



Think you can't be
better diversified
within Canada?
Think again.

A conversation
with
**Keith
Leslie** CFA

Portfolio Manager
NCM Core Canadian

September 2025

Keith Leslie, CFA is a disciplined factor-based portfolio manager known for “torturing the data.” Lately, it’s been paying off—his NCM Core Canadian fund has outperformed the market and most peers, offering a rare blend of growth, value, low volatility, and momentum.

Q: How has NCM Core Canadian been performing and why?

Keith: Over the past year, NCM Core Canadian has significantly outperformed not only the S&P/TSX Low Vol index, but also the S&P/TSX itself, while still remaining a low volatility fund. Over longer periods, we are also very competitive with the mainstream index, despite our focus on keeping volatility lower.

NCM Core Canadian: Performance vs. Indices

As at August 31, 2025	YTD	1yr	3yr*	5yr*	Since Inception*
NCM Core Canadian	21.3%	31.8%	17.3%	15.0%	10.8%
S&P/TSX Low Vol TRI	14.7%	20.0%	11.9%	11.0%	8.7%
S&P/TSX TRI	17.6%	25.9%	17.5%	15.0%	12.1%

Benchmark: S&P/TSX Composite Total Return Index
*Annualized

NCM Core Canadian is top quartile versus our peers over one and three years, and we have outperformed our fund category over every period in the past five years.

There are a couple of reasons for our strong performance.

First, we look nothing like the index or our peers. Last time I checked, we only own three of the top 10 weighted stocks on the TSX, and just five of the top 25. And we only own two of the top 10 weighted stocks relative to our peer group.

NCM Core Canadian: Performance vs. Peers

Returns: Trailing | Month End as of 2025-08-31

	3 Month	YTD	1yr	3yr*	5yr*
Investment	10.75	21.29	31.82	17.31	14.96
Category	7.42	14.63	21.35	15.10	13.88
Quartile Rank					
Percentile Rank	3	2	1	11	28

Source: Morningstar
*Annualized

We only own around 35 names in total, not 75 or 100 like many funds. That means I can own the two or three bank stocks I really like instead of owning all of them. This is our general approach at NCM— to be concentrated, to have high active share, and to therefore earn a place in client portfolios.

“We think the portfolio is well positioned to continue its outperformance.”

Second, we tend to utilize a bigger investable universe. Many funds limit themselves to large caps. I have added a few small- and mid-cap stocks to the portfolio as I do not want a good investment idea to sit on the sidelines just because the company is smaller. With better momentum, lower valuations and significantly higher growth, we think the portfolio is well positioned to continue its outperformance.

Q: NCM Core Canadian is a Low Volatility fund. What's the opportunity today?

Keith: Low volatility means that the portfolio's price swings are typically smaller than the index's, which helps clients stay invested through market ups and downs. However, in the case of NCM Core Canadian, it doesn't necessarily mean that every holding is low volatility.

Let me give you an example. Celestica is not a low volatility name (it has a 3-year Beta of 1.7), but it has contributed outstanding growth to the portfolio. I can pair that 2% position with a 4% weight in something much more predictable like Loblaw Companies, which has a 3-year Beta of 0.5, and the blended performance should exhibit growth potential with lower volatility.

In terms of the current opportunity, we have been able to post solid returns despite the significant headwinds facing the Low Volatility index versus the TSX over the past five years. We are now seeing signs that this gap could close. We believe there's a catch-up trade or tailwind that will reward low beta portfolios like NCM Core Canadian going forward.

Low Volatility Stocks Look Ready to Catch Up

Investment Growth of \$100,000



Q: You are an active trader. What does that look like?

Keith: Aggressively trading around our core positions has been a tremendous value-add for the fund.

Let's say we have a 2.5% weight in a stock that we really like, and one day it goes down 8% on no news. I might buy the dip and take the weight up to 3%. If the stock bounces back over the next days or weeks, I might take it back down to 2.5%.

This type of trading may be difficult to do if you're an advisor managing your own Canadian equities, but I have the freedom to make incremental gains this way, especially in more volatile times.

“Compared to the Low Vol index, we're capturing 102% of the gains, but less than 73% of the losses. Our volatility is lower than low.”

Q: How do your portfolio metrics compare?

Keith: We look for positive price and earnings momentum, yet we're always careful on valuation. You don't see many Canadian equity funds trading at a 25% discount to the S&P/TSX while at the same time having a 83% premium in expected EPS growth.

We tend to have low beta versus both the S&P/TSX and the TSX Low Volatility Index, so we really stand out. But just as importantly, we're capturing more of the upside with less of the downside. Compared to the Low Vol index, we're capturing 102% of the gains, but less than 73% of the losses. Our volatility is lower than low. While we typically do not capture all the upside of the TSX, our 5-year downside capture of 71% has protected investors.

I would say this is a function of our factor-based style and discipline, as well as our ability to hold a more concentrated selection of names outside the same ones everybody else is buying.

NCM Core Canadian: Higher Expected Growth At a Discount

August 31, 2025	NCM Core Canadian	S&P/TSX	Advantage
Valuation			
Price / Earnings	13.1x	17.5x	25% discount
Profitability			
Return on Equity	18.6%	15.0%	24% premium
Growth			
Expected 2025 EPS Growth	22.2%	12.1%	83% premium

Source: Inovestor

NCM Core Canadian: Superior Upside/Downside Capture

5 yrs ending August 31, 2025	Beta	Alpha	Up Capture	Down Capture
NCM Core Canadian vs TSX Low Volatility Index	0.87	5.1%	101.9%	72.8%
NCM Core Canadian vs S&P/TSX	0.76	3.4%	82.1%	70.8%

Source: Inovestor

Q: Where does NCM Core Canadian fit in a portfolio?

Keith: NCM Core Canadian has even lower volatility than the Low Volatility index, so it's a great fit for any investor who has a low risk profile. It can be their primary or even only Canadian equity fund.

For other investors, NCM Core Canadian is a great complement to other active or passive strategies, simply because it looks so different. With a 77% active share, this isn't a closet indexer. You're getting a portfolio that genuinely looks and behaves differently from the rest of the Canadian equity crowd.

“Keep your conventional holdings, but consider allocating a meaningful portion of your Canadian equity sleeve to NCM Core Canadian.”

Nothing has a bigger impact on a client's long-term results than their ability to stay invested through all markets. Missing just a handful of the best-performing days can set them back years. By aiming for steadier returns with lower volatility, this fund can help clients remain invested and avoid costly, emotionally-driven decisions.

It's also worth noting that NCM Core Canadian is a pure Canadian equity fund, whereas many competing funds actually have 20-30% of their holdings in the U.S.

You might want to keep your conventional funds, ETFs, or blue chip stocks, but consider allocating a meaningful portion of your Canadian equity sleeve to NCM Core Canadian. Over time, the difference in construction could be the difference in results.





Speak to your NCM sales team to learn more about how this Fund can fit in your client portfolios.

NCM CORE EQUITY		F	A	-	-	Z
	NCM CORE CANADIAN Canadian Equity	NRP 3500	NRP 3501	-	-	NRP 3507



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