



NCM Wealth Creation Solutions

NCM

Small Companies Class

Own tomorrow's blue chip stocks today

Managed by Alex Sasso, CFA

2023

NCM Small Companies Class takes advantage of opportunities in Canadian small and mid cap equity space

At NCM, we aim to own “mini-blue chips” - smaller companies with the financial strength and forward momentum to become national leaders and household names. Our success is driven by in-house research and uniquely specialized expertise.

WHAT WE LOOK FOR	UNWAVERING FOCUS ON HIGH-QUALITY COMPANIES	PROVEN LONG-TERM ACTIVE MANAGEMENT
<p>We find growing companies with high returns on equity, strong cash flow and clean balance sheets. We seek those trading at attractive valuations relative to their peers and intrinsic value.</p>	<p>We focus on high-quality, profitable businesses that are established in their niche and enjoy high barriers to entry. These companies very often pay dividends or have the potential to do so.</p>	<p>We have actively managed a highly concentrated portfolio of smaller companies for over 20 years. This has allowed unitholders to benefit from the portfolio manager’s very best ideas.</p>



Where does this fund fit?

NCM Small Companies Class is focused on opportunities in the Canadian market, which makes it a perfect complement to your large cap Canadian equity holdings.



Why do small companies outperform?

If you look at just about any long-term stock market performance chart, smaller companies tend to outperform larger ones.

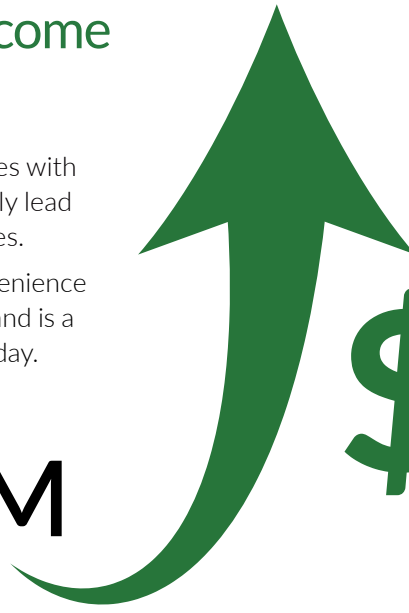
Here are some of the reasons for this history of outperformance.

Small companies can become blue chips

Many mini-blue chips are world-class companies with strong cash flow and growth that can eventually lead to them become full-blown blue chip companies.

Couche-Tarde was once a local Canadian convenience store operator valued at \$150 million in 1997 and is a global juggernaut worth roughly \$63 billion today.

\$150M
1997

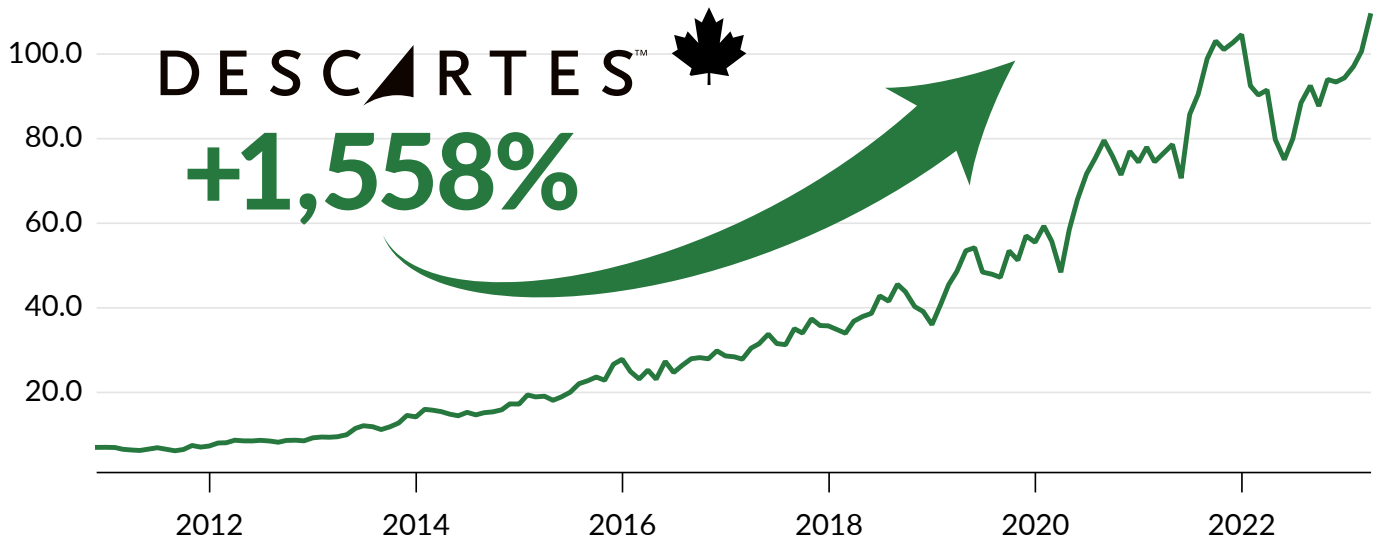


\$63B
2023

Small companies have more room to grow

These companies are focused and nimble with well-aligned management teams. Since they are starting small, they have the potential for explosive growth.

Descartes Systems Group makes software that helps move inventory, information, assets and people safely around the world. Its share price has increased by 1,558% since we first invested.



Small companies are often mispriced

With fewer Bay Street analysts and institutional investors following them closely, these businesses often trade at discounted prices relative to their growth.

Alaris Equity Partners provides critical funding to other businesses, like many large banks do. But because it is not as well known, only half as many analysts follow the stock and investors can pay a lot less per dollar of company earnings.

ALARIS - 6 ANALYSTS	RBC - 12 ANALYSTS
Investors are paying just \$6.30 for every \$1 of company earnings	Investors are paying \$11.20 for every \$1 of company earnings



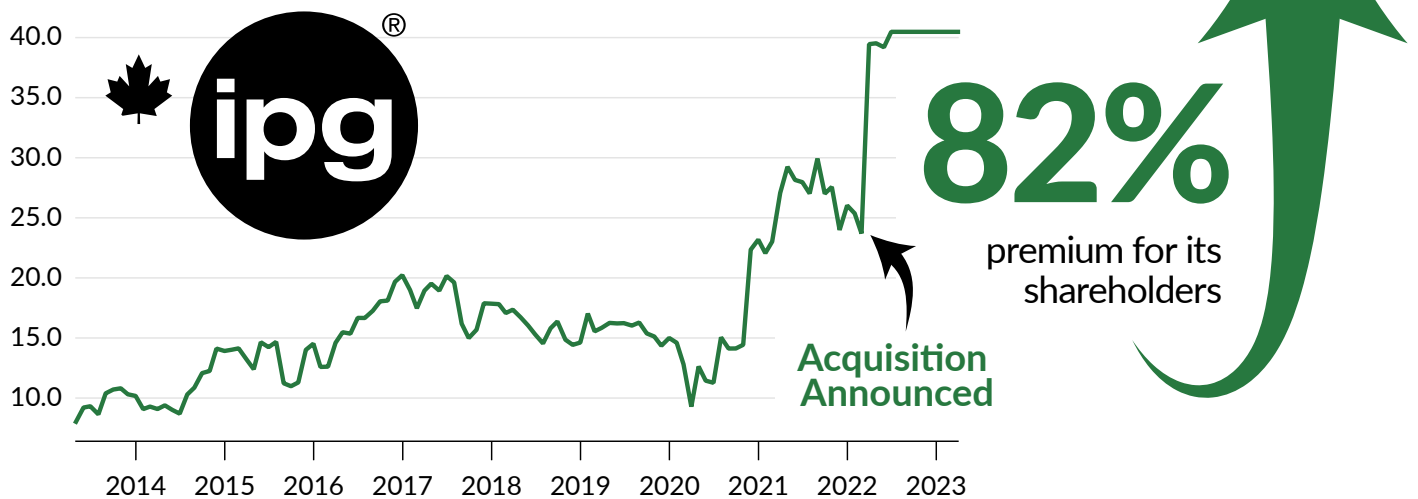
44% discount

With only half as many analysts following it, Alaris trades at a 44% discount to RBC.

Small companies are acquisition targets

When these companies do what they do well, they often catch the attention of larger conglomerates who are willing to pay a premium to acquire them.

Intertape Polymer Group makes the tape that seals millions of Amazon parcels every year. It was acquired for US\$.2.6 billion, representing an 82% premium for its shareholders.



Canadian small caps are everywhere

The best companies you've never heard of

Many of today's largest and most-recognized companies were much smaller 20 or 30 years ago. Even if you've never heard of today's mini-blue chip stocks, there's a good chance you've seen their impact in the world. Here are some examples.



Every time you see an electric vehicle, its motor, battery, inverter and wiring could be made with copper that was mined by Capstone.



If you've ever played a scratch and win game, the paper it's printed on was probably made by Pollard Banknote.



You'll see wood products from Stella Jones everywhere you go, from railway ties and hydro poles to the beams in your house.



From hotel beddings to medical scrubs, K-Bro is the largest provider of laundry and linen services in the country.



From the pumps to the convenience store, 1 in 6 gas stations in Canada are owned, operated or supplied by Parkland Fuels.

The majority of dividend-payers are small companies

Dividends provide investors with immediate, tax-efficient income, which has historically contributed to higher overall returns and less volatility. Most of Canada's dividend-paying companies are smaller in size - valued at \$3 billion or less. That means NCM Small Companies Class has abundant dividend opportunities to choose from.

Why are dividends important?

Dividends represent excess earnings that are paid out to shareholders, typically on a quarterly basis. Consistent and/or growing dividends are usually a sign of a healthy, profitable business.

Market cap below \$3 billion

210

COMPANIES

SleepCountry

petvalu
your pet · your store


ski-doo®

Market cap above \$3 billion

125

COMPANIES

 **Scotiabank**

CIBC 


RBC™



Alex Sasso

CFA

Portfolio Manager
NCM Small Companies Class
NCM Income Growth Class

A leading small/mid cap Portfolio Manager

Alex Sasso is the CEO of NCM Asset Management Ltd. and a Portfolio Manager with an enviable track record. He has guided NCM Small Companies Class and NCM Income Growth Class to exceptional performance since 2004 and 2006 respectively.

As a specialist in the Canadian small/mid cap market, Alex uncovers the unique wealth creation opportunities that this segment has to offer. Whether the objective is long-term capital appreciation or a balance of income and growth, he focuses on selecting high-quality companies with strong cash flow and, often, growing dividends.

Alex graduated from the University of Windsor with a B.A. in Economics and Finance and is a CFA charterholder. His speaking engagements include BNN, Bloomberg, CBC, CTV and numerous financial newspapers including the Wall Street Journal.

Funds to suit your goals

NCM Small Companies Class *for maximum long-term growth potential*

Capture the growth potential of mini-blue chip stocks - strong businesses that are often unrecognized and undervalued with growing dividends and the potential for exceptional capital gains over time.

FUND CODES: NRP 200 (F), NRP 201 (A-FE)

NCM Income Growth Class *for superior growth potential with monthly income*












Tap into the growth potential and high monthly income of small/mid cap companies with strong free cash flow, solid balance sheets and growing dividends.

FUND CODES: NRP 500 (F), NRP 503 (AA-FE), NRP 506 (T6), NRP 509 (F6)

Explore Our Solutions

At NCM, our solutions can help you pursue specific goals - like superior long-term growth or sustainable monthly income - or broader ones, like owning a comprehensive, pension-style portfolio with a single investment decision.

NCM Fund Codes

NCM CORE EQUITY		F	A	-	-	Z
 NCM CORE CANADIAN <i>Canadian Equity</i>	NRP 3500	NRP 3501	-	-	NRP 3507	
 NCM CORE GLOBAL <i>Global Equity</i>	NRP 3400	NRP 3401	-	-	NRP 3407	
 NCM CORE INTERNATIONAL <i>International Equity</i>	NRP 600	NRP 601	-	-	NRP 607	
NCM INCOME SOLUTIONS		F	A	T6	F6	Z
 NCM INCOME GROWTH CLASS <i>Canadian Equity Balanced</i>	NRP 500	NRP 503 (AA)	NRP 506	NRP 509	-	
 NCM GLOBAL INCOME GROWTH CLASS <i>Global Equity Balanced</i>	NRP 1000	NRP 1001	NRP 1006	NRP 1009	-	
 NCM DIVIDEND CHAMPIONS† <i>Canadian Focused Equity</i>	NRP 100	NRP 101	-	-	-	
<i>optional fixed monthly distribution</i>	NRP 111 (FF)	NRP 110 (AA)				
NCM WEALTH CREATION		F	A	-	-	-
 NCM SMALL COMPANIES CLASS <i>Canadian Small/Mid Cap Equity</i>	NRP 200	NRP 201	-	-	-	
NCM PENSION PORTFOLIOS		F	A	T6	F6	-
 NCM CONSERVATIVE INCOME PORTFOLIO <i>Global Fixed Income Balanced</i>	NRP 7100	NRP 7101	NRP 7106	NRP 7109	-	
 NCM BALANCED INCOME PORTFOLIO <i>Global Neutral Balanced</i>	NRP 7200	NRP 7201	NRP 7206	NRP 7209	-	
 NCM GROWTH & INCOME PORTFOLIO <i>Global Equity Balanced</i>	NRP 7300	NRP 7301	NRP 7306	NRP 7309	-	
NCM ALTERNATIVE FUNDS		F	A	-	-	-
 NCM CANADIAN ENHANCED EQUITY FUND <i>Alternative Equity Focused</i>	NRP 5100	NRP 5101	-	-	-	

MINIMUM INVESTMENT Initial: \$5000, Subsequent: \$100

Z SERIES Initial: See Fund Basics for minimums, Maximum: \$1M, Subsequent: \$100

† Formerly known as NCM Norrep Fund

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