



as at October 31, 2024

## Three Reasons to Own Mini-Blue Chips Now

Companies worth \$3 billion or less are often of blue-chip quality, but because of their smaller size, they get ignored by mainstream portfolio managers and ETFs. We think that's a big mistake.

### 1 Mini-blue chips are undervalued

Right now, smaller companies are undervalued by about one standard deviation - or more than 30% - compared to their historic valuations and compared to large companies.

Mega-cap tech stocks have dominated the market for years, creating this historic opportunity to buy mini-blue chips at deep discounts.

### 2 Mini-blue chips are primed to outperform

When interest rates fall, smaller companies can disproportionately benefit from lower borrowing costs and higher risk appetite among investors.

And, as smaller companies continue to grow their earnings higher and faster than the broader market, we could be very close to a tipping point for mini-blue chips.

### 3 Mini-blue chips get acquired at big premiums

Even if the stock market doesn't assign higher valuations to mini-blue chips, there's a good chance that bigger companies will.

In the first half of 2024, seven Canadian smaller companies were acquired by their larger peers at an average premium of 39.4% over their market value. Not a bad return if you ask us.

Consider allocating up to 25% of your Canadian equity or balanced fund purchases to **NCM Small Companies Class** or **NCM Income Growth Class**. These funds specialize in buying the blue chip stocks of tomorrow and have been managed since inception by Alex Sasso, CFA.

#### NCM Small Companies Class

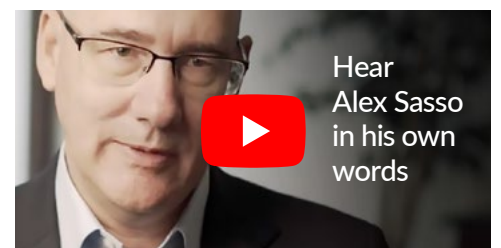
Download the fund's monthly summary here.

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#### NCM Income Growth Class

Download the fund's monthly summary here.

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Hear Alex Sasso in his own words



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