,074)	(160,635)	(669,604)	(543,031)	(616,145)	–	–	(136,099)	(88,325)	–	–	(576,903)	–
	(1,297,327)	(1,170,927)	(125,437)	(543,611)	(474,706)	(539,048)	–	–	(136,099)	(88,325)	98	57	(561,183)	–
Distributions declared	(136,876)	(72,278)	(45,250)	(32,222)	(58,976)	(26,013)	(1,535)	(1,668)	(10,164)	(12,318)	(98)	(57)	(20,853)	–
	(136,876)	(72,278)	(45,250)	(32,222)	(58,976)	(26,013)	(1,535)	(1,668)	(10,164)	(12,318)	(98)	(57)	(20,853)	–
Net assets attributable to holders of redeemable units, end of period	8,334,202	6,248,549	3,123,835	3,200,805	3,768,872	2,610,213	51,838	51,425	343,481	379,713	6,983	6,393	1,039,193	–
Distributions per unit to holders of redeemable units:			0.34	0.20	0.36	0.21	0.58	0.63	0.61	0.66	0.39	0.23	0.34	–

See accompanying notes to interim financial statements.

NCM CONSERVATIVE INCOME PORTFOLIO

Interim Statements of Cash Flows (unaudited)

Six months ended March 31, 2024 and 2023

(in Canadian dollars)

	2024	2023
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	727,969	274,216
Adjustments for:		
Net realized (gain) loss on sale of investments at fair value through profit or loss	(110,090)	60,023
Net change in unrealized (appreciation) depreciation of investments at fair value through profit or loss	(534,439)	(279,380)
Purchase of investments	(422,747)	(1,368,895)
Proceeds from the sale and maturity of investments	1,793,980	2,396,154
Dividend income	(60,010)	(43,013)
Dividends received, net of withholding tax paid	62,678	43,545
Withholding tax paid	386	(831)
Interest for distribution purposes	(110,890)	(69,488)
Interest received	121,519	66,565
Due from Manager	38,048	59,565
Accrued expenses	(14,311)	(1,265)
Net cash from (used in) operating activities	1,492,093	1,137,196
Cash flows from (used in) financing activities		
Proceeds from the issuance of redeemable units	53,213	147,715
Amounts paid on redemption of redeemable units	(1,416,668)	(1,372,329)
Distributions to holders of redeemable units, net of reinvestments	(70,748)	(35,402)
Net cash from (used in) financing activities	(1,434,203)	(1,260,016)
Net increase (decrease) in cash and cash equivalents	57,890	(122,820)
Effect of exchange rates on cash and cash equivalents	1,384	1,037
Cash and cash equivalents at beginning of period	20,185	174,121
Cash and cash equivalents at end of period	79,459	52,338

See accompanying notes to interim financial statements.

Schedule of Investment Portfolio (unaudited)

As at March 31, 2024

(in Canadian dollars)

Description	Number of Shares/ Par Value	Cost (\$)	Fair Value (\$)	Fair % of Net Assets
MUTUAL FUND SHARES				
NCM Core Portfolios Ltd.				
NCM Core Global, Series 'O'	14,497	695,123	802,207	
		695,123	802,207	9.6%
TOTAL MUTUAL FUND SHARES		695,123	802,207	9.6%
CANADIAN EQUITIES				
Consumer Discretionary				
Martinrea International Inc.	967	10,026	11,759	
		10,026	11,759	0.1%
Energy				
CES Energy Solutions Corp.	960	2,791	4,522	
Headwater Exploration Inc.	1,095	6,852	8,399	
Peyto Exploration & Development Corp.	975	13,151	14,557	
Secure Energy Services Inc.	1,102	8,191	12,287	
Topaz Energy Corp.	675	13,213	15,052	
Whitecap Resources Inc.	337	3,415	3,454	
		47,613	58,271	0.7%
Financials				
Alaris Equity Partners Income	1,150	18,716	19,665	
Canadian Western Bank	412	10,446	11,618	
EQB Inc.	105	5,772	8,920	
goeasy Ltd.	105	12,248	16,736	
Toronto-Dominion Bank (The)	169	13,644	13,816	
		60,826	70,755	0.9%
Industrials				
AG Growth International Inc.	250	14,274	15,340	
Dexterra Group Inc.	1,852	10,652	10,279	
Element Fleet Management Corp.	382	7,101	8,362	
Exchange Income Corp.	285	13,213	14,110	
Mullen Group Ltd.	660	9,632	9,583	
		54,872	57,674	0.7%
Materials				
Alamos Gold Inc., Class 'A'	1,000	11,892	19,970	
		11,892	19,970	0.2%

NCM CONSERVATIVE INCOME PORTFOLIO

Schedule of Investment Portfolio (continued)
(unaudited)

As at March 31, 2024

(in Canadian dollars)

Description	Number of Shares/ Par Value	Cost (\$)	Fair Value (\$)	% of Net Assets
Real Estate				
CT REIT	1,155	18,603	16,482	
Granite REIT	97	7,765	7,499	
Information Services Corp., Class 'A'	487	10,661	13,485	
		<u>37,029</u>	<u>37,466</u>	0.5%
Utilities				
Superior Plus Corp.	1,305	13,942	13,167	
		<u>13,942</u>	<u>13,167</u>	0.2%
TOTAL CANADIAN EQUITIES		<u>236,200</u>	<u>269,062</u>	3.3%
CANADIAN EQUITIES ETFS				
BMO Global Infrastructure Index ETF	4,700	187,825	201,160	
Evolve Automobile Innovation Index Fund	2,900	116,379	59,247	
Evolve Cyber Security Index Fund	1,200	52,617	56,880	
iShares Global Agriculture Index ETF	1,660	96,289	108,780	
iShares Global Real Estate Index ETF	6,700	193,034	191,687	
iShares S&P Global Water Index Fund	1,600	75,447	87,616	
Vanguard FTSE Developed All Cap ex North America Index ETF (CAD Hedged)	9,300	304,622	367,443	
		<u>1,026,213</u>	<u>1,072,813</u>	12.8%
TOTAL CANADIAN EQUITIES ETFS		<u>1,026,213</u>	<u>1,072,813</u>	12.8%
UNITED STATES BOND ETFS				
SPDR Bloomberg Short Term High Yield Bond ETF	15,977	542,316	545,278	
		<u>542,316</u>	<u>545,278</u>	6.6%
TOTAL UNITED STATES BOND ETFS		<u>542,316</u>	<u>545,278</u>	6.6%
UNITED STATES EQUITIES ETFS				
BMO High Yield US Corporate Bond Hedged to CAD Index ETF	11,700	154,465	129,753	
Invesco Leisure and Entertainment ETF	900	53,830	56,244	
iShares CDN S&P 500 Hedged to Canadian Dollars Index Fund, CAD-Hedged Units	3,500	149,151	192,920	
iShares Global Clean Energy ETF	2,500	68,964	47,296	
		<u>426,410</u>	<u>426,213</u>	5.1%

Description	Number of Shares / Par Value	Cost (\$)	Fair Value (\$)	% of Net Assets
TOTAL UNITED STATES EQUITIES				
ETFS		<u>426,410</u>	<u>426,213</u>	5.1%
TOTAL EXCHANGE TRADED FUNDS		<u>1,994,939</u>	<u>2,044,304</u>	24.5%
CANADIAN BONDS - LONG (Par Value in CAD except as otherwise stated)				
Corporate				
AltaLink L.P., Callable, 2.747%, 2026/05/29	425,000	406,022	409,438	
Bank of Montreal, Callable, 1.551%, 2026/05/28	430,000	387,570	404,106	
Central 1 Credit Union, 1.323%, 2026/01/29	120,000	107,384	112,209	
Central 1 Credit Union, 4.648%, 2028/02/07	60,000	56,329	59,075	
Fairfax Financial Holdings Ltd., Callable, 4.250%, 2027/12/06	425,000	403,554	415,763	
Glacier Credit Card Trust, Series '2023', 6.881%, 2028/09/20	280,000	280,000	290,078	
Morguard Corp., Callable, Series 'F', 4.204%, 2024/11/27	465,000	439,572	455,991	
Parkland Corp., Callable, 6.000%, 2028/06/23	470,000	453,198	469,755	
Pembina Pipeline Corp., Callable, Series '10', 4.020%, 2028/03/27	430,000	410,985	419,751	
Rogers Communications Inc., 3.100%, 2025/04/15	280,000	268,342	274,230	
Royal Bank of Canada, Variable Rate, Callable, 3.650%, 2081/11/24	425,000	338,000	341,037	
Sun Life Financial Inc., Variable Rate, Callable, 2.800%, 2033/11/21	425,000	375,960	391,110	
Toronto-Dominion Bank (The), Variable Rate, Perpetual, Series '28', 7.232%, 2027/10/01	210,000	209,503	212,884	
Videotron Ltd., Callable, 3.625%, 2028/06/15	470,000	406,785	442,192	
		<u>4,543,204</u>	<u>4,697,619</u>	56.4%
Provincial Government & Guaranteed				
Province of Alberta, 2.200%, 2026/06/01	90,000	85,834	86,303	
Province of Alberta, 2.550%, 2027/06/01	155,000	148,225	148,547	
Province of Quebec, 2.500%, 2026/09/01	155,000	148,967	149,330	
		<u>383,026</u>	<u>384,180</u>	4.6%
TOTAL BONDS		<u>4,926,230</u>	<u>5,081,799</u>	61.0%
Less: Transaction costs included in average cost		<u>(1,383)</u>		
TOTAL INVESTMENTS		<u>7,851,109</u>	<u>8,197,372</u>	98.4%
Other assets, less liabilities			<u>136,830</u>	1.6%
TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			<u>8,334,202</u>	100.0%

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Interim Financial Statements
(unaudited)

Six Months ended March 31, 2024 and 2023

1. Reporting entity

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

The Fund may issue an unlimited number of units. Each unit represents an equal undivided interest in the net assets of the Fund; however, the value of a Trust Unit in one Class may differ from the value of a Trust Unit in another Class, depending on the Net Asset Value of that particular Class.

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

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

2. Basis of preparation

(a) Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The Fund’s significant accounting principles under IFRS are presented in note 3. These policies have been applied consistently to all periods presented.

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 28, 2024.

(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) Classification

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

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Interim Financial Statements
(unaudited)

Six Months ended March 31, 2024 and 2023

3. Significant accounting policies (continued)

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

(i) Classification (continued)

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.

The Fund classifies financial assets and financial liabilities into the following categories.

Financial assets at fair value through profit or loss:

- All investments, including derivatives

Financial assets at amortized cost:

- Cash and cash equivalents and receivables

Financial liabilities at amortized cost:

- All liabilities other than redeemable units

The Fund designates all financial assets and liabilities at fair value through profit or loss on initial recognition because it manages securities on a fair value basis in accordance with its documented investment strategy. Internal reporting and performance measurement of these securities and the Fund as a whole is on a fair value basis. The Manager also receives management fees which are based on the overall fair value of the Fund.

(ii) Recognition and initial measurement

Financial assets and financial liabilities at fair value through profit or loss ("FVTPL") are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value, with transaction costs recognized in profit or loss.

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

(iii) Derecognition

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

(iv) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures fair value of an instrument using the quoted price in an active market for that instrument.

A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The Fund measures instruments quoted in an active market at last traded price.

For securities where market quotes are not available, the Fund values the initial investment at the amount paid. After initial investment, the Fund uses estimation techniques to determine fair value including observable market data, discounted cash flows and internal models that compare the investments to its peer group.

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Interim Financial Statements
(unaudited)

Six Months ended March 31, 2024 and 2023

3. Significant accounting policies (continued)

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

(iv) Fair value measurement (continued)

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

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

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

(v) Amortized cost measurement

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

(vi) Specific instruments

Cash and cash equivalents

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

Redeemable units

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Fund has multiple classes of redeemable units that do not have identical features and therefore, do not qualify as equity under IAS 32, Financial Instruments: Presentation. The redeemable units, which are classified as financial liabilities and measured at redemption amount, provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Fund's valuation policies at each redemption date. The units represent the residual interest in the Fund.

(b) Interest for distribution purposes:

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

(c) Dividend income:

Dividend income is recognized in profit or loss on the date on which the right to receive payment is established. This is usually the ex-dividend date.

(d) Distributions to holders of redeemable units:

Any distribution made will be in proportion to the number of units held by each unitholder.

Distributions per unit are calculated as the total amount of distributions divided by the number of units on the record date.

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Interim Financial Statements
(unaudited)

Six Months ended March 31, 2024 and 2023

3. Significant accounting policies (continued)

- (e) Net gain (loss) from financial instruments at fair value through profit or loss:

Net unrealized/realized gain/loss from financial instruments at fair value through profit or loss is calculated using the average cost method.

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

- (f) Income tax:

As at March 31, 2024 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 \$386 in withholding tax expense (recovery) (March 31, 2023 - \$(831)) for the period ended March 31, 2024.

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

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

Change in net assets attributable to holders of redeemable units per unit is calculated as increase (decrease) in net assets attributable to holders of

redeemable units, divided by the weighted average units outstanding during the period.

- (h) Translation of foreign currency:

Foreign currency amounts are expressed in Canadian dollars as follows:

(i) fair value of investments and accrued receivables and payables and other assets and liabilities at the rate of exchange at the end of the period; and

(ii) purchases and sales of investments and dividend and interest income at the rate of exchange prevailing on the respective dates of such transactions.

Foreign currency differences are recognized as a component of net gain/loss from financial instruments at fair value through profit or loss.

- (i) Derivative financial instruments:

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

4. Asset transfers

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

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

NCM CONSERVATIVE INCOME PORTFOLIO

Notes to Interim Financial Statements
(unaudited)

Six Months ended March 31, 2024 and 2023

5. Fair value measurement

(a) Investments:

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

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

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

- Inputs that are quoted prices (unadjusted) in active markets for identical instruments (Level 1);
- Valuation techniques for which the lowest level input that is significant to fair value measurement is directly or indirectly observable (Level 2);
- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (Level 3);

Changes in valuation methods may result in transfers into or out of an investment's assigned level. The Fund recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change occurred.

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

The tables below analyze investments measured at fair value at the reporting dates by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

<i>(in Canadian dollars)</i>	Level 1	Level 2	Level 3	Total
March 31, 2024				
Public securities				
Equities	269,062			269,062
Equities – Equity and Bond ETFs	2,044,304	—	—	2,044,304
Bonds	—	5,081,799	—	5,081,799
Underlying Funds	—	802,207	—	802,207
Total Investments	2,313,366	5,884,006	—	8,197,372

<i>(in Canadian dollars)</i>	Level 1	Level 2	Level 3	Total
September 30, 2023				
Public securities				
Equities	492,110			492,110
Equities – Equity and Bond ETFs	2,304,705	—	—	2,304,705
Bonds	—	5,697,284	—	5,697,284
Underlying Funds	—	431,361	—	431,361
Total Investments	2,796,815	6,128,645	—	8,925,460

There were no transfers into or out of Level 1, Level 2 and Level 3 during the periods ended March 31, 2024 and September 30, 2023.

(c) Financial instruments not measured at fair value:

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

6. Financial instruments and associated risks

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

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6. Financial instruments and associated risks (continued)

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, 2024. This also applies to the carrying amount of cash and cash equivalents and receivables as they have a short-term settlement.

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

As at March 31, 2024 and September 30, 2023, 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, 2024	September 30, 2023
AA	4.6%	1.6%
A	20.0%	24.9%
BBB	20.0%	17.5%
Below BBB	16.4%	19.0%

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 honor 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.

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6. Financial instruments and associated risks (continued)

Credit risk (continued):

Other than outlined above there were no significant concentrations of credit risk to counterparties at March 31, 2024 and September 30, 2023

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, 2024 are disclosed in the schedule of investment portfolio.

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6. Financial instruments and associated risks (continued)

Market risk (continued):

(a) Currency risk:

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

Investment in securities denominated in a currency other than Canadian dollars will be affected by the changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated. Therefore the value of securities held by the Fund may be worth more or less depending on their susceptibility to foreign exchange rates. At the reporting date the Fund had 7.8% and (September 30, 2023 – 11.4%) of its net asset value in USD currency.

Sensitivity analysis:

At March 31, 2024 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 \$6,499 (September 30, 2023 - \$10,269). In practice the actual trading results may differ from this sensitivity analysis and difference could be material.

(b) Interest rate risk:

Interest rate risk arises on interest bearing financial instruments. A change in general interest rates is a main factor affecting the price of a fund that invests in fixed-income securities. Fixed-income securities, like bonds, pay interest based on interest rates when the bond is issued.

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

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

The table below summarizes the Fund's exposure to interest risks at March 31, 2024 and September 30, 2023. It includes the Fund's assets at fair values, categorized by the maturity dates.

March 31, 2024	Less than 1 year	1 to 3 years	3 to 5 years	>5 years
All amounts stated in Canadian dollars				

Bonds	455,991	1,435,615	2,458,045	732,148
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September 30, 2023	Less than 1 year	1 to 3 years	3 to 5 years	>5 years
All amounts stated in Canadian dollars				

Bonds	153,042	2,590,375	2,280,173	673,694
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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 securities are not listed on any prescribed stock exchange and thus a liquid market for resale may not exist.

NCM CONSERVATIVE INCOME PORTFOLIO

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6. Financial instruments and associated risks (continued)

Market risk (continued):

(c) Other price risk (continued) :

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

Sensitivity analysis:

Management's estimate of the impact of a 1% increase or decrease on the following underlying Fund indices and in the blended index; 5% S&P 3-Month Canada Treasury Bill Index, 62.5% FTSE Canada Universe Bond Index, 12.5% S&P/TSX Composite Total Return Index, 14% Morningstar Developed Markets Target Market Exposure NR USD, 6% Morningstar Developed Markets Target Market Exposure NR EUR for the remaining securities that are contained in the portfolio at March 31, 2024 and September 30, 2023, is an increase or decrease in the net assets attributable to holders of redeemable units of approximately:

(In Canadian Dollars)	Total Return Index	Change in Net Assets (\$)	
		2024	2023
Underlying Funds			
NCM Core Global	70% Morningstar Developed Markets Target Market Exposure NR USD and 30% Morningstar Developed Markets Target Market Exposure NR EUR	8,022	4,314
Total Underlying Funds		8,022	4,314
Total Bonds		50,818	56,973
Total Equities		2,691	4,921
Total ETFs		20,443	23,047
Total		81,974	89,225

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, 2024 and September 30, 2023 :

	2024	2023
Equities		
Energy	0.7%	1.5%
Materials	0.2%	0.3%
Industrials	0.7%	1.0%
Consumer Discretionary	0.1%	0.2%
Financials	0.8%	1.5%
Utilities	0.2%	0.3%
Real Estate	0.5%	0.7%
Bonds	62.0%	63.9%
Exchange Traded Funds	25.0%	30.6%
Mutual Funds	9.8%	—
Total	100.0%	100.0%

7. Net assets attributable to unitholders of redeemable units

Redeemable units

The authorized capital of the Fund consists of an unlimited number of units, issuable in series. Currently, the Fund is offered in six series of units: Series A units, Series F units, Series M units, Series T6 units and Series F6 units, and Series AA units. Each series ranks equally with respect to distributions and return of capital in the event of liquidation, dissolution or winding up based on their respective series' net asset values. Each series pays its own fees and expenses. The general expenses that are not series specific are allocated in proportion to the annual weighted average units of each series. Series A and Series T6 are sold under the front end sales charge option. A commission ranging from 0% to 5% is paid by the investor to the dealer with a 2% redemption fee being charged if the units are redeemed in the first 30 days. 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.

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

Redeemable units (continued)

Series F6 are sold without commission provided the purchaser is enrolled in a fee-for-service or wrap program with the dealer. A 2% redemption fee is charged if the Series F6 is redeemed in the first 30 days.

Series AA is not available to purchase.

Series M units are not available for general public purchase.

The units may be redeemed daily at the net asset value per unit of the respective series; The analysis of movements in the number of redeemable units and net assets attributable to holders of redeemable units during the periods ended March 31, 2024 and 2023 were as follows:

Series A	2024	2023
Balance, opening	136,818	166,402
Issued on distributions reinvested	1,268	983
Issued for cash	261	4,653
Redeemed for cash	(6,961)	(29,873)
Balance, March 31	131,386	142,165

Series F	2024	2023
Balance, opening	168,850	133,424
Issued on distributions reinvested	860	562
Issued for cash	1,940	2,738
Redeemed for cash	(22,321)	(26,293)
Balance, March 31	149,329	110,431

Series T6	2024	2023
Balance, opening	2,664	2,664
Balance, March 31	2,664	2,664

Series F6	2024	2023
Balance, opening	23,412	22,936
Redeemed for cash	(6,913)	(4,334)
Balance, March 31	16,499	18,602

Series M	2024	2023
Balance, opening	253	251
Issued on distributions reinvested	4	2
Balance, March 31	257	253

Series AA	2024	2023
Balance, opening	67,822	–
Issued on distributions reinvested	678	–
Redeemed for cash	(25,008)	–
Balance, March 31	43,492	–

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, 2024	Series A	Series F	Series T6
Increase (decrease) in net assets attributable to holders of redeemable units (in 000's of \$)	250	336	4
Average units outstanding during the period (in 000's of units)	134	160	3
Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$1.86	\$2.10	\$1.53

March 31, 2024	Series F6	Series M	Series AA
Increase (decrease) in net assets attributable to holders of redeemable units (in 000's of \$)	29	1	109
Average units outstanding during the period (in 000's of units)	17	–	57
Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$1.73	\$2.36	\$1.92

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	Series AA
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	\$–

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8. Management fees, expenses and key contracts

(a) Manager and management fees:

Series A and Series T6 paid an annual management fee to the Manager of 1.75% of the net asset value of the series. Series AA, paid an annual management fee to the Manager of 1.25% of the net asset value of the series. Series F and Series F6 paid an annual management fee to the Manager of 0.75% of the net asset value of the series. The management fee is calculated and paid monthly. Series M units are not available for general public purchase. The Manager and its affiliates offer wealth management services including fee-based and managed accounts under the Cumberland Private Wealth brand, and the Series M units are intended for such accounts. There is no management fee attached to Series M. Included in accrued expenses at March 31, 2024 is \$8,247 (September 30, 2023 - \$8,913) 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. The Portfolio manager has charged the Fund for administration services. Included in accrued expenses at March 31, 2024 is \$745 (September 30, 2023 - \$849) 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, 2024 is \$36,973 (September 30, 2023 - \$75,021) related to these fees.

9. Involvement with unconsolidated structured entities

The Fund holds interests in structured entities that it does not consolidate. The purpose of the investment in these is to manage assets on behalf of third party investors and generate fees for the investment manager. These vehicles are financed through the issue of units to investors. The table below sets out interests held by the Fund in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

	Total net assets of investee funds	Carrying amount included in investments
(in Canadian dollars)		
March 31, 2024		
NCM Core Portfolios Ltd.:		
NCM Core Global	\$40,518,033	\$802,207
Total	\$40,518,033	\$802,207

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

During the periods ended March 31, 2024 and September 30, 2023, 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 Funds daily at the net asset value per unit of the respective series.

10. Brokerage commissions on securities transactions

The Fund paid brokerage commissions amounting to \$655 (March 31, 2023 - \$559) in connection with portfolio transactions during the period.

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11. Subsequent event

On May 21, 2024, the Fund changed its name to NCM Global Income Balanced Portfolio.

On May 27, 2024, the Fund moved from a T+2 settlement period to a T+1 settlement period for securities. This means that securities transactions will settle on the next business day following their transaction date instead of two days following their transaction date.

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