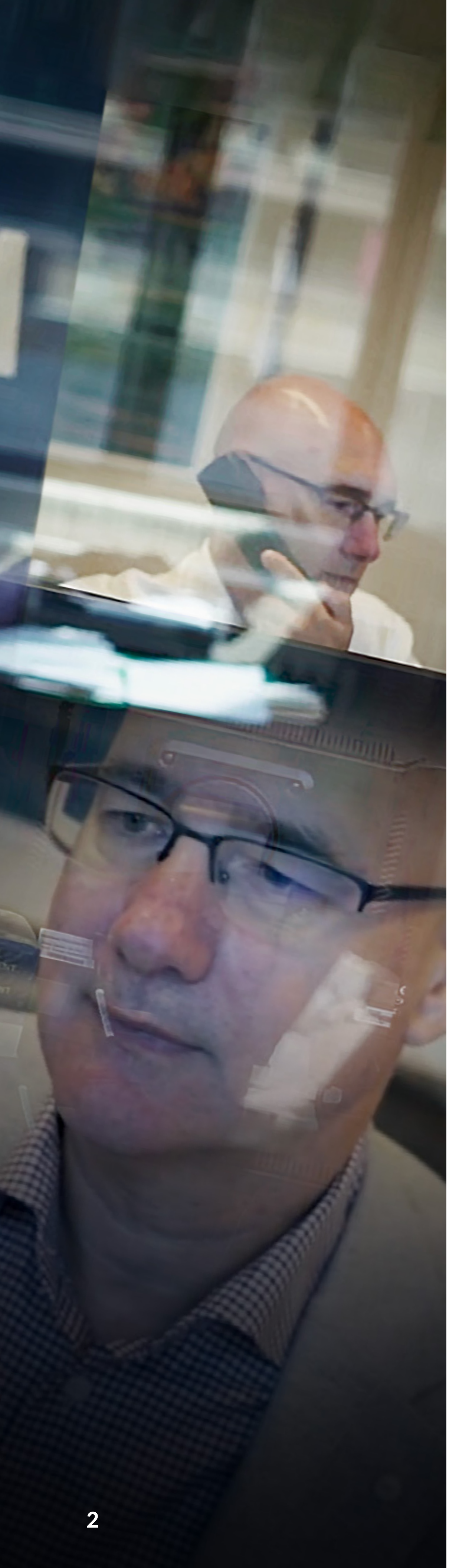
How One Portfolio Manager Built an Extraordinary 20-Year Track Record

Alex Sasso, CFA

Portfolio Manager
NCM Income Growth Class

Few portfolio managers have guided a single strategy through two decades of market cycles. Alex Sasso recently reached that milestone, marking 20 years at the helm of one of the strongest Canadian Equity Balanced funds in the country. Here's how he did it.



We sat down with Alex to reflect on the forces shaping markets, how small- and mid-cap companies have evolved, and how he's positioning the portfolio for the year ahead.

Q: You've generated strong performance for over 20 years now—how does that feel?

It's a good feeling. High-quality Canadian small- and mid-cap dividend-payers are some of the best businesses in the world, and they are criminally overlooked. As of January 2026, there were 187 dividend-paying Canadian companies with market capitalizations below $3 billion. Yet many investors focus almost exclusively on the 135 dividend payers above that threshold.

Looking further down the market-cap spectrum significantly increases our investible universe of dividend payers. A lot of our historic performance edge can be attributed to focusing on an area that many others are missing.

Top-decile performance since inception

Fund Name	1 yr	3 yr*	5 yr*	10 yr*	15 yr*	Inception*
NCM Income Growth Class - Series F	34.1%	20.2%	12.3%	10.5%	9.2%	10.0%
Quartile Rank	1	1	1	1	1	
Percentile Rank	1	2	5	3	4	
# of investments in category	301	281	272	216	153	

*Annualized, Inception: December 31, 2005
Source: Morningstar as of May 31, 2026*

One of the things you'll notice about the fund is that the upside/downside capture has been attractive. Over three and five years, we've tended to generate more gains than our peer group, while participating in less of the downside. That's a reflection of the growth and resilience of the types of businesses we tend to own.

Capturing more upside and less downside
Fund vs Peer Group Risk Measures

	Alpha	Up Capture	Down Capture
1 yrs	11.79	167.4%	87.3%
3 yrs	7.14	120.1%	75.0%
5 yrs	3.83	116.0%	93.5%

Peer Group: Canada Fund Canadian Equity Balanced
Source: Morningstar, as of May 31, 2026.

Q: Why do you continue to believe in small- and mid-cap dividend growers?

We think this asset class still looks attractive—especially the segments that haven't participated as strongly as the resource-heavy areas of the market. When we look at valuations, they look attractive. When we look at growth, it looks very attractive.

And the market is still seeing multiple takeover offers for some of our best small-cap companies. I often say: if Canadians aren't willing to properly value these businesses, their competitors will. And if competitors don't, then private equity will.

We're seeing that play out again and again.

Q: How is NCM Income Growth Class positioned now?

We're invested in growth companies that we believe have very attractive valuations.

We tend to be overweight industrials, not because we think industrials as a category will outperform, but because of the specific growth opportunities of the companies themselves.

> *"We consider several of our holdings to be the blue chips of tomorrow."*

We really like companies that have a growing dividend. Many of these companies tend to be low P/E, high return on equity, and have strong free cash flow momentum. Their payout ratios—the amount of free cash flow used to pay the dividend—tend to be much lower than what you see in more typical dividend payers, such as REITS, utilities, or pipelines.

We consider several of our holdings to be the blue chips of tomorrow.

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

Many of our investments are really niche companies. They don't trade purely on macro themes—they trade on company-specific growth and opportunities. In my opinion, they provide a better combination of value and growth. They give investors access to unique performance characteristics.

I tell advisors to consider allocating between 5% and 25% to NCM Income Growth Class. It adds real diversification and performance potential. Relative to its peer group, the fund has produced more than 5% of alpha over the past year and roughly 4% annualized over five years. That's a level of incremental outperformance that can compound meaningfully over time.

Q: What stands out to you about today's market environment?

In 2025, the S&P/TSX SmallCap Index had one of the best years I've seen in a long time. The small cap index was up approximately 50%, and that followed a very strong 2024 where it was up 18%.

We saw very strong commodity prices, boosted by a weakening U.S. dollar, and a lot of geopolitical risk. And of course, we had all the uncertainty around tariffs early in the year. That provided a boost to gold and other hard assets, as the market tried to move away from financial assets for a period of time. That momentum carried through the rest of the year.

All of that shone very well on the Canadian small-cap market, which tends to be heavily weighted to resources and particularly minerals. To put things in perspective, by the end of last year, materials made up about 40% of the index and energy was another 22%. So almost two-thirds of the benchmark was resources.

> *"We're building portfolios that can compound over time, and I think we've shown that over the past two decades."*

Here at NCM, we tend to take a much longer-term view when thinking about small caps. We have a disciplined and repeatable investment methodology that focuses on high-quality, well-balanced businesses, not necessarily businesses that are overweight the resource segment of the market.

We're not building portfolios based on what happens to be hot in the index at any given moment. We're building portfolios that can compound over time, and I think we've shown that over the past two decades.

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Q: What are the key market drivers you see now?

Aside from the geopolitical risks, which can trigger a temporary shock to the economy, we see tailwinds from a strong economy and increasing earnings.

I think the rally here in Canada still has momentum. We have strong commodity prices, very impressive nation-building projects, and a resilient consumer that should continue to support the equity market.

In the U.S., GDP keeps ratcheting higher. CapEx tax reforms positively support growth. When you look at things like gas prices, airport travel, same-store sales, you see a very healthy consumer.

We believe central banks around the world have struck a really good balance with interest rates that foster growth without reigniting inflation.

We're now seeing a meaningful improvement in earnings expectations. As companies grow into their valuations, many stocks actually look more attractive today than they did earlier in the rally, which should continue to support equity markets going forward.

FUND CODES

	F	A	T6	F6
PDF NCM INCOME GROWTH CLASS *Canadian Equity Balanced*	NRP 500	NRP 503 (AA)	NRP 506	NRP 509

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