

September 30, 2020

MANAGEMENT REPORT OF FUND PERFORMANCE

# NCM GROWTH AND INCOME PORTFOLIO



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This annual management report of Fund performance contains financial highlights but does not contain the annual financial statements of the investment Fund. You can get a copy of the Fund's financial statements at your request, and at no cost, by calling toll free (877) 531-9355, by writing us at 1850, 333-7<sup>th</sup> Avenue SW Calgary, Alberta T2P 2Z1 or by visiting our website at [www.ncminvestments.com](http://www.ncminvestments.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Security holders may also contact us using one of these methods to request a copy of the investment Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### INVESTMENT OBJECTIVE AND STRATEGIES

The investment objective of NCM Growth and Income Portfolio (the "Fund") is designed to provide investors with long term capital appreciation and some current income by investing, directly or indirectly through investments in underlying Funds, in a diversified portfolio of equity securities and fixed-income securities from anywhere in the world.

The Fund achieves this objective by aiming to maintain a diversified portfolio of securities, either directly or indirectly through investments in underlying Funds, including underlying Funds managed or advised by the Manager or its affiliates. The equity component of the Fund will generally range between 60% – 75%, while the fixed income component will generally range between 25% – 40%, based upon the portfolio manager's assessment of market conditions.

It is expected that the Fund will invest primarily in underlying Funds managed or advised by the Manager or its affiliates and exchange traded Funds ("ETF's").

The Fund may invest up to all of its assets in securities of mutual Funds, exchange traded Funds and/or direct securities as it seeks to diversify its exposures across geography, sectors, capitalization, credit quality, and

duration. As such, the Fund may invest up to all of its assets in foreign securities.

When selecting an underlying security for the Fund, the portfolio manager will aim to ensure that such investment is consistent with the Fund's investment objectives and will consider the market exposure of the security, the long term performance track record from a risk and reward perspective, and the associated fees, if any.

The Fund may invest in private placements or other illiquid equity or debt securities of public or private companies as permitted by securities regulations.

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 Beta Pro Exchange Traded Funds. These transactions will be used with the Fund's other investment strategies in a manner considered most appropriate to achieving the Fund's overall investment objectives and enhancing the Fund's returns.

The Fund may depart from its investment objectives and/or investment strategies by temporarily investing all or a portion of its assets in cash or fixed income securities issued or guaranteed by a Canadian or U.S. government, government agency, or company to try to protect it during a market downturn or for other reasons.

### RISK

The risk level of the Fund is low.

The Fund is suitable for investors with a low risk tolerance seeking a combination of capital gains potential and current income. General risks of an investment in the Fund are detailed in the simplified prospectus and include equity risk, small and mid-capitalization company risk, series risk, liquidity risk, interest rate risk, and currency risk, among others.

The majority of the exposure in the Fund is to equities and fixed income investments held in underlying Funds or ETF's. Equities are generally a volatile asset class. Furthermore, higher yielding investments, in equities and bonds, makes the Fund sensitive to changes in interest rates.

## RESULTS OF OPERATIONS

As of September 30, 2020, the twelve month return for the NCM Growth and Income Portfolio was 3.6%. This performance compares to the Fund's benchmark, which had a return of 6.3% over the same year. The Fund's benchmark is comprised of 27.5% FTSE TMX Canada Universe Bond Index, 45.0% MSCI World Net Total Return Index (currency hedged), 22.5% S&P/TSX Composite Total Return Index, and 5.0% S&P 3-Month Canada Treasury Bill Total Return Index. The Fund underperformed its overall benchmark primarily due to a more credit oriented fixed income portfolio versus the fixed income benchmarks. As the fixed income markets were significantly impacted by the COVID-19 virus outbreak and the resultant bond market volatility, the Fund was impacted as well.

The Fund contains a mix of actively and passively managed products. For more information on the actively managed assets held by this Fund, including NCM Short Term Income Fund, NCM Core Canadian, NCM Norrep Fund, NCM Core American, and NCM Core Global, please see each Fund's respective MRFP's for their results of operations summaries. Each Fund's MRFP can be found on the NCM website: [www.ncminvestments.com](http://www.ncminvestments.com)

The passively managed exchanged traded Fund ("ETF") assets held in the Fund all performed in line with their respective indices for the majority of the year. Due to the market disruption experienced in late March, the fixed income ETFs traded at a wider discount to their Net Asset Values for a brief year, but this discount has now decreased and is nearly back to normal levels.

Within the equity portion of the portfolio, a new position in the NCM Core American was added during the year. Like virtually every other nation on earth, the U.S. has seen a significant slowdown in its economy due to the COVID-19 virus outbreak. However, over the medium term, the U.S. economy continues to be one of the strongest in the developed world. As a result, U.S. equity markets continue to be one of the best performing equity markets in the developed world, in both good times and bad.

Although U.S. and global economic data has been very weak recently due to the COVID-19 virus outbreak, overall the Manager feels that long term future growth prospects remain reasonably strong for the U.S. economy. U.S. economic growth rates should soon start to recover, and U.S. earnings

growth rates should also begin to recover. This recovery, combined with reasonable valuations, should continue to support U.S. equity market performance over the medium term.

In Europe, while the region continues to struggle to grow, and it now has to deal with the negative economic impacts of the COVID-19 virus, valuation levels are now very attractive. The Fund has a high quality European equity portfolio (through the NCM Core Global and the equity ETFs) that the manager remains very comfortable with on a longer term basis.

Along with the rest of the global economy, the shorter term outlook for Asia and Emerging Markets has deteriorated significantly due to the COVID-19 virus outbreak. The outlook for Japan continues to be structurally weak over the medium term, but there are still some businesses with very good prospects in Japan, particularly those operating in less cyclical sectors or that are significant exporters.

The short-term outlook for the global economy has deteriorated significantly recently due in large part to the COVID-19 virus outbreak. However, global stock markets have seen significant recoveries since the lows experienced in March. Investors appear to have been focusing more and more on the recovery prospects for the global economy and for global stock markets, rather than on the short-term threats to global growth. As equity markets have been recovering the Fund has made adjustment to become more defensive in both its fixed income and its equity positions.

While we believe longer term equity markets will stabilize and move higher. We do on the other hand have near term concerns about heightened volatility and the potential for near term impairment of market value. Globally we are experiencing a new trend to higher COVID-19 infection rates. Markets are also being negatively impacted by political unknowns in the USA. Adding to this is the fact that globally, questions have been raised concerning governments' ability to continue to inject capital to support the economy and capital markets. Given these concerns the manager of the Fund has adjusted equity levels lower and increased the diversification in the equity portion of the Fund. Within the fixed income portion of the Fund the manager has traded certain higher yield and higher risk fixed income ETFs in favour of lower risk ETFs that hold government bonds. The risk that the Fund has repositioned for are relatively short term in nature. It is the manager's intention to continue to

## RESULTS OF OPERATIONS (continued)

monitor the markets as the various unknown become resolved and make opportunistic adjustment as conditions permit.

Since the spring the Fund has been actively making adjustments to reduce equity and balance out the remaining exposure. The Fund has seen an overall reduction in its USA Fund and the Global Fund exposure. The Fund has also meaningfully increased its holdings Non-North American equity and modestly increased its Canadian Small company holdings. The theme oriented investments in specialized ETFs has remained steady in its overall theme exposure but was rebalanced to include a new theme, namely Global Agriculture. As mentioned above, the aggregate impact of these adjustments has resulted in a lower equity weight yet a higher level of diversification in the equity asset class.

Within fixed income, the Fund has historically held a higher exposure to corporate high yield and investment grade bonds compared with the benchmark. This positioning in corporate bonds has changed significantly as the Fund took advantage in both high yield recoveries and Investment grade recoveries selling much of these positions in favour of ETFs holding government bonds. During the year, the Manager repositioned most of its high yield holding and into ETFs holding Investment Grade Corporate bonds. The unprecedented move by the US Federal Reserve to support the U.S. investment grade corporate bond market and the quality parts of the high yield market have already resulted in a narrowing of credit spreads. These positions responded well and staged meaningful recovery after their purchase. Our corporate bond exposure has now been meaningfully reduced in favour of ETFs holding government fixed income. The maturity levels for the fixed income have remained relatively constant with a balance across long, mid and shorter term bond exposures. Due to the selloff in risk assets seen in March as a result of the COVID-19 virus outbreak, the Fund's fixed income portfolio underperformed its fixed income benchmark for the year. However, going forward we feel that the fixed income portion of the Fund is well positioned to outperform its fixed income benchmark. While the Fund has significantly reduced its corporate bond exposure a portion of these exposures remain. As the economy recovers, we expect spreads to continue to narrow, particularly in high yield bonds, we believe this will help enhance returns relative to the benchmark. Lastly, the short duration of most of our positions should help limit volatility as

the underlying bonds pull toward par as they approach maturity. This Fund currently holds approximately 26% of its asset in ETFs invested in government bonds and cash. The high yield holdings which amount to 12% of the Fund is held in BMO's High Yield US Corporate Bond ETF and NCM's Short Term Income Fund.

The net assets have increased by 62% with net assets increasing from \$18,889,450 to \$30,587,625 \$675,614 this change is attributable to positive investment performance and \$11,022,561 was due to positive net contributions to the Fund.

## RECENT DEVELOPMENTS

Effective May 20, 2020, investors residing in each of Northwest Territories, Nunavut and Yukon can purchase units in the Fund, in addition, on May 15, 2020, the Trustee changed from Computershare Trust Company of Canada to NCM Asset Management Ltd.

In January 2020, the World Health Organization declared the coronavirus a global health emergency and on March 11, 2020, it was declared a global pandemic. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. At this time, governments and businesses around the world are introducing significant new measures to contain and control the spread of the virus.

There had been a significant drop in commodity prices and equity markets have reacted with the biggest decline experienced in more than a decade. In response, both the US Federal Reserve and the Bank of Canada quickly reduced their key interest rates.

The full impact of these circumstances on businesses will not be fully understood until time has passed. While the full impact is not yet known, we will continue to monitor the impact the coronavirus has on the Funds' investments and reflect the consequences as appropriate in our accounting and reporting.

## RELATED PARTY TRANSACTIONS

Management fees of \$363,480 were paid to NCM Asset Management Ltd. ("NCM"), the Fund's Manager and Portfolio Manager. Management fees are 1.85% for Series A and Series T6 and 0.85% for Series F and Series F6, of the series net asset value of the Fund and are 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.

NCM has agreed to absorb certain expenses associated with the Fund recorded in the financial statements, at September 30, 2020, in the amount of \$133,178.

## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund's units and are intended to help you understand the Fund's financial performance for the fiscal years indicated. This information is derived from the Fund's audited annual financial statements.

### Net asset value (NAV) per unit <sup>(1)</sup>

Series A	2020	2019 <sup>(4)</sup>
<b>Net Asset Value, beginning of year</b>	26.15	25.00
<b>Increase (decrease) from operations:</b>		
Total revenue	0.58	0.70
Total expenses	(0.51)	(0.53)
Realized gains (losses) for the year	1.02	0.11
Unrealized gains (losses) for the year	(0.57)	2.10
<b>Total increase (decrease) from operations</b>	0.52	2.38
<b>Distributions:</b>		
From income	(0.21)	(0.16)
From dividends	Nil	Nil
From capital gains	Nil	Nil
<b>Total distributions <sup>(2)</sup></b>	(0.21)	(0.16)
<b>Net Asset Value, end of year <sup>(3)</sup></b>	26.59	26.15

Series F	2020	2019 <sup>(5)</sup>
<b>Net Asset Value, beginning of year</b>	26.43	25.00
<b>Increase (decrease) from operations:</b>		

Series F	2020	2019 <sup>(5)</sup>
Total revenue	0.61	0.72
Total expenses	(0.24)	(0.25)
Realized gains (losses) for the year	1.10	0.10
Unrealized gains (losses) for the year	(0.76)	2.41
<b>Total increase (decrease) from operations</b>	0.71	2.98
<b>Distributions:</b>		
From income	(0.21)	(0.16)
From dividends	Nil	Nil
From capital gains	Nil	Nil
<b>Total distributions <sup>(2)</sup></b>	(0.21)	(0.16)
<b>Net Asset Value, end of year <sup>(3)</sup></b>	27.17	26.43

Series T6	2020	2019 <sup>(6)</sup>
<b>Net Asset Value, beginning of year</b>	25.76	25.91
<b>Increase (decrease) from operations:</b>		
Total revenue	0.70	0.22
Total expenses	(0.47)	(0.10)
Realized gains (losses) for the year	1.16	-
Unrealized gains (losses) for the year	0.19	0.12
<b>Total increase (decrease) from operations</b>	1.58	0.24
<b>Distributions:</b>		
From income	(1.56)	(0.39)
From dividends	Nil	Nil
From capital gains	Nil	Nil
<b>Total distributions <sup>(2)</sup></b>	(1.56)	(0.39)
<b>Net Asset Value, end of year <sup>(3)</sup></b>	24.79	25.76

## FINANCIAL HIGHLIGHTS (continued)

### Net asset value (NAV) per unit <sup>(1)</sup> (continued)

Series F6	2020	2019 <sup>(7)</sup>
<b>Net Asset Value, beginning of year</b>	25.32	22.95
<b>Increase (decrease) from operations:</b>		
Total revenue	0.52	0.48
Total expenses	(0.23)	(0.18)
Realized gains (losses) for the year	0.93	0.07
Unrealized gains (losses) for the year	(0.44)	1.88
<b>Total increase (decrease) from operations</b>	0.78	2.25
<b>Distributions:</b>		
From income	(1.55)	(1.24)
From dividends	Nil	Nil
From capital gains	Nil	Nil
<b>Total distributions <sup>(2)</sup></b>	(1.55)	(1.24)
<b>Net Asset Value, end of year <sup>(3)</sup></b>	24.61	25.32

Series M	2020	2019 <sup>(8)</sup>
<b>Net Asset Value, beginning of year</b>	26.44	26.29
<b>Increase (decrease) from operations:</b>		
Total revenue	0.65	0.19
Total expenses	0.02	-
Realized gains (losses) for the year	1.08	(0.01)
Unrealized gains (losses) for the year	(1.13)	(0.03)
<b>Total increase (decrease) from operations</b>	0.62	0.15
<b>Distributions:</b>		
From income	(0.21)	Nil
From dividends	Nil	Nil
From capital gains	Nil	Nil
<b>Total distributions <sup>(2)</sup></b>	(0.21)	Nil
<b>Net Asset Value, end of year <sup>(3)</sup></b>	27.43	26.44

(1) This information is provided as at September 30, 2020 and 2019 in accordance with International Financial Reporting Standards.

(2) Distributions, if any, are reinvested in additional units or paid in cash when requested.

(3) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial year. Due to the different methods of calculating individual components of the table, the sum of the individual components will not necessarily equal the ending net asset value.

(4) Series A commenced operations October 1, 2018.

(5) Series F commenced operations October 1, 2019.

(6) Series T6 commenced operations July 19, 2019.

(7) Series F6 commenced operations December 21, 2018.

(8) Series M commenced operations September 16, 2019.

## Ratios and Supplemental Data<sup>(1)</sup>

Series A	2020	2019 <sup>(5)</sup>
Net Assets (000's of \$)	13,930	9,877
Number of units outstanding (000's)	524	378
Management expense ratio (MER) <sup>(2)</sup>	2.41%	2.43%
MER before waivers or absorptions <sup>(2)</sup>	2.89%	3.33%
Portfolio turnover rate <sup>(3)</sup>	72.89%	5.43%
Trading expense ratio <sup>(4)</sup>	0.08%	0.09%
Net asset value per unit	26.59	26.15

Series F	2020	2019 <sup>(6)</sup>
Net Assets (000's of \$)	14,177	6,904
Number of units outstanding (000's)	522	261
Management expense ratio (MER) <sup>(2)</sup>	1.34%	1.34%
MER before waivers or absorptions <sup>(2)</sup>	1.82%	2.24%
Portfolio turnover rate <sup>(3)</sup>	72.89%	5.43%
Trading expense ratio <sup>(4)</sup>	0.08%	0.09%
Net asset value per unit	27.17	26.43

Series T6	2020	2019 <sup>(7)</sup>
Net Assets (000's of \$)	149	49
Number of units outstanding (000's)	6	2
Management expense ratio (MER) <sup>(2)</sup>	2.31%	2.44%
MER before waivers or absorptions <sup>(2)</sup>	2.79%	3.55%
Portfolio turnover rate <sup>(3)</sup>	72.89%	5.43%
Trading expense ratio <sup>(4)</sup>	0.08%	0.09%
Net asset value per unit	24.79	25.76

Series F6	2020	2019 <sup>(8)</sup>
Net Assets (000's of \$)	1,611	2,058
Number of units outstanding (000's)	65	81
Management expense ratio (MER) <sup>(2)</sup>	1.35%	1.35%
MER before waivers or absorptions <sup>(2)</sup>	1.83%	2.26%
Portfolio turnover rate <sup>(3)</sup>	72.89%	5.43%
Trading expense ratio <sup>(4)</sup>	0.08%	0.09%
Net asset value per unit	24.61	25.32

## FINANCIAL HIGHLIGHTS (continued)

### Ratios and Supplemental Data<sup>(1)</sup> (continued)

Series M	2020	2019 <sup>(9)</sup>
Net Assets (000's of \$)	722	1
Number of units outstanding (000's)	26	0.04
Management expense ratio (MER) <sup>(2)</sup>	0.39%	0.39%
MER before waivers or absorptions <sup>(2)</sup>	0.87%	1.29%
Portfolio turnover rate <sup>(3)</sup>	72.89%	5.43%
Trading expense ratio <sup>(4)</sup>	0.08%	0.09%
Net asset value per unit	27.43	26.44

(1) This information is provided as at September 30, 2020 and 2019 in accordance with International Financial Reporting Standards.

(2) Management expense ratio (MER) is based on total expenses for the stated year and is expressed as an annualized percentage of daily average net asset value of the year.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of a year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and performance of the Fund.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the year.

(5) Series A commenced operations October 1, 2018.

(6) Series F commenced operations October 1, 2019.

(7) Series T6 commenced operations July 19, 2019.

(8) Series F6 commenced operations December 21, 2018.

(9) Series M commenced operations September 16, 2019.

## MANAGEMENT FEES

The Fund pays an annual management fee of 1.85% for Series A and Series T6 units, and 0.85% for Series F and Series F6 units, multiplied by the series net asset value of the Fund, to NCM, the Fund's Manager and Portfolio Manager. Management fees are calculated and paid monthly. There is no management fee attached to Series M. For the year ended September 30, 2020, management fees amounted to \$363,480. NCM paid servicing commissions of \$122,528 (i.e. 33.71%) from these management fees to investment dealers.

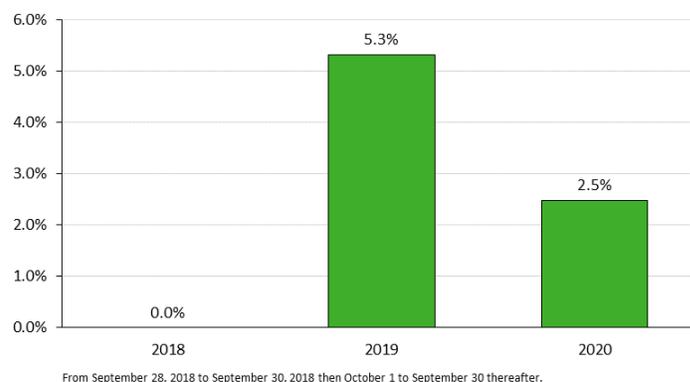
## PAST PERFORMANCE

The charts below illustrate the performance of the Fund since inception in percentages. These charts reflect the performance you would have received if you invested in the Fund on the first day of the year through the last day of the year.

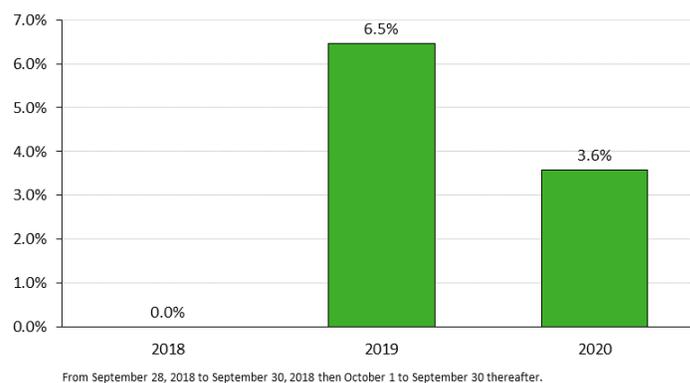
They assume that all distributions made by the Fund in the years shown are reinvested in additional securities of the Fund. They do not take into account sales, redemption, distribution or other optional charges which would have reduced returns or performance. Each year, the Fund's performance has changed and past performance does not guarantee future performance.

## YEAR BY YEAR RETURNS

### Series A

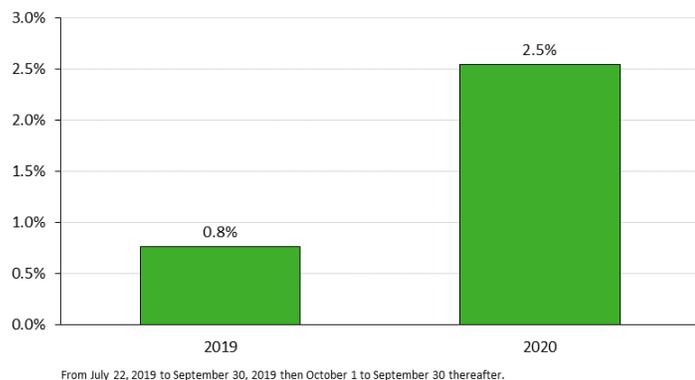


### Series F

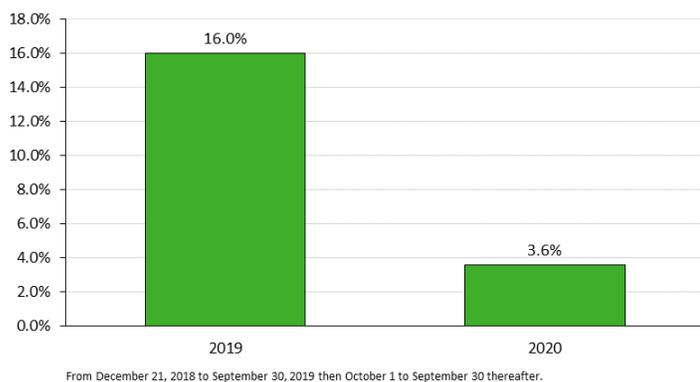


## YEAR BY YEAR RETURNS (continued)

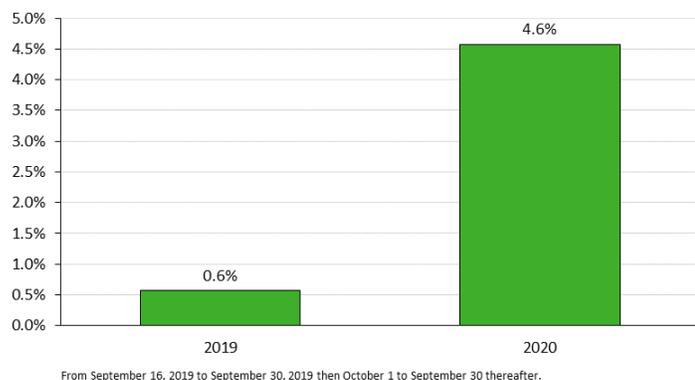
### Series T6



### Series F6



### Series M



Index (currency hedged), 22.5% S&P/TSX Composite Total Return Index, and 5.0% S&P 3-Month Canada Treasury Bill Total Return Index.

	Series A	Series F	Series T6	Series F6	Series M	Index
One year	2.5%	3.6%	2.5%	3.6%	4.6%	6.3%
Since Inception* – Series A (September 28, 2018)	3.9%					6.1%
Since Inception* – Series F (September 28, 2018)		5.0%				6.1%
Since Inception* – Series T6 (July 22, 2019)			2.8%			6.0%
Since Inception* – Series F6 (December 21, 2018)				10.9%		13.0%
Since Inception* – Series M (September 16, 2019)					5.0%	6.2%

\* annualized

## ANNUAL COMPOUND RETURNS

The following table shows the percent compounded returns to September 30, 2020 for each series of the Fund for the years indicated. It also shows the returns for the Fund's benchmark index, which is 27.5% FTSE TMX Canada Universe Bond Index, 45.0% MSCI World Net Total Return

## SUMMARY OF INVESTMENT PORTFOLIO

The following investments were held by the Fund as at September 30, 2020.

Investments	Percent of net assets
NCM Core Global, Series 'R'	20.3%
BMO Short Provincial Bond Index ETF	12.4%
BMO Mid Federal Bond Index ETF	11.9%
NCM Core Canadian, Series 'R'	9.4%
Vanguard FTSE Developed All Cap ex North America Index ETF (CAD Hedged)	9.2%
NCM Short Term Income Fund, Series 'R'	8.4%
NCM Core American, Series 'R'	4.4%
NCM Norrep Fund, Series 'R'	4.0%
BMO High Yield US Corporate Bond Hedged to CAD Index ETF	3.7%
iShares S&P Global Water Index Fund	3.4%
iShares Global Agriculture Index ETF	3.3%
iShares Global Real Estate Index ETF	3.3%
BMO Global Infrastructure Index ETF	3.2%
BMO Long Provincial Bond Index ETF	1.4%
Total Securities	98.3%
<b>Other</b>	
Cash and cash equivalents	(1.1)%
Other assets – net of liabilities	2.8%
Total net asset value	100.0%

### Industry Sectors

Energy	0.6%
Materials	1.8%
Industrials	1.8%
Consumer Discretionary	1.7%
Consumer Staples	1.5%
Health Care	1.8%
Financials	2.4%
Information Technology	2.8%
Communication Services	1.2%
Utilities	0.3%
Real Estate	0.6%
Bonds and Term Loans	32.8%
Exchange Traded Funds	22.5%
Other	28.2%
Total	100.0%

The investments held by the Fund change due to ongoing portfolio transactions. A revised summary is posted on our website at [www.ncminvestments.com](http://www.ncminvestments.com) no later than 60 days after each quarter end.

## OTHER MATERIAL INFORMATION

The simplified prospectus and all other Fund related materials can be obtained by calling us toll-free at (877) 531-9355, by writing to us at 1850, 333-7<sup>th</sup> Avenue SW Calgary, Alberta T2P 2Z1 or from our website at [www.ncminvestments.com](http://www.ncminvestments.com).

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