

March 31, 2020

INTERIM FINANCIAL STATEMENTS OF
NCM MARKET NEUTRAL
INCOME FUND



TO THE UNITHOLDERS OF NCM MARKET NEUTRAL INCOME FUND.

These unaudited interim financial statements are as at March 31, 2020. 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, 2020 and September 30, 2019, statements of comprehensive income, changes in net assets attributable to unitholders, and cash flows for the six months ended March 31, 2020 and 2019; 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 Market Neutral Income Fund.

May 28, 2020

NCM MARKET NEUTRAL INCOME FUND

Interim Statements of Financial Position
(unaudited)

(in Canadian dollars, except units outstanding)

As at	March 31 2020	September 30 2019
Assets		
Cash and cash equivalents	1,932,695	346,047
Dividends receivable	38,369	42,634
Interest receivable	52,497	161,796
Due from Manager (note 8)	20,530	41,505
Portfolio assets sold	1,253,271	1,349,524
Investments, at fair value through profit or loss	18,873,442	36,256,954
Total assets	22,170,804	38,198,460
Liabilities		
Accrued expenses (note 8)	39,930	66,105
Distributions payable	52,992	106,010
Dividends payable on investments sold short	45,302	66,526
Portfolio assets purchased	2,232,048	1,221,282
Units redeemed	427,517	391,422
Investments - short, at fair value through profit or loss	9,180,739	18,024,706
Total liabilities (excluding net assets attributable to holders of redeemable units)	11,978,528	19,876,051
Net assets attributable to holders of redeemable units	10,192,276	18,322,409
Net assets attributable to holders of redeemable units:		
Class A	4,010,802	4,404,725
Class F	6,181,474	13,917,684
Redeemable units outstanding (note 6):		
Class A	495,815	522,563
Class F	690,633	1,500,483
Net assets attributable to holders of redeemable units per unit:		
Class A	8.09	8.43
Class F	8.95	9.28

See accompanying notes to interim financial statements.

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



Keith Leslie



Alex Sasso

NCM MARKET NEUTRAL INCOME FUND

Interim Statements of Comprehensive Income (Loss)
(unaudited)

Six months ended March 31, 2020 and 2019

(in Canadian dollars)

	2020	2019
Dividend income	205,238	296,838
Interest for distribution purposes	296,487	546,391
Net gain (loss) on investments at fair value through profit or loss		
Net realized gain (loss) on investments	(79,921)	(2,051,700)
Net change in unrealized appreciation (depreciation) in fair value of investments	(110,966)	365,437
Total investment revenue (loss)	310,838	(843,034)
Dividend expense on investments sold short	206,262	290,387
Management fees (note 8)	93,584	140,349
Transaction costs	68,912	89,281
Risk management fees	46,937	74,843
Custodian and record keeping fees	18,749	19,702
Administrative fees (note 8)	12,827	21,934
HST/GST	7,940	12,849
Other	6,277	6,590
Audit fees	5,500	5,350
Computer services	3,846	5,307
Tax and other professional fees	2,755	4,156
Independent review committee	(135)	2,049
Legal and filing fees	(148)	4,251
Operating expense recovery (note 8)	(20,530)	(25,700)
Total operating expenses	452,776	651,348
Increase (decrease) in net assets attributable to holders of redeemable units	(141,938)	(1,494,382)
Change in net assets attributable to holders of redeemable units (note 6):		
Class A	(89,932)	(346,608)
Class F	(52,006)	(1,147,774)
Change in net assets attributable to holders of redeemable units per unit (note 6):		
Class A	(0.18)	(0.55)
Class F	(0.04)	(0.55)

See accompanying notes to interim financial statements.

NCM MARKET NEUTRAL INCOME FUND

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

Six months ended March 31, 2020 and 2019

(in Canadian dollars)

	All Series		Class A		Class F	
	2020	2019	2020	2019	2020	2019
Net assets attributable to holders of redeemable units, beginning of period	18,322,409	29,528,261	4,404,725	6,379,101	13,917,684	23,149,160
Increase (decrease) in net assets, attributable to holders of redeemable units	(141,938)	(1,494,382)	(89,932)	(346,608)	(52,006)	(1,147,774)
Transactions attributable to holders of redeemable units:						
Issuance of units	940,832	3,623,013	–	–	940,832	3,623,013
Reinvestment of distributions	137,157	205,608	70,170	91,337	66,987	114,271
Amounts paid on redemptions	(8,773,571)	(11,284,613)	(289,131)	(1,514,025)	(8,484,440)	(9,770,588)
	(7,695,582)	(7,455,992)	(218,961)	(1,422,688)	(7,476,621)	(6,033,304)
Distributions declared	(292,613)	(496,756)	(85,030)	(111,086)	(207,583)	(385,670)
	(292,613)	(496,756)	(85,030)	(111,086)	(207,583)	(385,670)
Net assets attributable to holders of redeemable units, end of period	10,192,276	20,081,131	4,010,802	4,498,719	6,181,474	15,582,412
Distributions per unit to holders of redeemable units			0.17	0.18	0.19	0.20

See accompanying notes to Interim financial statements.

NCM MARKET NEUTRAL INCOME FUND

Interim Statements of Cash Flows
(unaudited)

Six months ended March 31, 2020 and 2019

(in Canadian dollars)

	2020	2019
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	(141,938)	(1,494,382)
Adjustments for:		
Net realized (gain) loss on sale of investments at fair value through profit or loss	79,921	2,051,700
Net change in unrealized (appreciation) depreciation of investments at fair value through profit or loss	110,966	(365,437)
Purchase of investments	(77,741,330)	(117,499,072)
Proceeds from the sale and maturity of investments	87,197,201	125,590,938
Dividends receivable	4,265	3,668
Interest receivable	109,299	121,512
Due from Manager	20,975	(8,200)
Accrued expenses	(26,175)	(19,900)
Dividends payable on investments sold short	(21,224)	12,816
Net cash from (used in) operating activities	9,591,960	8,393,643
Cash flows from (used in) financing activities		
Proceeds from the issuance of redeemable units	940,832	3,623,012
Amounts paid on redemption of redeemable units	(8,737,476)	(14,014,279)
Distributions to holders of redeemable units, net of reinvestments	(208,474)	(340,486)
Net cash from (used in) financing activities	(8,005,118)	(10,731,752)
Net increase (decrease) in cash and cash equivalents	1,586,842	(2,338,109)
Effect of exchange rates on cash and cash equivalents	(194)	(21)
Cash and cash equivalents at beginning of period	346,047	2,443,136
Cash and cash equivalents at end of period	1,932,695	105,006
Dividends received, net of withholding tax paid	209,503	300,506
Interest received	405,786	667,903
Dividend expenses on investments sold short	227,486	277,571

See accompanying notes to Interim financial statements.

NCM MARKET NEUTRAL INCOME FUND

Schedule of Investment Portfolio
(unaudited)

As at March 31, 2020

(in Canadian dollars)

Description	Number of Shares / Par Value	Cost (\$)	Fair Value (\$)	% of Net Assets
CANADIAN EQUITIES - LONG				
Communication Services				
BCE Inc.	7,200	405,420	415,656	
TELUS Corp.	11,200	260,201	249,200	
		665,621	664,856	6.5%
Consumer Discretionary				
BRP Inc.	5,400	261,614	123,984	
Pizza Pizza Royalty Corp.	10,000	90,425	74,000	
		352,039	197,984	1.9%
Consumer Staples				
Alimentation Couche-Tard Inc., Class 'B'	3,600	134,903	119,340	
Clearwater Seafoods Inc.	63,500	316,279	324,485	
High Liner Foods Inc.	34,900	271,206	224,407	
Loblaws Cos. Ltd.	4,900	323,967	355,495	
		1,046,355	1,023,727	10.0%
Energy				
Enbridge Inc.	3,600	146,979	147,528	
North American Construction Group Ltd.	13,500	193,968	95,715	
Parex Resources Inc.	34,100	570,463	405,790	
Suncor Energy Inc.	11,900	251,554	267,274	
		1,162,964	916,307	9.0%
Financials				
ECN Capital Corp.	24,900	117,423	93,624	
Genworth MI Canada Inc.	5,600	286,098	175,112	
goeasy Ltd.	5,900	285,187	214,701	
National Bank of Canada	3,800	228,657	206,682	
Royal Bank of Canada	4,300	388,745	374,831	
		1,306,110	1,064,950	10.5%
Industrials				
Aecon Group Inc.	14,500	237,821	182,120	
Hardwoods Distribution Inc.	31,100	429,474	301,359	
Stantec Inc.	7,500	274,325	270,000	
Toromont Industries Ltd.	7,000	404,043	431,550	
		1,345,663	1,185,029	11.6%
Information Technology				
Enghouse Systems Ltd.	5,300	219,020	230,709	
		219,020	230,709	2.3%
Materials				
B2Gold Corp.	57,900	267,464	246,654	
Barrick Gold Corp.	8,300	214,966	214,638	
Cascades Inc.	32,000	387,619	402,240	
Intertape Polymer Group Inc.	11,800	184,358	118,472	

NCM MARKET NEUTRAL INCOME FUND

Schedule of Investment Portfolio (continued)
(unaudited)

As at March 31, 2020

(in Canadian dollars)

Description	Number of Shares / Par Value	Cost (\$)	Fair Value (\$)	% of Net Assets
Materials (continued)				
K92 Mining Inc.	54,900	134,142	162,504	
Kirkland Lake Gold Ltd.	5,300	246,844	219,685	
Lundin Mining Corp.	71,900	490,472	380,351	
Pan American Silver Corp.	13,800	386,146	279,450	
		2,312,011	2,023,994	19.9%
Real Estate				
Canadian Apartment Properties REIT	8,100	442,694	344,979	
Granite REIT	4,300	282,330	249,959	
Killam Apartment REIT	25,400	499,216	400,812	
Real Matters Inc.	9,900	137,929	138,600	
Slate Retail REIT, Class 'U'	37,800	335,293	257,418	
		1,697,462	1,391,769	13.7%
Utilities				
Algonquin Power & Utilities Corp.	10,800	193,379	204,660	
Northland Power Inc.	9,900	281,671	278,091	
		475,050	482,751	4.7%
TOTAL CANADIAN EQUITIES - LONG		10,582,295	9,182,075	90.1%
TOTAL EQUITIES - LONG		10,582,295	9,182,075	90.1%
CANADIAN BONDS - LONG (Par Value in CAD except as otherwise stated)				
Corporate				
Artis REIT, Series 'C', 3.674%, 2021/02/22	600,000	607,182	602,743	
Brookfield Property Finance ULC, Series 2, 4.115%, 2021/10/19	300,000	302,400	302,400	
Cameco Corp., Series 'E', 3.750%, 2022/11/14	600,000	609,912	594,174	
Fairfax Financial Holdings Ltd., Callable, 5.840%, 2022/10/14	600,000	630,820	635,940	
Ford Credit Canada Co., Callable, 2.923%, 2020/09/16	800,000	795,060	783,224	
GE Capital Canada Funding Co., Floating Rate, 2.320%, 2022/02/15	2,000,000	1,966,260	1,954,500	
General Motors Financial of Canada Ltd., 2.600%, 2022/06/01	800,000	770,055	736,477	
MCAP Commercial L.P., 5.000%, 2022/12/14	1,000,000	1,047,549	1,038,122	
Morguard Corp., Callable, Series 'C', 4.333%, 2022/09/15	1,000,000	1,038,437	1,008,040	
Teranet Holdings L.P., Callable, 4.807%, 2020/12/16	400,000	404,657	404,996	
		8,172,332	8,060,616	79.1%
Exchange Traded Funds				
iShares 1-5 Year Laddered Corporate Bond Index Fund	18,000	339,509	323,100	
iShares Canadian Short Term Bond Index ETF	16,900	473,880	467,623	
iShares Canadian Universe Bond Index ETF	5,000	167,968	157,100	
		981,357	947,823	9.3%
Mutual Fund Shares				
NCM Short Term Income Fund, Series 'R'	80,480	823,801	682,928	
		823,801	682,928	6.7%
TOTAL BONDS - LONG		9,977,490	9,691,367	95.1%
TOTAL INVESTMENTS - LONG		20,559,785	18,873,442	185.2%

NCM MARKET NEUTRAL INCOME FUND

Schedule of Investment Portfolio (continued)
(unaudited)

As at March 31, 2020

(in Canadian dollars)

Description	Number of Shares	Proceeds (\$)	Fair Value (\$)	% of Net Assets
CANADIAN EQUITIES - SHORT				
Communication Services				
Rogers Communications Inc., Class 'B'	(4,200)	(250,199)	(246,708)	
Shaw Communications Inc., Class 'B'	(18,100)	(399,779)	(413,223)	
		(649,978)	(659,931)	-6.5%
Consumer Discretionary				
Great Canadian Gaming Corp.	(4,200)	(102,508)	(104,916)	
Linamar Corp.	(2,700)	(90,255)	(78,651)	
Magna International Inc.	(2,200)	(100,524)	(98,802)	
Recipe Unlimited Corp.	(5,700)	(97,814)	(49,362)	
		(391,101)	(331,731)	-3.3%
Consumer Staples				
Andrew Peller Ltd., Class 'A'	(24,900)	(164,834)	(205,674)	
Maple Leaf Foods Inc.	(7,200)	(161,537)	(183,744)	
North West Co. Inc. (The)	(16,400)	(327,315)	(367,688)	
Primo Water Corp.	(12,600)	(187,269)	(160,902)	
Rogers Sugar Inc.	(23,900)	(129,434)	(104,921)	
		(970,389)	(1,022,929)	-10.0%
Energy				
ARC Resources Ltd.	(22,900)	(98,174)	(92,745)	
Freehold Royalties Ltd.	(37,900)	(174,212)	(111,426)	
Imperial Oil Ltd.	(16,900)	(352,330)	(268,879)	
Inter Pipeline Ltd.	(19,000)	(200,356)	(159,980)	
Pason Systems Inc.	(7,400)	(96,654)	(46,250)	
Pinnacle Renewable Energy Inc.	(300)	(1,922)	(1,869)	
PrairieSky Royalty Ltd.	(14,100)	(139,751)	(104,763)	
Tervita Corp.	(11,600)	(78,304)	(40,252)	
Tourmaline Oil Corp.	(10,900)	(119,149)	(94,176)	
		(1,260,852)	(920,340)	-9.0%
Financials				
Canadian Western Bank	(11,000)	(292,082)	(213,070)	
IGM Financial Inc.	(12,100)	(358,463)	(282,535)	
Laurentian Bank of Canada	(12,100)	(417,856)	(369,776)	
Onex Corp.	(2,500)	(172,521)	(128,775)	
TMX Group Ltd.	(700)	(80,406)	(73,339)	
		(1,321,328)	(1,067,495)	-10.5%
Industrials				
Finning International Inc.	(29,900)	(340,441)	(451,490)	
Richelieu Hardware Ltd.	(8,300)	(203,726)	(184,509)	
Rocky Mountain Dealerships Inc.	(13,700)	(91,179)	(54,800)	
Russel Metals Inc.	(10,400)	(176,921)	(136,136)	
Savaria Corp.	(15,700)	(168,679)	(166,891)	
Westshore Terminals Investment Corp.	(14,900)	(228,812)	(194,892)	
		(1,209,758)	(1,188,718)	-11.7%

NCM MARKET NEUTRAL INCOME FUND

Schedule of Investment Portfolio (continued)
(unaudited)

As at March 31, 2020

(in Canadian dollars)

Description	Number of Shares	Proceeds (\$)	Fair Value (\$)	% of Net Assets
Information Technology				
BlackBerry Ltd.	(11,800)	(96,965)	(68,086)	
Celestica Inc.	(8,400)	(79,504)	(41,496)	
Sierra Wireless Inc.	(14,900)	(211,296)	(118,455)	
		(387,765)	(228,037)	-2.2%
Materials				
Agnico Eagle Mines Ltd.	(2,400)	(143,368)	(134,832)	
AirBoss of America Corp.	(15,800)	(128,393)	(127,348)	
Alamos Gold Inc., Class 'A'	(12,900)	(88,039)	(91,203)	
Altius Minerals Corp.	(12,800)	(133,444)	(90,752)	
Domtar Corp.	(2,600)	(99,857)	(78,676)	
First Majestic Silver Corp.	(14,900)	(168,856)	(129,928)	
First Quantum Minerals Ltd.	(31,400)	(264,857)	(225,766)	
Franco-Nevada Corp.	(400)	(52,216)	(56,244)	
IAMGOLD Corp.	(36,900)	(137,458)	(118,080)	
Osisko Gold Royalties Ltd.	(12,400)	(124,695)	(130,200)	
Pretium Resources Inc.	(9,900)	(99,941)	(79,497)	
Sandstorm Gold Ltd.	(15,900)	(116,604)	(112,095)	
SSR Mining Inc.	(5,000)	(94,545)	(80,250)	
Stella-Jones Inc.	(3,700)	(128,942)	(113,442)	
Wheaton Precious Metals Corp.	(3,700)	(150,403)	(143,301)	
Winpak Ltd.	(6,200)	(228,874)	(269,700)	
Yamana Gold Inc.	(12,300)	(57,044)	(48,093)	
		(2,217,536)	(2,029,407)	-19.9%
Real Estate				
Brookfield Property Partners L.P.	(6,900)	(154,682)	(78,384)	
Crombie REIT	(12,900)	(182,678)	(160,218)	
H&R REIT	(16,400)	(244,877)	(146,452)	
InterRent REIT	(15,000)	(244,346)	(199,650)	
Minto Apartment REIT	(8,600)	(162,709)	(167,700)	
Morguard North American Residential REIT	(14,900)	(259,372)	(199,511)	
Slate Office REIT	(53,400)	(283,406)	(195,978)	
Summit Industrial Income REIT	(12,100)	(133,934)	(107,327)	
		(1,666,004)	(1,255,220)	-12.3%
Utilities				
Atlantic Power Corp.	(68,100)	(192,981)	(204,981)	
Emera Inc.	(4,900)	(273,553)	(271,950)	
		(466,534)	(476,931)	-4.7%
TOTAL CANADIAN EQUITIES - SHORT		(10,541,245)	(9,180,739)	-90.1%
TOTAL INVESTMENTS - SHORT		(10,541,245)	(9,180,739)	-90.1%
Less: Transaction costs included in average cost		(13,283)		
TOTAL INVESTMENTS		10,005,257	9,692,703	95.1%
Other assets, less liabilities			499,573	4.9%
TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			10,192,276	100.0%

NCM MARKET NEUTRAL INCOME FUND

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2020 and 2019

1. Reporting Entity

On August 27, 2018, Norrep Market Neutral Income Fund changed its name to NCM Market Neutral Income Fund. NCM Market Neutral Income Fund (the “Fund”) is an unincorporated open-ended mutual fund trust established under the laws of Ontario pursuant to a Declaration of Trust dated January 1, 2011 as amended and restated June 14, 2012, May 15, 2013, August 8, 2013 and March 24, 2017. The Fund’s principal place of business is 99 Yorkville Avenue, Toronto, Ontario, M5R 3K5.

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. (“Manager and Portfolio Manager”) provides investment management services and manages the day-to-day operation of the Fund. TSX Trust Company is the trustee, Scotia Capital Inc. is the Prime Broker, CIBC Mellon Global Securities Services Company is the custodian, transfer agent, administrator and registrar and NCM Asset Management Ltd. is the Promoter of the 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, 2020.

(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.

NCM MARKET NEUTRAL INCOME FUND

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2020 and 2019

2. Basis of preparation (continued)

(d) Use of judgements and estimates (continued):

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. Significant areas requiring the use of management estimates include the fair value of investments and the unrealized gains/losses from investments.

3. Significant accounting policies

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

(a) Financial assets and financial liabilities:

(i) Recognition and initial measurement

Financial assets and financial liabilities at fair value through profit or loss (“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 originated.

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

(ii) Derecognition

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

Effective January 1, 2018, the Fund adopted 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 and the contractual cash flow characteristics of the financial assets.

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

Upon transition to IFRS 9, the Fund’s financial assets and financial liabilities that were classified as fair value through profit and loss under IAS 39 continued to be categorized as

NCM MARKET NEUTRAL INCOME FUND

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2020 and 2019

3. Significant accounting policies (continued)

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

(iii) Classification (continued)

fair value through profit and loss. There were no changes in the measurement attributes for any of the financial assets and financial liabilities upon transition to IFRS 9.

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; this is a change from the requirement under IAS 39 where derivatives were classified as Held for Trading. However, Canadian Security Administrators (“CSA”) regulatory requirements under NI 81-106 prescribe the individual line items that are required to be disclosed which includes separate disclosure for derivatives

The Funds classify financial assets and financial liabilities into the following categories.

Financial assets at fair value through profit or loss:

- All investments, including derivatives

Financial assets at amortized cost:

- Cash and cash equivalents and receivables

Financial liabilities at amortised cost:

- All liabilities other than redeemable units

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

NCM MARKET NEUTRAL INCOME FUND

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2020 and 2019

3. Significant accounting policies (continued)

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

(iv) Fair value measurement (continued)

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 the restriction.

Fair value of investments in share purchase warrants is determined using a recognized economic model taking into account various factors including risk free rate of interest, dividend rates, volatility, market value and trading volume of the underlying stock.

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

NCM MARKET NEUTRAL INCOME FUND

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2020 and 2019

3. Significant accounting policies (continued)

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

(vi) Specific instruments (continued)

Redeemable units (continued)

multiple classes of redeemable units that do not have identical features and therefore, do not qualify as equity under IAS 32, Financial Instruments. 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 and dividend expense:

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.

The Fund incurs expenses on short positions in equity securities equal to the dividends due on these securities. Such dividend expense is recognized in profit or loss as operating expense when the shareholders' right to receive payment is established.

(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.

NCM MARKET NEUTRAL INCOME FUND

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2020 and 2019

3. Significant accounting policies (continued)

(f) Income tax:

As at March 31, 2020 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 has not been subject to withholding tax during the periods ended March 31, 2020 and 2019.

(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) Short selling:

The Fund may make short sales whereby a security that it does not own is sold in anticipation of a decline in the fair value of the security. Securities that are sold short are valued at the last traded price reported by the principal securities exchange on which the issue is traded on the financial statement date. To enter into a short sale, the Fund will need to borrow the security for delivery to the buyer. Also, while the transaction is open, the Fund will incur a liability for any paid dividends or interest that is due to the lender of the security. Should the security increase in value during the shorting period, the Fund will incur a loss. There is, in theory, no upper limit to how high the price of a security may go. Another risk involved in shorting is the loss of a borrow, a situation where

NCM MARKET NEUTRAL INCOME FUND

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2020 and 2019

3. Significant accounting policies (continued)

(i) Short selling (continued):

the lender of the security requests its return. In cases like this, the Fund must either find securities to replace those borrowed or step into the market and repurchase the securities. Depending on the liquidity of the security shorted, if there are insufficient securities available at current market prices, the Fund may have to bid up the price of the security in order to cover the short, resulting in losses to the Fund.

4. Fair value measurement

(a) Investments

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

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

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

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

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

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

The tables below analyze investments measured at fair value at the reporting dates by the fair value hierarchy into which the fair value measurement is categorized.

NCM MARKET NEUTRAL INCOME FUND

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2020 and 2019

4. Fair value measurement (continued)

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

<i>(in Canadian dollars)</i>	Level 1	Level 2	Level 3	Total
March 31, 2020				
Public securities - Equities - long	9,182,075	—	—	9,182,075
Public securities - Bonds/ETFs	—	9,691,367	—	9,691,367
	9,182,075	9,691,367	—	18,873,442
Public securities - Equities - short	(9,180,739)	—	—	(9,180,739)
Total Investments	1,336	9,691,367	—	9,692,703

<i>(in Canadian dollars)</i>	Level 1	Level 2	Level 3	Total
September 30, 2019				
Public securities - Equities - long	18,029,635	—	—	18,029,635
Public securities - Bonds/ETFs	—	18,227,319	—	18,227,319
	18,029,635	18,227,319	—	36,256,954
Public securities - Equities - short	(18,024,706)	—	—	(18,024,706)
Total Investments	4,929	18,227,319	—	18,232,248

There were no transfers into or out of Level 1, 2 or 3 during the periods.

(c) Financial instruments not measured at fair value

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

5. Financial instruments and associated risks

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

NCM MARKET NEUTRAL INCOME FUND

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2020 and 2019

5. Financial instruments and associated risks (continued)

Credit risk (continued):

March 31, 2020. This also applies to cash and cash equivalents and receivables as they have a short-term settlement.

A portion of the Fund's portfolio 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, 2020 and September 30, 2019, 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, 2020	September 30, 2019
A	-	5.0%
BBB	79.1%	77.9%

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 Scotia Capital Inc., the Prime Broker. Bankruptcy or insolvency of the custodian and Prime Broker 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 holdings to another financial institution.

NCM MARKET NEUTRAL INCOME FUND

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2020 and 2019

5. Financial instruments and associated risks (continued)

Liquidity risk:

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

The Fund is exposed to monthly 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 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. 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 Manager. The Fund's redemption policy allows for redemptions on the last business day of any given month when at least 14 days' notice is given by the unitholder.

The Fund may borrow to make investments or maintain liquidity and may pledge its assets to secure the borrowings.

Market risk:

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and price risk.

The Fund is an alternative investment fund that seeks to generate absolute returns with low volatility and minimal exposure and correlation to equity markets and other indices, while generating an annual distribution. To achieve its objective, the Fund employs a market neutral investment strategy and generally maintains long and short exposures of similar values. The Fund will also invest a large portion of its net assets in corporate investment grade bonds (BBB rated or greater). The Fund may, from time to time, invest a portion of its bond component in non-investment grade bonds or in fixed income mutual funds. The Fund will also maintain a passive corporate bond strategy, whereby bonds are shorter term in nature and are generally held to maturity, with the intention of generating at least a 3% annual distribution to Unitholders, payable quarterly.

The success of the Fund's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Unexpected volatility or illiquidity could reduce the Fund's profitability or result in losses.

NCM MARKET NEUTRAL INCOME FUND

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2020 and 2019

5. Financial instruments and associated risks (continued)

Market risk (continued):

The Fund may invest in bonds or other fixed income securities of U.S., Canadian and other issuers, including, without limitation, bonds, notes and debentures issued by corporations, debt securities issued or guaranteed by the federal, state or provincial government in the United States or Canada or a governmental agency and commercial paper. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which the Fund invests will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). If fixed income investments are not held to maturity, the Fund may suffer a loss at the time of sale of such securities.

No material change in the investment objectives, policies or restrictions of the Fund may be made without provision of at least 60 days prior written notice to unitholders.

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, 2020 are disclosed in the schedule of investment portfolio.

(a) Currency risk:

Investments 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 March 31, 2020 and September 30, 2019 the Fund did not hold any foreign currency denominated investments.

(b) Interest rate risk:

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

NCM MARKET NEUTRAL INCOME FUND

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2020 and 2019

5. Financial instruments and associated risks (continued)

Market risk (continued):

(b) Interest rate risk (continued):

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 rate risks. It includes the Fund's assets at fair values, categorized by the maturity dates.

March 31, 2020	Less than 1 year	1 to 3 years	3 to 5 years	>5 years	Total
All amounts stated in Canadian dollars					
Corporate bonds/Secured loans	1,790,963	6,269,653	—	—	8,060,616

September 30, 2019	Less than 1 year	1 to 3 years	3 to 5 years	>5 years	Total
All amounts stated in Canadian dollars					
Corporate bonds/Secured loans	7,060,986	6,486,114	1,644,465	—	15,191,565

(c) Other price risk:

Other price risk is the risk that 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. However, the Fund which hold short positions are subject to certain inherent risks. The ultimate cost to the Fund to acquire these securities may exceed the liability reflected in these financial statements.

Approximately 40% of the equity portion of the Fund will be managed with "pairs" trades, meaning the Fund will match a "long" position with a "short" position of two different stocks in the sub-sector of the market with the intention of eliminating market risk. The strategy looks to take advantage of profitable opportunities based on differences in valuation and market momentum (i.e. the perceived strength of a downward or upward movement in prices), of companies in the same line of business.

Approximately 60% of the equity portion will primarily be managed using our back tested quantitative models. Earnings surprises (i.e. actual company performance in comparison to analysts' expectations) will have a significant influence on securities selection. Other factors of importance in the long positions include low valuations, high profitability, strong earnings and price momentum and low debt levels. The short positions tend to have the opposite characteristics. This portion of the portfolio will generally have zero sector exposure. The Portfolio

NCM MARKET NEUTRAL INCOME FUND

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2020 and 2019

5. Financial instruments and associated risks (continued)

Market risk (continued):

(c) Other price risk (continued):

is rebalanced daily to ensure that the Fund has close to zero net market exposure at all times.

Price risk is managed by the Fund's Manager by constructing a diverse portfolio of securities. The price of a stock is affected by individual company developments and by general economic and financial conditions in those countries where the issuer of the stock is located, does business or where the stock is listed for trading. A portion of the bonds may not have a liquid market for resale.

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

The Fund will primarily invest in government and corporate debt securities of varying types. The following table details the breakdown of the investment assets and liabilities held by the Fund as at March 31, 2020 and September 30, 2019:

	% of Investments	
	2020	2019
Investments:		
Listed equities held long	94.7%	98.9%
Listed equities held short	(94.7)%	(98.9)%
Over-the-counter debt instruments - long	100.0%	100.0%

Sensitivity analysis:

There is no direction on any index at March 31, 2020 and September 30, 2019 that would have impacted the net assets attributable to holders of redeemable units. The Fund relies on the ability of the Manager to actively manage the Fund.

6. Net assets attributable to holders of redeemable units

The authorized capital of the Fund consists of an unlimited number of units of each class, each representing an equal undivided interest in the net assets of the Fund. Currently there are two classes outstanding, Class A and Class F. Each Class ranks equally in the event of liquidation, dissolution or winding up based on their respective Class net asset values. Each Class 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. When purchasing Class A units, a commission ranging from 0 to 2% is paid to the dealer with a 3% redemption fee being charged if the units are redeemed in the first 180 days. Class F units are sold without commission provided the purchaser is enrolled in a fee-for-service or wrap program with the dealer. A 3% redemption fee is charged if the Class F units are redeemed in the first 180 days.

NCM MARKET NEUTRAL INCOME FUND

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2020 and 2019

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

The units may be redeemed monthly 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 period was as follows:

Class A	2020	2019
Balance, opening	522,563	706,672
Issued on distributions reinvested	8,549	10,893
Redeemed for cash	(35,297)	(175,859)
Balance, March 31	495,815	541,706

Class F	2020	2019
Balance, opening	1,500,483	2,356,901
Issued on distributions reinvested	7,350	12,471
Issued for cash	102,044	384,897
Redeemed for cash	(919,244)	(1,039,594)
Balance, March 31	690,633	1,714,675

The calculation of the 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 may not reflect the absolute figures.

NCM Market Neutral Income Fund – March 31, 2020	Class A	Class F
Decrease in net assets attributable to holders of redeemable units	\$(89,932)	\$(52,006)
Average units outstanding during the period	510,229	1,260,140
Increase in net assets attributable to holders of redeemable units per unit	\$(0.18)	\$(0.04)

NCM Market Neutral Income Fund - March 31, 2019	Class A	Class F
Decrease in net assets attributable to holders of redeemable units	\$(346,608)	\$(1,147,774)
Average units outstanding during the period	629,821	2,071,960
Increase in net assets attributable to holders of redeemable units per unit	\$(0.55)	\$(0.55)

7. Net asset value per unit at end of period

The net asset value per unit for the current period and previous 5 periods:

	Class A	Class F
March 31, 2020	\$8.09	\$8.95
September 30, 2019	\$8.43	\$9.28
September 30, 2018	\$9.03	\$9.82
December 31, 2017	\$9.38	\$10.12
December 31, 2016	\$9.66	\$10.31
December 31, 2015	\$10.69	\$11.28

NCM MARKET NEUTRAL INCOME FUND

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2020 and 2019

8. Management fees, expense and key contracts

(a) Manager and management fees:

The Class A units paid a monthly management fee to the Manager of 1/12 of 1.9% of the average net asset value of the Class. Class F units paid a monthly management fee to the Manager of 1/12 of 0.9% of the average net asset value of the Class. Included in accrued expenses is \$11,622 (September 30, 2019 - \$17,834) related to these fees.

The Performance Fee shall be calculated over a "Performance Measurement Period", which is a calendar quarter, and is based on the Fund's ability to generate an annualized return in excess of 5.0% (approximately 1.2272% per quarter due to compounding). In each Performance Measurement Period, 20% of the difference in performance from 1.2272% will be multiplied by the average net assets in the Fund to give the quarterly, positive or negative, bonus amount (the "Accrual"). A positive accrual is paid to the Manager. The accrual will be reset annually to zero at December 31st of each year. For any Performance Measurement Period in which there is no Performance Fee payable, the previous quarterly Accruals shall be carried forward and added to the current quarterly Accrual until such time as the Performance Fee becomes payable, or until December 31st of each year.

No change in the Investment Manager's Performance Fee payment policy will be made without at least 60 days notice to the unitholders.

As at March 31, 2020, included in accounts payable is \$nil (September 30, 2019 - \$nil) related to these fees.

(b) Expenses:

All fees and expenses applicable to the administration and operation of the Fund, including recordkeeping and communication costs, custodian fees, legal and filing fees, audit, applicable taxes and bank charges are payable by the Fund. The Manager has charged the Fund for administration services. Included in accrued expenses is \$1,582 (September 30, 2019 - \$2,537) related to these fees.

(c) Operating expense recoveries:

The Manager has agreed to absorb certain expenses associated with some of the Funds. Such absorptions may be terminated at any time without notice. Included in Due from Manager at March 31, 2020 is \$20,530 (September 30, 2019 - \$41,505) related to these fees.

9. Brokerage commissions on securities transactions

The Fund paid brokerage commissions amounting to \$68,912 (March 31, 2019 - \$89,122) in connection with portfolio transactions during the period.

NCM MARKET NEUTRAL INCOME FUND

Notes to Interim Financial Statements
(unaudited)

Six months ended March 31, 2020 and 2019

10. Filing of financial statements

The Fund is relying on the exemption provided by Section 2.11 of National Instrument 81-106 and therefore does not file its financial statements with the Ontario Securities Commission.

11. Subsequent events

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 Fund's investments and reflect the consequences as appropriate in our accounting and reporting.

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