Bubbles, Wars, and All-Time Highs. What Could Possibly Go Wrong?

A conversation with

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Patrick Lau on world markets, the AI frenzy, selective opportunity, and how he's managing risk in NCM Global Income Growth Class.

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Q: Patrick, how would you describe the market environment right now?

It has been a more complicated market than many expected so far this year. Toward the end of last year, things seemed to be normalizing. Central banks were cutting interest rates, inflation looked more manageable, and some commentators were even calling it a Goldilocks environment. Then the Middle East situation escalated, oil moved higher, and investors had to reconsider whether inflation might stay elevated and whether central banks might need to stay more cautious.

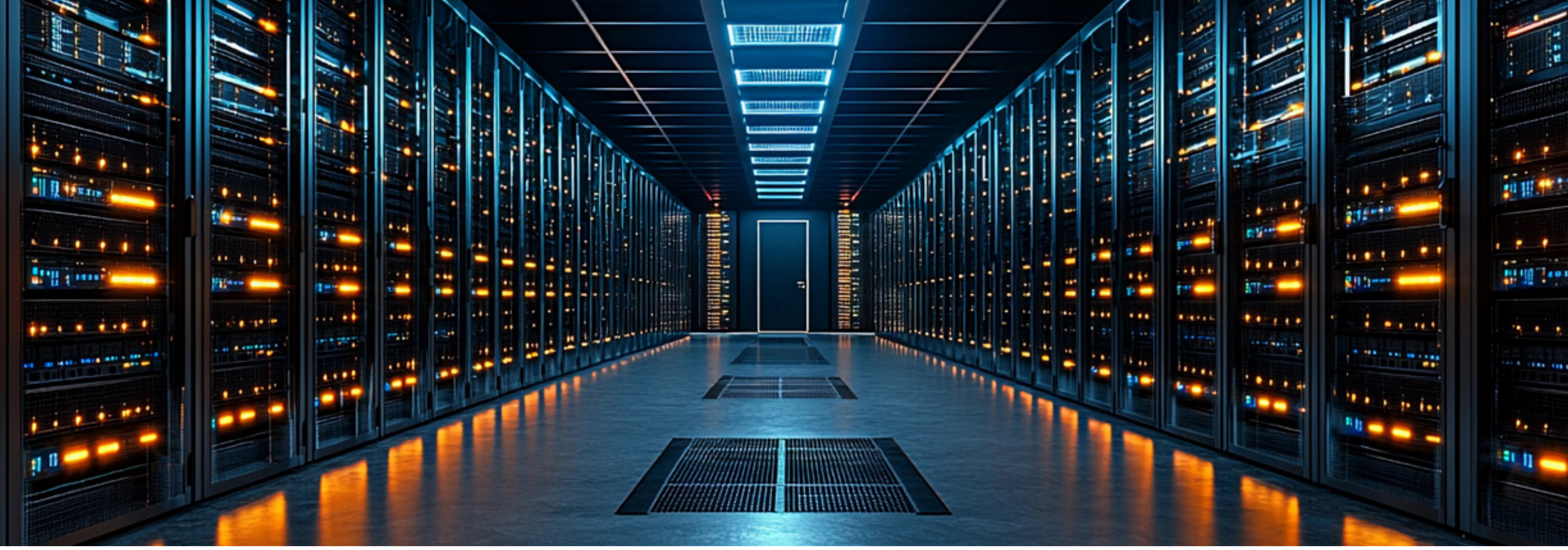
Then sentiment shifted again. Markets responded positively to ceasefire headlines, moved quickly back toward new highs, and much of that rally was driven by technology and semiconductors. So in a short period, we went from relative calm, to volatility, and then back to optimism, by the looks of it. That tells me this is still a market where investors need to stay selective.

> *"This is still a market where investors need to stay selective."*

Q: Does that make you bullish or bearish today?

We're cautiously bullish. We are still finding opportunities, and the fund remains toward the upper end of its equity range. But our market indicators suggest more caution than they did earlier. The odds of a correction over the next 6 to 12 months appear higher, or at least expected returns do not look as attractive as they did before.

That does not mean we are making a bearish call. It means we are watching the signals closely. If geopolitical conditions deteriorate again, or if oil moves sharply higher, that could change the backdrop quickly and push us toward a more defensive posture.



Q: So how are you positioning the fund?

NCM Global Income Growth Class is an asset allocation strategy, and one of the key disciplines is staying flexible within a defined range. Right now, the fund is still at the high end of its equity band, but we are being very selective about securities. The fund is built around aggressive asset allocation and conservative security selection.

Within equities, we use a barbell approach. About two-thirds of the portfolio is focused on steadier, lower-beta companies with strong free cash flow and dividend growth. The other roughly one-third is focused on businesses with stronger revenue and earnings growth. That allows us to participate in opportunity while still paying close attention to downside risk and portfolio balance.

"The fund is built around aggressive asset allocation and conservative security selection."

Q: AI is still a major market driver. What are you seeing there?

The scale of AI-related capital spending is extraordinary, and that is clearly influencing markets. But that does not mean you simply buy whatever is attached to the theme.

In semiconductors especially, some indicators suggest the SOX Philadelphia Semiconductor Index is already in bubble territory. That tells you enthusiasm around the AI buildout may be running ahead of fundamentals. That does not automatically mean a crash is imminent, but it does mean investors should be very picky about what they own.

We do have exposure to parts of the AI ecosystem, but in a selective way. We own names such as Google, Microsoft, and Broadcom, and we also see opportunities in companies that participate through equipment and infrastructure, such as Dell and Cisco. The key is that we look for businesses with real earnings and cash-flow support, not just popular narratives.

NCM Global Income Growth Class:
How The Portfolio is Positioned Now

Portfolio metric	NCM Global Income Growth Class
Equity / Fixed Income / Cash	86% / 12% / 2%
Stable equities / Growth equities	66% / 34%
Forward ROE	33.6%
3Y EPS Growth	20.6%
3Y Revenue Growth	12.2%
FCF Yield	4%
Dividend Yield	1.8%
5Y Dividend Growth	12%

Factset, as of April 30, 2026

We are also looking for areas where the market may be painting with too broad a brush. Software is one example. While it's true that AI has the potential to disrupt the Saas business model, and many shares are down, not every software company is suddenly broken. A business like SAP remains deeply embedded in major operations, which makes it harder to displace than the market may be implying.

Q: What continues to anchor your investment process through all of this?

Quality still matters. We continue to focus on businesses with strong competitive positions, healthy free cash flow, dividend growth, sensible leverage, and management teams that allocate capital well. AI is the latest in a long line of technological advances, but it does not change what we look for in a great business. If anything, it has made those qualities more important.

Q: Where does NCM Global Income Growth Class fit in a portfolio?

For investors seeking active global equity exposure, we continue to view the fund as a core holding. It combines a disciplined framework for managing market exposure with a focus on durable businesses that can generate free cash flow, support dividend growth, and compound value over time.

In a market that is moving quickly from one dominant narrative to another, our job is to stay flexible, stay selective, and keep risk management front and centre.

NCM DIVIDEND SOLUTIONS	F	A	T6	F6
PDF NCM GLOBAL INCOME GROWTH CLASS *Global Equity Balanced*	NRP 1000	NRP 1001	NRP 1006	NRP 1009

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