

For the six months ended March 31, 2019

MANAGEMENT REPORT OF FUND PERFORMANCE  
**NCM ENTREPRENEURS CLASS**



# MANAGEMENT REPORT OF FUND PERFORMANCE

## NCM ENTREPRENEURS CLASS

---

This interim management report of fund performance contains financial highlights but does not contain the interim 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***

---

#### **RESULTS OF OPERATIONS**

There was significant panic from Canadian investors last year caused by a combination of a perceived global economic slowdown, trade issues with our largest trading partner and weak commodity prices. This created a general aversion for Canadian companies from investors and a panic sell-off in the fourth quarter of 2018. Even the perceived safer large cap Canadian companies fared poorly last year. When there is a large cap sell off, it generally creates indiscriminate selling for smaller companies which is exactly what we witnessed in the fourth quarter. Many of the issues that created the fear last year have been resolved: governments are moving to a more supportive policy, we signed a trade deal with the U.S. and commodity prices have recovered. In response, we have seen a recovery in the Canadian market.

However, smaller capitalization companies have not had the same recovery from oversold territory. Instead the recovery is much more company specific than being broadly based. There are virtually no investment flows into small cap Canadian funds so if a fund is going to add a new company to their portfolio they have to sell something else. A micro cap investment has to be very compelling to catch the interest of a generalist small cap fund in Canada, many of which have moved up market cap during the heightened volatility of the past year.

This in part has us excited because the structural inefficiency in the micro cap space is even greater today than we have seen in recent years with less investors focused in this area of the market. We are able to buy companies with strong growth prospects trading at a discount to what we believe is a normalized valuation. Due to the lack of investor interest at this point, it might take longer for these companies to reach intrinsic value but we are able to invest dollars at what we believe are very attractive valuations. If investors do not close the gap on the valuation discount over longer periods, these companies make very attractive acquisition candidates. There has already been a handful of acquisitions at significant premiums in Canadian micro caps to start this year, one of which we have owned in the portfolio. The company was acquired for a 46% premium on its 20 day volume weighted average price and nearly 100% premium from the price of the stock one month prior, which was the height of the panic. It goes to show that stock prices in the fourth quarter had little representation of the true fundamentals for many companies.

In response to the panic sell off, we deployed capital into the highest conviction companies in the portfolio. During this period, we increased our top ten holding from around 45% of the portfolio to around 60% by year end. These are all companies that we have a high degree of confidence that they will show revenue and earnings growth in

## **RESULTS OF OPERATIONS (continued)**

2019. As mentioned before, micro caps need to have a near term catalyst to attract investors and we feel this strong earnings growth and attractive valuations should attract investors. A number of these companies have seen a strong recovery to start this year, which explains most of the year to date performance of the Fund. However, there are several companies in the portfolio that have yet to recover meaningfully which explains why we think there is still significant upside potential in Canadian micro caps.

For the six months ended March 31, 2019, the Fund earned dividend, interest and other income amounting to \$613,017, \$107,460 and \$737, respectively. The change in unrealized depreciation in current value of investments was a decrease of \$7,446,926 and the realized gain on investments was \$3,424,087. Management fees of \$535,046 were paid. General and administrative costs of \$307,001 related to the operation of the Fund, and withholding tax of \$7,511, were also incurred. As a result of the above, the decrease in net assets attributable to holders of redeemable shares was \$4,151,183. Net assets attributable to holders of redeemable shares at the beginning of the period were \$89,203,617. Proceeds from the sale of shares were \$11,808,390; reinvestment of dividends was \$200,707 and redemptions were \$15,014,636. Dividends declared to holders of redeemable shares were \$234,414 in capital gains dividends. By March 31, 2019, the Fund had net assets attributable to holders of redeemable shares of \$81,812,481.

## **RELATED PARTY TRANSACTIONS**

Management fees of \$535,046 were paid to NCM Asset Management Ltd. ("NCM"), the Fund's Manager and Portfolio Manager. Management fees are 2% for Series A and 1% for Series F, of the series net asset value of the Fund and are calculated and paid monthly. In addition, administrative fees of \$69,720 were paid to NCM. Administration fees are charged by NCM at or below cost. They relate to accounting, trading, record keeping, compliance and other administrative costs.

## FINANCIAL HIGHLIGHTS

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

<b>Net asset value (NAV) per share <sup>(1)</sup> – Series A</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net Asset Value, beginning of period	\$28.48	\$30.03	\$26.97	\$22.59	\$21.93
Increase (decrease) from operations:					
Total revenue	0.24	0.48	0.49	0.67	0.75
Total expenses	(0.38)	(1.31)	(1.33)	(0.98)	(1.05)
Realized gains (losses) for the period	1.12	1.29	3.83	0.33	2.95
Unrealized gains (losses) for the period	(2.51)	(2.13)	0.21	4.50	(2.07)
<b>Total increase (decrease) from operations</b>	<b>(1.53)</b>	<b>(1.67)</b>	<b>3.20</b>	<b>4.52</b>	<b>0.58</b>
Distributions:					
From income	Nil	Nil	Nil	Nil	Nil
From dividends	Nil	Nil	Nil	Nil	Nil
From capital gains	(0.08)	Nil	(0.16)	Nil	Nil
<b>Total distributions <sup>(2)</sup></b>	<b>(0.08)</b>	<b>Nil</b>	<b>(0.16)</b>	<b>Nil</b>	<b>Nil</b>
<b>Net Asset Value, end of period <sup>(3)</sup></b>	<b>\$27.02</b>	<b>\$28.48</b>	<b>\$30.03</b>	<b>\$26.97</b>	<b>\$22.59</b>

(1) This information is provided as at March 31, 2019 for the current period, September 30 for 2018 and October 31 for the balance preceding periods presented. The information is in accordance with International Financial Reporting Standards. The opening net asset value for 2015 is restated in accordance with International Financial Reporting Standards.

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

(3) Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. 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.

<b>Ratios and Supplemental Data – Series A<sup>(1)</sup></b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net Assets (000's of \$)	31,562	36,373	36,473	23,541	15,158
Number of shares outstanding	1,168,218	1,277,260	1,214,613	872,900	670,877
Management expense ratio (MER) <sup>(2)</sup>	2.59%	4.35%	4.32%	3.72%	4.31%
MER before waivers or absorptions <sup>(2)</sup>	2.59%	4.35%	4.32%	3.72%	4.31%
Portfolio turnover rate <sup>(3)</sup>	18.73%	25.86%	48.07%	36.14%	40.32%
Trading expense ratio <sup>(4)</sup>	0.21%	0.21%	0.28%	0.36%	0.30%
Net asset value per share	\$27.02	\$28.48	\$30.03	\$26.97	\$22.59

(1) This information is provided as at March 31, 2019 for the current period, September 30 for 2018 and October 31 for the balance preceding periods presented. The information is in accordance with International Financial Reporting Standards.

(2) Management expense ratio (MER) is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value of the period. It includes performance bonus, if any.

(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 period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. 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 period.

## FINANCIAL HIGHLIGHTS (continued)

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

<b>Net asset value (NAV) per share<sup>(1)</sup> – Series F</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net Asset Value, beginning of period	\$31.04	\$32.40	\$28.81	\$23.92	\$22.98
Increase (decrease) from operations:					
Total revenue	0.26	0.52	0.52	0.69	0.75
Total expenses	(0.25)	(1.08)	(1.07)	(0.80)	(0.84)
Realized gains (losses) for the period	1.24	1.40	4.30	0.43	2.95
Unrealized gains (losses) for the period	(2.67)	(2.72)	0.01	4.98	(2.07)
Total increase (decrease) from operations	(1.42)	(1.88)	3.76	5.30	0.79
Distributions:					
From income	Nil	Nil	Nil	Nil	Nil
From dividends	Nil	Nil	Nil	Nil	Nil
From capital gains	(0.08)	Nil	(0.18)	Nil	Nil
Total distributions <sup>(2)</sup>	(0.08)	Nil	(0.18)	Nil	Nil
Net Asset Value, end of period <sup>(3)</sup>	\$29.61	\$31.04	\$32.40	\$28.81	\$23.92

(1) This information is provided as at March 31, 2019 for the current period, September 30 for 2018 and October 31 for the balance preceding periods presented. The information is in accordance with International Financial Reporting Standards. The opening net asset value for 2015 is restated in accordance with International Financial Reporting Standards.

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

(3) Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. 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.

<b>Ratios and Supplemental Data – Series F<sup>(1)</sup></b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net Assets (000's of \$)	44,951	47,894	29,181	11,349	5,868
Number of shares outstanding	1,517,961	1,543,043	900,723	393,866	245,302
Management expense ratio (MER) <sup>(2)</sup>	1.52%	3.28%	3.22%	2.64%	3.25%
MER before waivers or absorptions <sup>(2)</sup>	1.52%	3.28%	3.22%	2.64%	3.25%
Portfolio turnover rate <sup>(3)</sup>	18.73%	25.86%	48.07%	36.14%	40.32%
Trading expense ratio <sup>(4)</sup>	0.21%	0.21%	0.28%	0.36%	0.30%
Net asset value per share	\$29.61	\$31.04	\$32.40	\$28.81	\$23.92

(1) This information is provided as at March 31, 2019 for the current period, September 30 for 2018 and October 31 for the balance preceding periods presented. The information is in accordance with International Financial Reporting Standards.

(2) Management expense ratio (MER) is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value of the period. It includes performance bonus, if any.

(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 period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. 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 period.

## FINANCIAL HIGHLIGHTS (continued)

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

Net asset value (NAV) per share <sup>(1)</sup> – Series I	2019	2018	2017	2016	2015
Net Asset Value, beginning of period	\$33.61	\$34.71	\$30.57	\$25.15	\$23.89
Increase (decrease) from operations:					
Total revenue	0.28	0.56	0.56	0.77	0.75
Total expenses	(0.09)	(0.77)	(0.81)	(0.49)	(0.60)
Realized gains (losses) for the period	1.31	1.48	4.33	0.32	2.95
Unrealized gains (losses) for the period	(2.52)	(2.54)	0.27	4.67	(2.07)
Total increase (decrease) from operations	(1.02)	(1.27)	4.35	5.27	1.03
Distributions:					
From income	Nil	Nil	Nil	Nil	Nil
From dividends	Nil	Nil	Nil	Nil	Nil
From capital gains	(0.09)	Nil	(0.19)	Nil	Nil
Total distributions <sup>(2)</sup>	(0.09)	Nil	(0.19)	Nil	Nil
Net Asset Value, end of period <sup>(3)</sup>	\$32.25	\$33.61	\$34.71	\$30.57	\$25.15

(1) This information is provided as at March 31, 2019 for the current period, September 30 for 2018 and October 31 for the balance preceding periods presented. The information is in accordance with International Financial Reporting Standards. The opening net asset value for 2015 is restated in accordance with International Financial Reporting Standards.

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

(3) Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. 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.

Ratios and Supplemental Data – Series I <sup>(1)</sup>	2019	2018	2017	2016	2015
Net Assets (000's of \$)	5,299	4,937	4,209	3,353	3,265
Number of shares outstanding	164,327	146,918	121,256	109,685	129,850
Management expense ratio (MER) <sup>(2)</sup>	0.43%	2.18%	2.12%	1.52%	2.12%
MER before waivers or absorptions <sup>(2)</sup>	0.43%	2.18%	2.12%	1.52%	2.12%
Portfolio turnover rate <sup>(3)</sup>	18.73%	25.86%	48.07%	36.14%	40.32%
Trading expense ratio <sup>(4)</sup>	0.21%	0.21%	0.28%	0.36%	0.30%
Net asset value per share	\$32.25	\$33.61	\$34.71	\$30.57	\$25.15

(1) This information is provided as at March 31, 2019 for the current period, September 30 for 2018 and October 31 for the balance preceding periods presented. The information is in accordance with International Financial Reporting Standards.

(2) Management expense ratio (MER) is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value of the period. It includes performance bonus, if any.

(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 period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. 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 period.

## MANAGEMENT FEES

The Fund pays an annual management fee of 2% for the Series A, and 1% for the Series F, multiplied by the series net asset value of the Fund, to NCM, the Fund's Manager and Portfolio Manager. The management fee is calculated and paid monthly. No management fee is charged to the Series I; instead, the investors pay a management fee directly to the manager, in an amount determined through negotiation with the Manager. For the six months ended March 31, 2019, management fees amounted to \$535,046. NCM paid servicing commissions of \$156,641 (i.e. 29.28%), as well as, selling commissions of \$1,805 (i.e. 0.34%) from these management fees to investment dealers. NCM also received fees for portfolio management and administrative services with respect to this Fund, as well as, all the other funds in the NCM group. NCM is entitled to a performance bonus of 20% of the excess performance of the Fund compared to its benchmark index multiplied by the weighted average net asset value of the Fund. The performance bonus is more fully described in the simplified prospectus. For the six months ended March 31, 2019, a performance bonus of \$nil was reported.

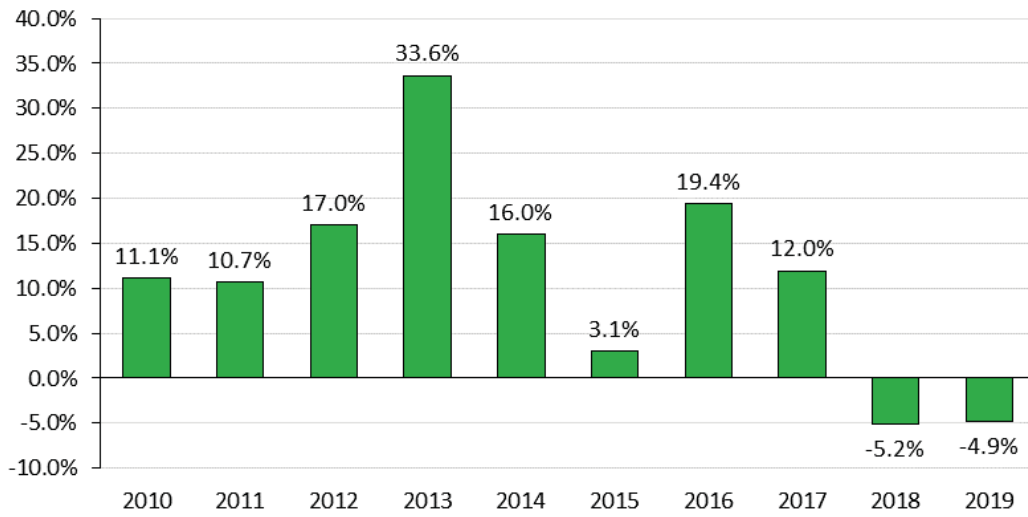
## PAST PERFORMANCE

The charts below illustrate the performance of the Fund since inception on May 31, 2010 to March 31, 2019 in percentages. The Series I inception was November 23, 2012. 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 periods shown are reinvested in additional securities of the investment 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.

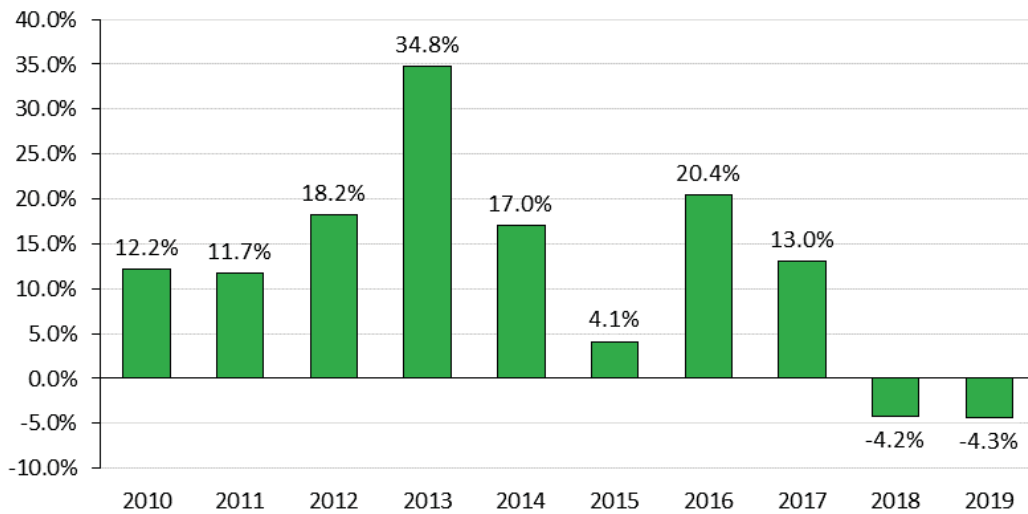
## YEAR BY YEAR RETURNS

### Series A



\* May 31, 2010 to October 31, 2010, and November 1 to October 31 until 2017, after which 2018 is from November 1 to September 30, and 2019 is from October 1 to March 31.

### Series F

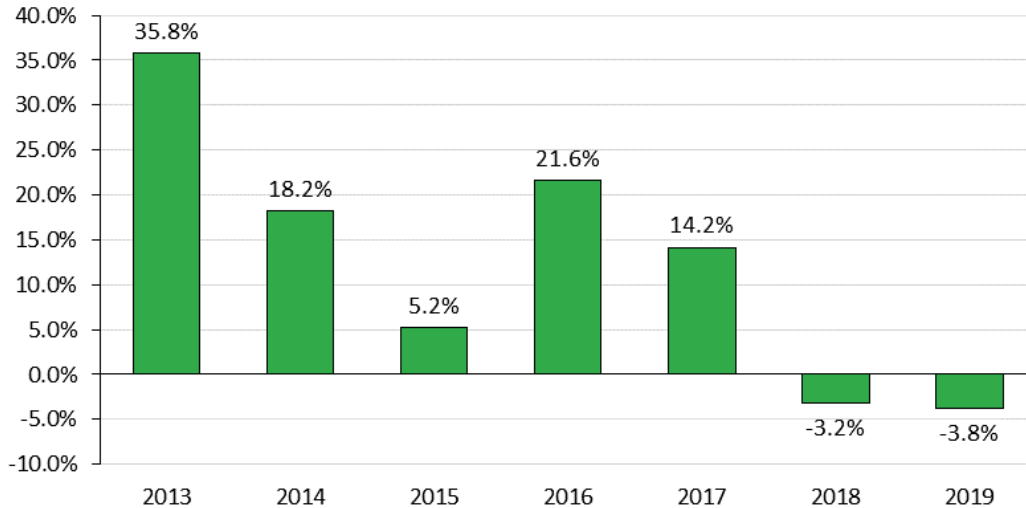


\* May 31, 2010 to October 31, 2010, and November 1 to October 31 until 2017, after which 2018 is from November 1 to September 30, and 2019 is from October 1 to March 31.



## YEAR BY YEAR RETURNS (continued)

### Series I



\* November 23, 2012 to October 31, 2013, and November 1 to October 31 until 2017, after which 2018 is from November 1 to September 30, and 2019 is from October 1 to March 31.

## ANNUAL COMPOUND RETURNS

The following table shows the percent compounded returns to March 31, 2019 for each series of the Fund for the periods indicated. It also shows the returns for a blend of 70% BMO Small Capitalization Equity Only Weighted Total Return Index and 30% S&P Developed Small Cap Total Return Index in local currency from May 31, 2010 until June 30, 2016; after which it shows the returns for BMO Small Capitalization Equity Only Weighted Total Return Index, which is the Fund's current benchmark index.

	Series A	Series F	Series I	Index
One year	-10.4%	-9.4%	-8.3%	-2.8%
Three Year*	5.8%	6.8%	7.9%	3.9%
Five Year*	5.0%	6.1%	7.2%	0.5%
Since Inception* – Series A (May 31, 2010)	12.2%			4.8%
Since Inception* – Series F (May 31, 2010)		13.4%		4.8%
Since Inception* – Series I (November 23, 2012)			13.1%	4.4%**

\* annualized

\*\*estimated as official index values are only calculated at month-end

## SUMMARY OF INVESTMENT PORTFOLIO

The following investments were held by the Fund as at March 31, 2019.

Investments	Percent of net assets
Hamilton Thorne Ltd.	7.1%
Firan Technology Group Corp.	7.0%
Hardwoods Distribution Inc.	6.7%
Questor Technology Inc.	5.5%
Currency Exchange International Corp.	5.5%
Redishred Capital Corp.	5.4%
PFB Corp.	5.1%
Orbit Garant Drilling Inc.	4.3%
Global Water Resources Corp.	3.8%
AKITA Drilling Ltd., Class 'A'	3.7%
Geodrill Ltd.	3.1%
Indigo Books & Music Inc.	2.9%
SIR Royalty Income Fund	2.8%
Supremex Inc.	2.4%
Pollard Banknote Ltd.	1.9%
Velan Inc.	1.9%
Nuvo Pharmaceuticals Inc.	1.9%
Avante Logixx Inc.	1.7%
Inscape Corp., Class 'B'	1.5%
ADF Group Inc.	1.4%
Richards Packaging Income Fund	1.3%
Redline Communications Group Inc.	1.1%
Hammond Power Solutions Inc.	1.0%
STEP Energy Services Ltd.	0.9%
ESI Energy Services Inc.	–
Total Securities	79.9%
<b>Other</b>	
Cash	20.2%
Other assets – net of liabilities	(0.1)%
Total net asset value	100.0%
 <b>Industry Sectors</b>	
Energy	4.6%
Basic Materials	12.5%
Industrials	27.1%
Consumer Discretionary	9.3%
Healthcare	9.0%
Financials	5.5%
Information Technology	8.1%
Utilities	3.8%
Other	20.1%
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**

NCM Entrepreneurs Class is a class of NCM Opportunities Corp. 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).



Suite 1850, 333 – 7 Avenue S.W.,  
Calgary, Alberta T2P 2Z1

[ncminvestments.com](http://ncminvestments.com)

1.877.431.1407