

# NCM MARKET NEUTRAL INCOME FUND

A Canadian absolute return fund targeting positive returns regardless of market direction, providing low volatility and targets a quarterly distribution of \$0.108 to help with downside protection.

## FOR INVESTORS

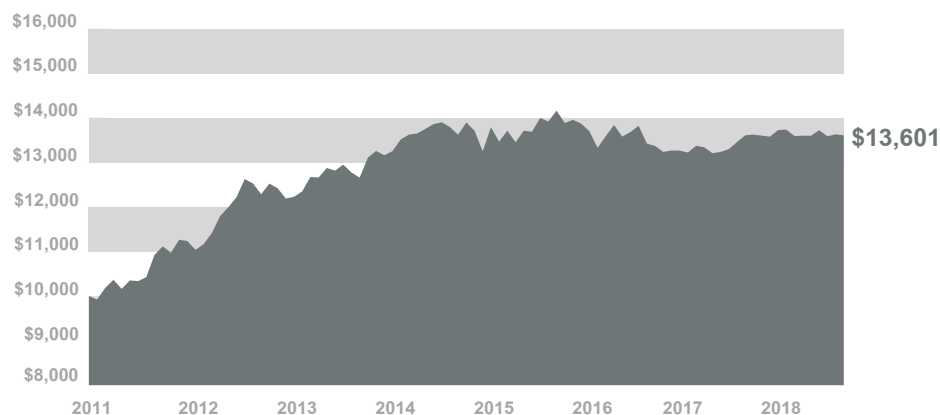
Who don't want large-scale movements in markets to affect their investments and who want to receive a quarterly distribution.

## PERFORMANCE

NAV/Share | F Series: \$9.82 | A Series: \$9.03

|   | 1 month | 3 month | 6 month | YTD   | 1 year | 3 year | 5 year | Inception |
|---|---------|---------|---------|-------|--------|--------|--------|-----------|
| F | -0.2%   | -0.8%   | 0.1%    | 0.2%  | 0.0%   | -1.3%  | 1.5%   | 4.0%      |
| A | -0.3%   | -1.1%   | -0.4%   | -0.6% | -1.1%  | -2.4%  | 0.3%   | 3.0%      |

## VALUE OF \$10,000 INVESTED AT INCEPTION



## DISTRIBUTIONS

Paid Quarterly

|                         |         |
|-------------------------|---------|
| 2018 Paid Distributions | \$0.324 |
| 2017 Paid Distributions | \$0.428 |
| 2016 Paid Distributions | \$0.484 |
| 2015 Paid Distributions | \$0.516 |
| 2014 Paid Distributions | \$0.523 |

Aggregate of eligible and capital gains dividends paid.  
Complete list and breakdown available at [ncminvestments.com](http://ncminvestments.com).

## UNCORRELATED RETURNS

|                           | Percentage of Positive Months | Number of Positive Months | Average Monthly Return |
|---------------------------|-------------------------------|---------------------------|------------------------|
| Up Markets <sup>1</sup>   | 52.6%                         | 30/57                     | 0.2%                   |
| Down Markets <sup>1</sup> | 58.3%                         | 21/36                     | 0.6%                   |
| Overall <sup>1</sup>      | 54.8%                         | 51/93                     | 0.3%                   |

1. Based on the S&P TSX Composite Total Return Index

## MONTHLY PERFORMANCE

|      | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Total |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2011 | -0.8% | 2.6%  | 1.8%  | -2.0% | 1.9%  | -0.1% | 0.9%  | 4.8%  | 1.7%  | -1.2% | 2.6%  | -0.2% | 12.3% |
| 2012 | -1.8% | 1.2%  | 2.3%  | 3.3%  | 1.7%  | 1.9%  | 3.3%  | -0.8% | -1.9% | 1.9%  | -0.8% | -1.9% | 8.5%  |
| 2013 | 0.3%  | 1.0%  | 2.6%  | -0.1% | 1.7%  | -0.5% | 1.1%  | -1.3% | -0.9% | 3.5%  | 1.2%  | -0.7% | 8.4%  |
| 2014 | 0.7%  | 2.0%  | 0.8%  | 0.2%  | 0.7%  | 0.8%  | 0.3%  | -0.8% | -1.3% | 2.0%  | -1.3% | -3.4% | 0.7%  |
| 2015 | 4.1%  | -2.3% | 1.8%  | -1.9% | 1.9%  | -0.2% | 2.3%  | -0.6% | 1.7%  | -2.0% | 0.5%  | -0.6% | 4.7%  |
| 2016 | -1.2% | -2.7% | 2.0%  | 1.8%  | -1.9% | 0.8%  | 1.0%  | -1.6% | -1.3% | -0.4% | -1.0% | 0.2%  | -4.3% |
| 2017 | 0.0%  | -0.3% | 1.1%  | -0.2% | -1.0% | 0.2%  | -0.5% | 1.2%  | 1.1%  | 0.1%  | -0.2% | -0.2% | 2.6%  |
| 2018 | 1.1%  | 0.1%  | -1.0% | 0.0%  | 0.0%  | 0.9%  | -1.0% | 0.3%  | -0.2% | -     | -     | -     | 0.2%  |

Canadian absolute return fund targeting positive returns in both up and down markets

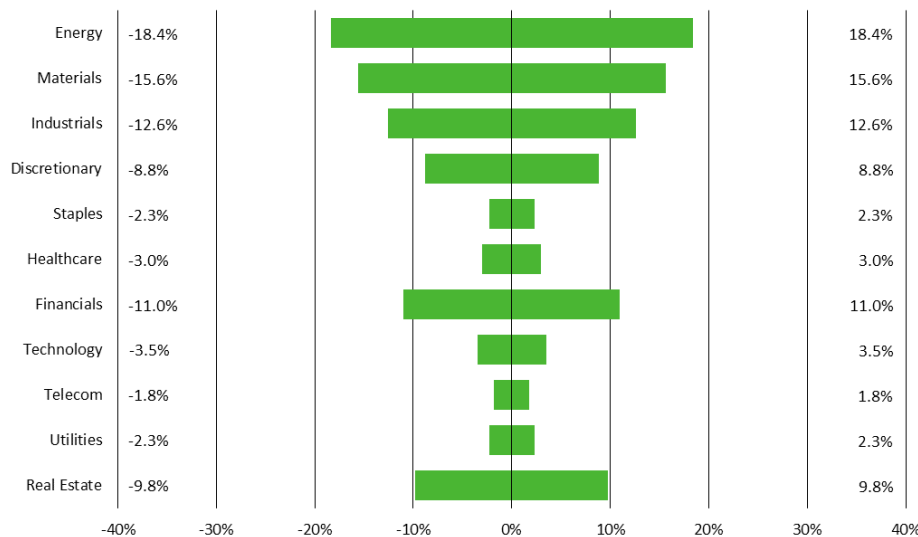
Provides low volatility with returns uncorrelated to the equity market

Targets a quarterly distribution of \$0.108 to help with downside protection

|  | S&P/TSX TRI | NCM Market Neutral Income Fund |
|--|-------------|--------------------------------|
| Average Monthly Return Since Inception | 0.5%        | 0.3%                           |
| Average Monthly Return In Up Markets   | 2.0%        | 0.2%                           |
| Average Monthly Return In Down Markets | -1.9%       | 0.6%                           |
| Maximum Drawdown <sup>2</sup>          | -16.5%      | -6.7%                          |
| Standard Deviation <sup>3</sup>        | 8.5%        | 5.5%                           |
| Correlation <sup>3</sup>               | -           | -0.08                          |
| Beta <sup>3</sup>                      | -           | -0.05                          |

2. Based on monthly performance 3. Since Inception

## SECTOR EXPOSURE



|        | Trailing P/E | Trailing ROE | Earnings Surprise | QEM   | Dividend Yield |
|--------|--------------|--------------|-------------------|-------|----------------|
| Longs  | 13.2x        | 16.0%        | 3.0%              | 12.5% | 2.9%           |
| Shorts | 23.3x        | 9.0%         | -1.3%             | 0.5%  | 2.7%           |

Source: CPMS

|                  |    |                           |     |
|------------------|----|---------------------------|-----|
| Number of Longs  | 45 | Percent Long              | 89% |
| Number of Shorts | 62 | Percent Short             | 89% |
| Number of Bonds  | 13 | Percent Bond              | 90% |
|                  |    | Modified Duration (years) | 1.4 |

|                                     |  |
|-------------------------------------|--|
| <b>Fund Codes</b>                   | NRP3100 (F)<br>NRP3101 (A)                     |
| <b>Net Assets</b>                   | \$32.9 Million                                 |
| <b>Inception</b>                    | December 31, 2010                              |
| <b>CIFSC Category</b>               | Alternative Strategies                         |
| <b>Risk Rating</b>                  | Low to Medium                                  |
| <b>Management Fee</b>               |  |
| <b>F Series</b>                     | 0.90%  |
| <b>A Series</b>                     | 1.90%  |
| <b>Capped MER</b>                   |  |
| <b>F Series</b>                     | 1.25%*   |
| <b>A Series</b>                     | 2.25%*   |
| <b>Portfolio Manager</b>            | NCM Asset Management Ltd.                      |
| <b>Auditor</b>                      | KPMG LLP                                       |
| <b>Custodian</b>                    | CIBC Mellon Trust Company                      |
| <b>Transfer Agent and Registrar</b> | CIBC Mellon Global Securities Services Company |

\*Does not include performance bonus or taxes.

## PORTFOLIO MANAGER

**Keith Leslie, CFA**

Chief Risk Officer and Portfolio Manager

Except where indicated otherwise, F Series data as of September 30, 2018, net of fees, annualized. NCM Market Neutral Income Fund is available for sale to Accredited Investors, BC residents by Offering Memorandum or with a minimum purchase of \$150,000 by a non-individual, and is subject to resale restrictions under applicable securities laws. The fund is not guaranteed, unit values changes frequently and past performance may not be repeated. Commissions, trailing commissions, management fees and expenses all may be associated with this investment. Indicated rates of return are the historical annual compound total returns including changes in unit value and reinvestment of all dividends and distributions and do not take into account sales, redemption, distribution or optional charges or income tax payable by any security holder, if any, that would have reduced returns. The rate of return is used to illustrate the effects of the compound growth rate and is not intended to reflect future sales of the fund or returns on investment in the fund.