NCM Core Global/Core International

Equity Strategies

NCM Monthly Commentary for January 2026

NCM Investments

Phil D'Iorio, MBA, CFA Portfolio Manager

Cumberland Investment Counsel Inc., affiliate of NCM Asset Management Ltd.

As at January 8th, 2026

Q4 2025 Review

Global stock markets generated strong gains during the fourth quarter of 2025 with most of the major developed market regions delivering positive returns. The key factors that drove performance included interest rate cuts from global central banks, strong corporate earnings, and economic resilience across major global economic regions. One of the key trends during the fourth quarter was the underperformance of U.S. stocks relative to international stocks. In the U.S., the S&P 500 generated a total return of +2.7% despite multiple sell-offs in the technology sector that sent the overall market into negative territory in October and November. Performance was much stronger across many international markets with Europe and Japan generating total returns of +6.5% and +8.8%, respectively, as seen in Chart 1 below.

A Review of 2025

2025 started off with a lot of optimism. According to the Bank of America (BofA) Fund Manager Survey in December 2024, overall investor sentiment was at its highest level in nearly 5 years. BofA's reading of investor sentiment combines economic growth expectations, allocations to stocks, and expectations for corporate profit growth. Although sentiment was running very high at the beginning of 2025, the MSCI World Index generated a negative return during the first quarter of 2025. Everything took a big turn for the worse at the beginning of the second quarter on the back of the Liberation Day announcement from the Trump administration. The announcement included a series of tariffs that were materially higher than most analyst estimates. This led to a significant spike in market volatility as the S&P 500 fell by nearly 5% while the Nasdaq plunged by approximately 6%. The S&P 500 lost more than $5.0 trillion in market value over just two days. International markets were also hit by the tariff announcements with the Euro Stoxx 600 index falling 2.7% and the Nikkei 225 falling nearly 3% in the trading session that followed Liberation Day. As global stock markets declined, consumer and business confidence took a big hit. This led to renewed concerns about a global recession as economic growth forecasts fell sharply. But as we all know, the Trump administration eventually watered down its tariff policies. Economic growth forecasts recovered and global stock markets ended up generating attractive returns in 2025.

CHART 1

Q4 2025 and Full Year 2025 Global Stock Market Returns

Index	Geographic Region	Currency	Q4 2025 Price change	Q4 2025 Total Return Including Dividends	2025 Price Change	2025 Total Return Including Dividends
MSCI World	Global	US$	+2.9%	+3.2%	+19.5%	+21.6%
S&P 500	United States	US$	+2.4%	+2.7%	+16.4%	+17.9%
Euro Stoxx 600	Europe	Euro	+6.1%	+6.5%	+16.7%	+20.7%
Tokyo Stock Exchange	Japan	Yen	+8.7%	+8.8%	+22.4%	+25.5%
Toronto Stock Exchange	Canada	CAD$	+5.6%	+6.3%	+28.2%	+31.7%

Source: Bloomberg

In similar fashion to Q4 2025, U.S. markets underperformed many international markets. During 2025 the S&P 500 generated a total return of +17.9%, which compares with a total return of 20.7% and 25.5% for Europe and Japan, respectively, as seen in Chart 1 on the previous page.

Outlook for 2026

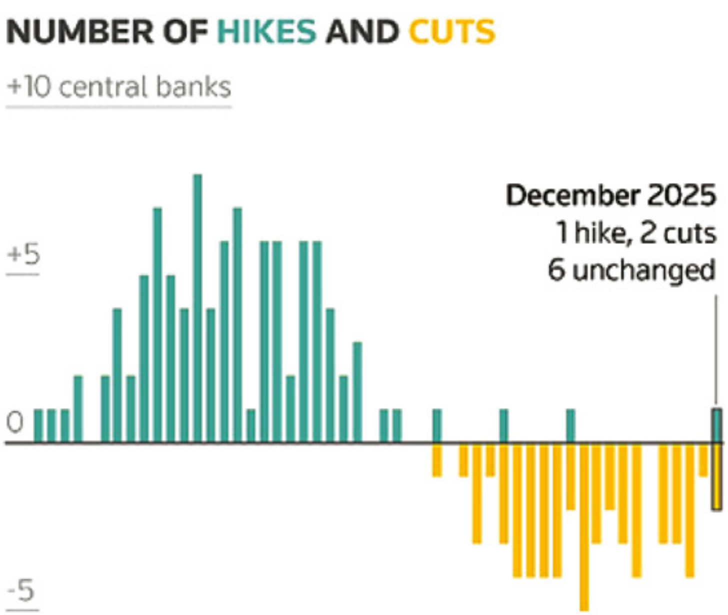
As we look ahead to 2026, we are cautiously optimistic. The key factors driving our view include monetary policy, fiscal policy, and strong corporate earnings across most regions around the world. In addition, stock market performance has broadened out within the U.S. market as well as markets outside the United States.

In terms of monetary policy, major central banks have delivered interest rate cuts at the fastest pace and the largest scale since the financial crisis. Nine of the central banks overseeing the 10 most heavily traded currencies lowered their benchmark lending rates in 2025. On a cumulative basis, these central banks delivered 850 basis points in cuts through 32 interest rate reductions during 2025 as illustrated in Chart 2 below.

CHART 2

Developed Markets Interest Rates as of December 2025
Policy rate hikes and cuts by developed market central banks

The chart shows the combined count and value of cuts and hikes by the U.S., UK, Norway, Australia, New Zealand, Canada, Euro zone, Sweden, Switzerland and Japan.



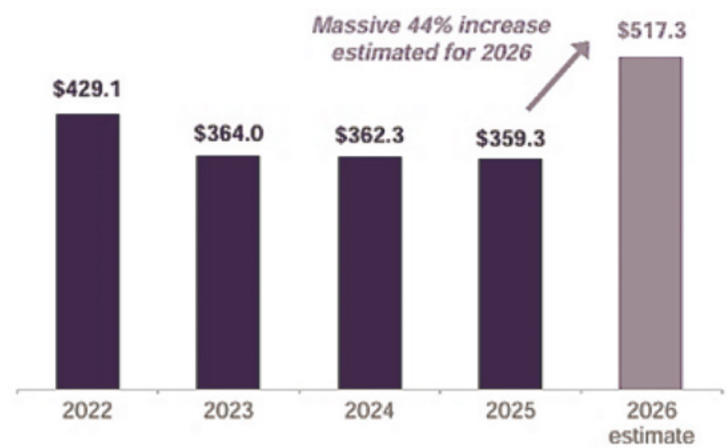
Source: LSEG Datastream
Sumanta Sen and Karin Strohecker - Dec. 22, 2025 | REUTERS

This represents the largest number of interest rate cuts since 2008 and the biggest scale of easing since 2009. Given that monetary policy works with a lag, the stimulative effects of the rate cuts in 2025 should continue to be felt in 2026.

In terms of fiscal stimulus, there are various stimulus programs going on all over the world. In the United States, President Trump signed the One Big Beautiful Bill Act into law on July 4, 2025. This bill is expected to generate more than $4.0 trillion in tax savings over the next decade. The new law is expected to deliver a meaningful boost to capital-intensive companies reshoring manufacturing to the U.S., as well as those with significant research and development expenses. The bill is expected to provide a significant boost to the economy beginning in 2026. In Europe, the German government announced an unprecedented fiscal stimulus package and constitutional reform in March of 2025. The stimulus package is expected to unleash up to €1 trillion of spending over the next decade. The stimulus is structured into several major pillars designed to modernize infrastructure and bolster national security. In Asia, Japan recently approved a fiscal stimulus package that represents the largest fiscal stimulus package since the Covid-19 pandemic. The approval for this stimulus was announced in November of 2025 and the package calls for 21.3 trillion Yen ($135 billion) in spending. The stimulus is based on three key pillars including addressing rising prices, achieving a strong economy, and strengthening its defense capabilities.

CHART 3

Federal tax refunds by fiscal year ($ in billions)



Source: Truist IAG, Strategas, Oxford Economics, Estimated individual tax refunds for 2026 from Strategas.

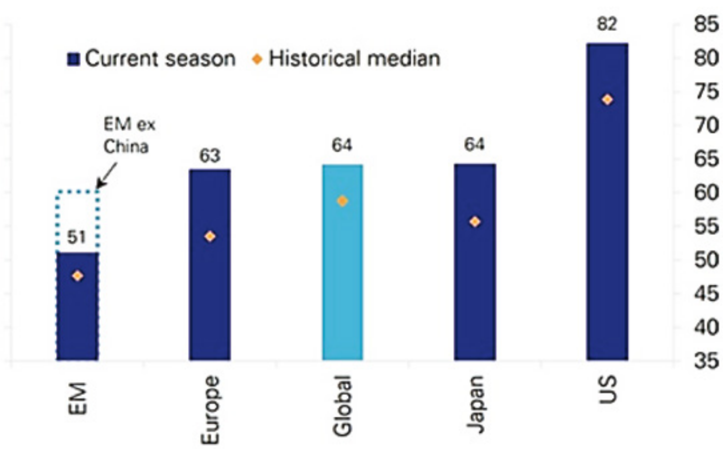
While the One Big Beautiful Bill Act will support capex-heavy companies as noted above, there will also be a significant benefit for consumers. Americans are going to see a huge increase when they file their 2025 tax returns in the first quarter of 2026. According to Truist Wealth Management, U.S. Federal tax refunds are expected to jump to $517.3 billion in 2026 as seen in Chart 3 above.

This represents a massive increase of $158 billion or 44% relative to 2025. To put this into perspective, an increase of $158.0 billion is larger than the second round of COVID stimulus checks that were sent in December of 2020. These tax refunds should bode well for the health of the U.S. Consumer in 2026.

In addition to monetary and fiscal stimulus, corporate earnings have been strong. This is very important, because it is corporate earnings that drive stock market returns over the long term. Earnings have been particularly strong in the United States. During the third quarter of 2025, the S&P 500 generated earnings growth of 13.6% on a year-over-year basis. This was significantly above the earnings growth rate of 7.9% that was expected when the quarter ended on September 30. Not only were earnings strong, but the strength was widespread with 82% of S&P 500 companies exceeding Earnings Per Share estimates during the quarter. This is well above the historical rate, and it also represents the highest number of beats since Q2 2021. This phenomenon is also occurring in markets outside of the United States. As seen in Chart 4 below, the percentage of companies beating on earnings in Q3 2025 was ahead of the historical median across most regions around the world including Europe, Japan, and Emerging Markets (excluding China).

CHART 4

Proportion of companies beating on earnings in Q3 versus history (%)

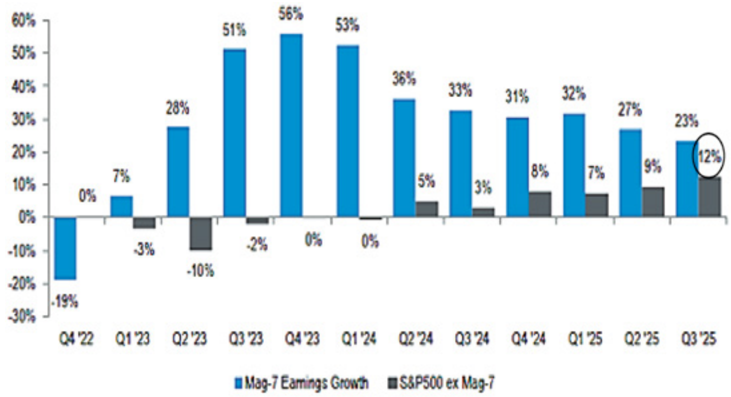


Source: Bloomberg Finance LP, Deutsche Bank Asset Allocation

Within U.S. markets, earnings growth has broadened out to companies beyond the Magnificent Seven (Mag7). During the third quarter of 2025, the S&P 500 (excluding the Mag7) generated double digit EPS growth. This marked the first time in 3 years that S&P 500 (excluding the Mag7) had double digit earnings growth as highlighted by the grey bars in Chart 5 on the right.

CHART 5

Mag-7 Earnings Growth versus S&P500 ex Mag-7 Earnings growth



Source: J.P. Morgan, Bloomberg Finance L.P. *Meta excludes one-off

In terms of the risks, we would highlight U.S. stock market valuations, inflation, and geopolitics. The valuation for the S&P 500 is at the high of the range on a historical basis in terms of the Price-to-Earnings multiple (P/E). Having said that, an elevated P/E multiple doesn't always signal imminent downside risk for the stock market. In fact, there is a very weak correlation between the S&P 500 forward P/E multiple and the S&P 500 1-year forward return. As seen in Chart 6 below, the relationship between these 2 variables is extremely weak with a correlation of -0.12 (statistically insignificant).

CHART 6

Correlation of the S&P500 to the Price-to-Earnings Multiple

Source: Charles Schwab, Bloomberg, 1958-11/30/2025

Dotted line represents trendline. Correlation is a statistical measure of how two investments have historically moved in relation to each other, and ranges from -1 to +1. A correlation of 1 indicates a perfect positive correlation, while a correlation of -1 indicates a perfect negative correlation. A correlation of zero means the assets are not correlated. Indexes are unmanaged, do not incur management fees, costs and expenses and cannot be invested in directly. Past performance is no guarantee of future results.

This underscores the important market truth that valuation can be a horrible market-timing tool. To illustrate a real-world example, let's look at what happened in 2025. At the beginning of 2025, the 12-month forward P/E multiple for the S&P 500 was 21.5x. This was well above the historical average, yet the S&P 500 still managed to generate a total return of 17.9% during 2025.

In terms of inflation risk, there is the potential for a renewed bout of inflation given that many governments around the world are stimulating their economies through both monetary and fiscal policies. This is something that we are mindful of and it's an area that we will monitor closely.

Portfolio Review

During the fourth quarter, we established several new positions in each of our Global and International strategies. A brief business description of each new holding can be found in the Appendices.

Concluding thoughts

Bringing it all together, we have a cautiously optimistic outlook for global equities. Most of the largest global central banks have been cutting interest rates, while many governments around the world are stimulating their economies with significant fiscal stimulus packages. In addition, corporate earnings have been strong and earnings beats have been ahead of the historical averages. Furthermore, we have low energy prices and a capex supercycle led by investments in artificial intelligence. We believe this type of backdrop is favourable for global equities.

APPENDIX A

Company descriptions for new positions added to the Global Strategy

Ametek is an American multinational industrial technology company that designs and manufactures advanced electronic instruments and electromechanical devices used in a wide range of industries around the world. The company operates its business through 2 segments. The Electronic Instruments Group manufactures analytical instruments, test & measurement devices, process and control instruments, and sensors. These products are used in markets such as aerospace, energy, power generation, research labs, medical equipment, and industrial automation. The Electromechanical Group produces precision motion control systems, thermal management solutions, specialty metals, and electromechanical components. These products are used in markets like industrial automation, defense, aerospace, and specialty equipment manufacturing. Ametek operates in specialized niche markets where precision, reliability, and customization are crucial. Furthermore, most of its products are used in mission critical applications. By competing in these niche markets, most of Ametek's businesses operate in industries with high barriers to entry. Finally, the company also has a strong track record of acquiring and integrating complementary businesses to expand into business into adjacent end-markets.

Dollarama is a leading Canadian value-retail company and the country's largest dollar store chain. It operates a network of more than 1,600 stores across Canada and it sells a broad assortment of everyday consumer goods at low, fixed price points. Dollarama's business model is differentiated from those of US-based dollar retailers in several ways. First, it has broad appeal across different income groups given that its price points of up to C$5 enable them to offer products that are relevant across all income cohorts. Second, it offers a much higher private label mix, which enhances profitability. Finally, Dollarama does not sell perishable grocery items that require refrigeration or freezing, which reduces store operating expenses and transportation costs. Dollarama's strong operating model has led to a long track record of success in the Canadian market. In recent years, the company has exported its business model to Latin America through its 60.1% equity ownership of Dollarcity. Dollarcity is a fast-growing discount chain in Latin America with operations in Colombia, Guatemala, El Salvador, Peru, and Mexico. Dollarama currently operates more than 600 stores in Latin America and expects to have more than 1,000 stores in this region by 2031.

JPMorganChase is the largest bank in the United States and a global leader in financial services with assets of more than $4.0 trillion. The firm is a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing and asset management. Under the J.P. Morgan and Chase brands, the firm serves millions of customers, predominantly in the U.S., and many of the world's most prominent corporate, institutional and government clients globally. The firm operates as a universal bank, meaning it has a dominant presence in almost every corner of finance, from local branches and credit cards to complex investment banking and wealth management. JPMorgan is often viewed as the best managed bank in the U.S. and this can be largely attributed to their CEO, Jamie Dimon. Mr. Dimon excels when it comes to risk management and this includes the maintenance of a fortress balance sheet, keeping massive cash reserves to ensure the bank can survive and even thrive during economic crises.

Netflix is one of the world's leading entertainment services with over 300 million paid memberships in over 190 countries. Through its streaming platform, Netfliex offers TV series, films, and games across a wide variety of genres and languages. We initiated a position in Netflix based on our conviction that the company can organically grow revenue at a low-teens rate over the next several years, with earnings per share growing at roughly twice that pace. This trajectory supports a meaningfully higher valuation over time. Revenue growth is expected to be driven by several key initiatives: continued scaling of the advertising-supported tier, expansion into new verticals such as live events and gaming, and sustained global membership growth. The outlook could improve materially if Netflix succeeds in its bid for Warner Bros., which would provide access to a deep and highly valuable intellectual property (IP) portfolio including Harry Potter, the DC Universe, The Lord of the Rings, and the entire HBO library. Such an acquisition would likely accelerate subscriber growth, reduce ongoing licensing costs, and enhance long-term content economics. In addition, Warner Bros. would bring a full-scale studio operation and theatrical distribution capability, allowing Netflix to more fully monetize its existing IP and leverage its global production and marketing infrastructure.

PulteGroup is one of the leading home builders in the United States. While serving all markets, Pulte strategically emphasizes the more resilient move-up and active adult segments. Pulte has a capital light business model, which has enabled it to generate industry leading gross margins and return on invested capital (ROIC). Over the last 5 years Pulte has generated a ROIC of 20+ percent and this period includes a major downturn in housing. Profitability has also been pressured over the last several years given that homebuilders have been subsidizing mortgage rates in order to drive sales. Pulte's superior profitability and strong balance sheet gives us the confidence to inititate a position and be patient. As mortgage rates eventually come down, Pulte will benefit from higher orders and improved gross margins as pricing incentives normalize.

Sprott Uranium Miners ETF - Demand for nuclear energy is accelerating globally, driven by an urgent need for clean, reliable, and secure baseload power. From the U.S. and Europe to the rapidly industrializing economies of India and China, nations are recognizing that long-term economic prosperity is inextricably linked to low-cost energy. Demand for uranium is further enhanced by the energy-intensive AI era, with big tech companies like Amazon, Microsoft, Meta, and Alphabet/Google investing in U.S. nuclear energy to power their expanding data centers. The demand surge, however, is colliding with a structural supply deficit that is currently being managed by drawing down on existing inventories and spot market purchases. The market faces an estimated 44-million-pound shortfall of uranium in 2026 in a 195-million-pound market. The deficit balloons to a 1.8-billion-pound cumulative deficit over the next 20 years. Consequently, we believe we are approaching a tipping point where uranium prices must rise significantly to reach the incentive levels required for new mine development. We initiated a position in the Sprott Uranium Miners ETF (URNM) to gain exposure to the largest uranium producers and to take advantage of the multi-decade supply-demand imbalance.

Shopify acts as a comprehensive commerce operating system for merchants, gaining share among entrepreneurs and businesses that wish to retain their independence from Amazon. Shopify is also adding larger upmarket customers such as Estée Lauder while simultaneously capturing sales through modern channels like social commerce and, more recently, through a partnership with OpenAI. We see Shopify as an AI winner, using it to enable new modes of commerce, keep costs down, and to increase revenue opportunities. Revenue has grown 31% per year for the last five years and we expect high growth to continue for the next few years. We also expect profitability to materially expand as they benefit from greater scale and increased uptake of the higher margin services they can provide to their merchant clients.

UnitedHealth Group is a leading health care and insurance company that operates its business through two main segments. UnitedHealthcare provides health insurance plans to employers, individuals, Medicare, and Medicaid. Optum offers health services, technology, pharmacy benefits, and data-driven health solutions. We previously owned this company and are returning to the name following a series of company-wide management changes. One of these changes includes the return of former CEO Stephen Hemsley, who was instrumental in building the company into an industry leader. We sold our position in late 2024 and early 2025, after early indications of operational missteps and increased political scrutiny towards the industry. Since returning as CEO, Stephen Hemsley has made sweeping changes to 1) increase transparency with regulators and 2) reprice or exit unprofitable lines of business. While some political risk remains, we think the risk-reward profile skews in their favour. We believe Hemsley can repair the business and that there is significant upside potential in the stock.

APPENDIX B

Company descriptions for new positions added to the International Strategy

Hermès International is a renowned French luxury goods company headquartered in Paris, France. It designs, manufactures, markets, and sells high-end products across a range of categories including leather goods, ready-to-wear fashion, accessories, footwear, watches, jewelry, perfumes, and beauty items. The company is especially famous for its artisanal craftsmanship and it is positioned at top echelon of luxury with iconic products like the Birkin and Kelly bags. The company enjoys strong pricing power due to exclusivity from supply control, high direct to consumer mix, and high vertical integration. Hermès has demonstrated strong organic growth, steady margin expansion, strong free cash flow generation. Family control ensures the company will maintain a steady strategy and sustain future growth.

Orix is a major Japanese diversified financial services group headquartered in Tokyo, Japan. Founded in 1964, it has grown from a leasing company into a global provider of a wide range of financial products and services, operating in around 30 countries with more than 30,000 employees worldwide.

ORIX's business spans numerous areas including corporate and consumer leasing and lending, real estate development and asset management, life insurance and banking services, investment and private equity. Orix is currently in the process of transforming itself from a leasing & corporate finance firm, into the Brookfield of Japan. The company has stated its intention to reduce exposure to banking & insurance while expanding further into an alternative asset manager with the specific goal to be asset light focusing on fee related earnings. Its strong mid market capabilities position it well to take advantage of the anticipated wealth of opportunities in Japan as business founders look for succession. Indeed Orix itself is in a generational management change as long time CEO Inoue has passed the baton onto new CEO Takahashi. New management incentives will align with a change in focus from ROA to ROE and thus support multiple expansion over time.

Pan Pacific is a retail holding company headquartered in Tokyo. It operates a broad network of retail stores across Japan and the Asia-Pacific region, including discount and general merchandise formats such as Don Quijote, MEGA Don Quijote, Nagasakiya, Apita, and Piago. The company sells a wide variety of products including electronics, daily goods, food, fashion, watches and household items. Pan Pacific utilizes a treasure hunt model similar to Dollarama in Canada and TJX Companies (Marshalls, TJ Maxx, Winners). Store managers have autonomy on procurement, pricing, and other aspects of operations enabling prompt reactions to demand & competitive trends. The company's new long-term plan calls for further expansion of its discount model, an increase in private label penetration, and continued expansion of its store network across the Asia- Pacific region. Strong free cash flow and low leverage has allowed the company to provide steady dividend growth and also deliver value enhancing capital deployment including acquisitions.

TE Connectivity is a global industrial technology leader with strong positions in automotive, networking, and industrial end-markets. The company provides a broad range of connectivity and sensor solutions that enable the distribution of power, signal, and data to advance next-generation transportation, renewable energy, automated factories, data centers, and medical technology. TE Connectivity is a beneficiary of multiple secular trends including datacenter capex, accelerating defence expenditures, increasing alternative energy, and factory automation. The management team has a strong track record of success and it has also created value for shareholders through mergers and acquisitions.

SOURCES

Major central banks deliver biggest easing push in over a decade in 2025
https://www.reuters.com/world/europe/major-central-banks-deliver-biggest-easing-push-over-decade-2025-2025-12-23/

5 charts show that big investors are feeling the most bullish in years. But there's a catch.
https://www.businessinsider.com/stock-market-bull-outlook-charts-bofa-fund-manager-survey-hartnett-2025-12#but-wait-theres-a-catch-6

Japan announces $135 billion stimulus, NHK reports, in bid to support economy and consumers
https://www.cnbc.com/2025/11/21/japans-cabinet-announces-135-billion-stimulus-package-nhk.html

Earnings Insight Infographic: Q3 2025 By the Numbers
https://insight.factset.com/earnings-insight-infographic-q3-2025-by-the-numbers

S&P 500 loses $5 trillion in two days in Trump tariff selloff
https://www.reuters.com/markets/global-markets-wrapup-1-2025-04-04/

CNBC Daily Open: Trump tariffs pummel stocks, leaving a trail of red
https://www.cnbc.com/2025/04/04/cnbc-daily-open-trump-tariffs-pummel-stocks-leaving-a-trail-of-red.html

Tech stocks have worst day since Covid pandemic, led by plunge in Apple
https://www.cnbc.com/2025/04/03/tech-stocks-sink-after-trump-tariff-rollout-apple-leads-drop.html

European stocks close 2.7% lower as key sectors are upended after Trump tariffs
https://www.cnbc.com/2025/04/03/european-markets-live-updates-reaction-to-trump-tariffs-watched.html

2026 Economic & Market Outlook -Seventh Inning Stretch
https://www.truist.com/content/dam/truist-bank/us/en/documents/article/wealth/insights/annual-outlook-2026-seventh-inning+stretchessentials-version.pdf

S&P 500 Earnings Season Update: January 17, 2025
https://insight.factset.com/sp-500-earnings-season-update-january-17-2025

NCM CORE EQUITY	F	A	-	-	Z
PDF NCM CORE GLOBAL *Global Equity*	NRP 3400	NRP 3401	-	-	NRP 3407
PDF NCM CORE INTERNATIONAL *International Equity*	NRP 600	NRP 601	-	-	NRP 607

NCM Asset Management Ltd.
Head Office 1800-333 7th Avenue S.W., Calgary, AB T2P 2Z1 | 310-99 Yorkville Avenue, Toronto, ON M5R 3K5
client services: (877) 531-9355 | toll-free: (877) 431-1407 | info@ncminvestments.com | ncminvestments.com