

September 30, 2024

MANAGEMENT REPORT OF FUND PERFORMANCE

# NCM SMALL COMPANIES CLASS

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This annual management report of fund performance contains financial highlights but does not contain the annual financial statements of the investment fund. You can get a copy of the Fund's financial statements at your request, and at no cost, by calling toll free (877) 531-9355, by writing us at 1800, 333-7th Avenue SW Calgary, Alberta T2P 2Z1 or by visiting our website at [www.ncminvestments.com](http://www.ncminvestments.com) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Security holders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## **MANAGEMENT DISCUSSION OF FUND PERFORMANCE**

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### **INVESTMENT OBJECTIVE AND STRATEGIES**

The investment objective of NCM Small Companies Class (the "Fund") is to achieve long-term capital appreciation by investing in small and mid capitalization equities of issuers in Canada and the United States.

The Fund achieves this objective by employing a value approach as the primary method of securities selection. This means searching for companies with superior long-term earnings and/or cash flow per share growth that exhibit a strong position in the market in which they operate, quality management, and balance sheet strength. This analysis is supplemented by quantitative techniques that examine movements in general market trends as well as trends in earnings and the price of securities.

The Fund may invest in a combination of securities including common and preferred shares, income trust units, rights and warrants, convertible securities, and government and corporate bonds. The Fund may also invest in permitted derivatives and engage in limited short selling in order to achieve its objective.

### **RISK**

The Fund is suitable for investors seeking long-term capital appreciation with a tolerance for medium to high risk. Investors whose primary concern is preservation of capital should not be invested in this Fund. General risks of an investment in the Fund are detailed in the simplified prospectus and include equity risk, small and mid-capitalization company risk, class and series risk, liquidity risk, and regulatory risk, among others.

The Fund's investment in commodity-related companies, such as those operating in the Energy and Materials sectors, form a portion of the portfolio. As a result, changes in commodity prices such as crude oil, natural gas and metals may have an impact on portfolio returns. Similarly, the Fund's investments in the Industrials and Consumer Discretionary sectors potentially increase the Fund's sensitivity to changes in GDP, commodity prices, foreign exchange rates, interest rates, stimulus removal, and/or credit conditions.

For the trailing 12-month period, the higher standard deviation Energy sector weight dropped from 21.7% to 15.4% of the portfolio. Offsetting the reduction was an increase in industries that are often considered more stable than securities in the Oil and Gas sector. Financials increased from 7.2% of the portfolio to 10.6%, Industrials from 14.3% to 17.5%, Real Estate from 4.0% to 4.8% and Information Technology from 9.3% to 12.4%. Although these changes tilted the portfolio to be somewhat more conservative, we believe, as stated above, that this portfolio is suitable for investors with a tolerance for medium to high risk.

### **RESULTS OF OPERATIONS**

For the fiscal year ended September 30, 2024, The NCM Small Companies Class Series F was up 23.9% as compared to its benchmark, the S&P/TSX SmallCap Total Return Index of 23.4%. Calendar year to date, the Fund outperformed the benchmark marginally, 18.3% versus 18.0%. During both time periods, the Fund outpaced the peer group category by a larger margin.

Outperformance was a function of strength in many of our portfolio holdings and also the result of select companies being acquired at premiums to market prices.

## RESULTS OF OPERATIONS (continued)

CES Energy Solutions Corporation, Capstone Copper Corporation, Hudbay Minerals Incorporated, Alamos Gold Incorporated were a handful of names that all appreciated more than 50% due in part to higher commodity prices. In terms of companies that were acquired at premiums to market prices, Stelco Holdings Incorporated and Hamilton Thorne Limited are a couple of examples.

Detractors of performance came from a variety of industries and underperformance was generally company specific. Take for example Superior Plus Corporation, a distributor of propane gas, whose business suffered from a leveraged balance sheet and warmer than expected weather. Major Drilling Group International Incorporated, a business that provides hard rock drilling services, underperformed because many of their smaller customers were unable to raise capital in this environment. Martinrea International Incorporated, suffered as the adoption of electric vehicles disappointed initial expectations.

Assets in the Fund grew from approximately \$98 million one year ago to \$102 million. Cash holdings remained relatively constant at around 6% of overall assets, fluctuating as securities were bought and sold and as investors purchased and redeemed units. The Energy weight changed significantly, dropping by approximately 6% to 15.4% of the overall assets of the fund. Other notable sector changes include Industrials increasing from 14.3% to 17.5%, Financials from 7.2% to 10.6%, Information Technology from 9.2% to 12.4% and Utilities decreasing from 4.6% to 3.2% of the Fund.

Geopolitical risks continue to weigh on our decision making and part of the reason for the reduction in the Fund's Energy weight. Likewise, the decrease in interest rates by central bankers around the globe set the market up for positive tailwinds. Our Industrial companies should benefit from a low Canadian dollar, strong U.S. demand, and lower cost of capital. Also, we continue to find value in small capitalization, high quality, world class Information Technology companies trading at a discount to similar type public companies.

Effective January 1, 2024 the Fund's benchmark was changed to S&P/TSX Small Cap Index as BMO Small Capitalization Equity Only Weighted Total Return Index was discontinued.

On May 27, 2024, the Fund moved from a T+2 settlement period to a T+1 settlement period for Canadian and U.S. securities. This means that securities transactions will settle on the next business day following their transaction date instead of two days following their transaction date.

The net assets have increased by 4.2% with net assets increasing from \$97,610,064 to \$101,721,420, \$20,965,756 of this change is attributable to positive investment performance and \$16,854,400 was due to negative net contributions to the Fund.

## RELATED PARTY TRANSACTIONS

There are no new related party transactions that required the Independent Review Committee's ("IRC's") approval or recommendation.

Management fees of \$1,020,401 were incurred to NCM Asset Management Ltd. ("NCM"), the Fund's Manager and Portfolio Manager. Management fees are 2% for Series A, and 1% for Series F, of the series net asset value of the Fund and are calculated and paid monthly. In addition, administrative fees of \$95,743 were paid to NCM. Administration fees are charged by NCM at or below cost. They relate to accounting, trading, record keeping, compliance and other administrative costs.

## RECENT DEVELOPMENTS

There have been no material recent developments in the Fund. We are low-turnover managers and tend to hold sizeable positions for long periods of time. Given that China has been slowing relative to the past couple decades, we have been selectively reducing some of the positions in the Materials portion of the portfolio.

With inflation inching towards many central banks stated target of around 2% per year, we feel certain sectors will benefit from lower rates. As a result, we steadily increased our weights in certain securities that should benefit from lower interest rates.

We feel the Fund is positioned to perform well in an environment where small capitalization companies are growing faster than the broader market and faster than the average large capitalization company. Investors are always

## RECENT DEVELOPMENTS (continued)

on the lookout for value relative to growth. Multiples are also more attractive than in many other markets. The Fund will continue to focus on improving quantitative factors and strong fundamentals to aide in security selection.

On October 8, 2024, Mike Robinson completed his IRC term and Mark Pratt fulfilled the open position.

## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund's shares and are intended to help you understand the Fund's financial performance for the fiscal years indicated. This information is derived from the Fund's audited annual financial statements.

### Net asset value (NAV) per share <sup>(1)</sup>

Series A	2024	2023	2022	2021	2020
<b>Net Asset Value, beginning of year</b>	54.41	47.54	56.00	41.00	41.25
<b>Increase (decrease) from operations:</b>					
Total revenue	1.21	1.27	1.14	0.72	0.67
Total expenses	(1.38)	(1.35)	(1.43)	(1.22)	(1.01)
Realized gains (losses) for the year	5.87	3.00	7.67	3.48	(0.85)
Unrealized gains (losses) for the year	6.41	5.42	(14.49)	12.26	0.49
<b>Total increase (decrease) from operations</b>	<b>12.11</b>	<b>8.34</b>	<b>(7.11)</b>	<b>15.24</b>	<b>(0.70)</b>
<b>Distributions:</b>					
From income	Nil	Nil	Nil	Nil	Nil
From dividends	Nil	Nil	Nil	Nil	Nil
From capital gains	(1.54)	Nil	Nil	Nil	Nil
<b>Total distributions <sup>(2)</sup></b>	<b>(1.54)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Net Asset Value, end of year <sup>(3)</sup></b>	<b>64.89</b>	<b>54.41</b>	<b>47.54</b>	<b>56.00</b>	<b>41.00</b>

Series F	2024	2023	2022	2021	2020
<b>Net Asset Value, beginning of year</b>	66.08	57.21	66.57	48.37	48.14
<b>Increase (decrease) from operations:</b>					
Total revenue	1.45	1.58	1.39	0.88	0.78
Total expenses	(1.06)	(1.03)	(0.93)	(0.99)	(0.73)
Realized gains (losses) for the year	7.13	3.18	7.66	4.41	(1.04)
Unrealized gains (losses) for the year	7.56	5.18	(19.40)	13.89	(0.02)

Series F	2024	2023	2022	2021	2020
<b>Total increase (decrease) from operations</b>	<b>15.08</b>	<b>8.91</b>	<b>(11.28)</b>	<b>18.19</b>	<b>(1.01)</b>
<b>Distributions:</b>					
From income	Nil	Nil	Nil	Nil	Nil
From dividends	Nil	Nil	Nil	Nil	Nil
From capital gains	(1.87)	Nil	Nil	Nil	Nil
<b>Total distributions <sup>(2)</sup></b>	<b>(1.87)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Net Asset Value, end of year <sup>(3)</sup></b>	<b>79.49</b>	<b>66.08</b>	<b>57.21</b>	<b>66.57</b>	<b>48.37</b>

Series I	2024	2023	2022	2021	2020
<b>Net Asset Value, beginning of year</b>	73.83	63.31	72.73	52.42	51.61
<b>Increase (decrease) from operations:</b>					
Total revenue	1.68	1.77	1.53	0.94	0.84
Total expenses	(0.46)	(0.45)	(0.14)	(0.57)	(0.31)
Realized gains (losses) for the year	8.16	3.34	9.27	4.39	(0.89)
Unrealized gains (losses) for the year	8.64	5.44	(20.05)	15.55	3.22
<b>Total increase (decrease) from operations</b>	<b>18.02</b>	<b>10.10</b>	<b>(9.39)</b>	<b>20.31</b>	<b>2.86</b>
<b>Distributions:</b>					
From income	Nil	Nil	Nil	Nil	Nil
From dividends	Nil	Nil	Nil	Nil	Nil
From capital gains	(2.09)	Nil	Nil	Nil	Nil
<b>Total distributions <sup>(2)</sup></b>	<b>(2.09)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Net Asset Value, end of year <sup>(3)</sup></b>	<b>89.64</b>	<b>73.83</b>	<b>63.31</b>	<b>72.73</b>	<b>52.42</b>

(1) This information is provided as at September 30 in accordance with IFRS Accounting Standards.

(2) Distributions, if any, are reinvested in additional shares or paid in cash when requested.

(3) Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial year. Due to the different methods of calculating individual components of the table, the sum of the individual components will not necessarily equal the ending net asset value.

### Ratios and Supplemental Data <sup>(1)</sup>

Series A	2024	2023	2022	2021	2020
Net Assets (000's of \$)	33,827	33,642	42,891	71,698	45,560
Number of shares outstanding (000's)	521	618	902	1,280	1,111
Management expense ratio (MER) <sup>(2)</sup>	2.49%	2.51%	2.50%	2.52%	2.62%
MER before waivers or absorptions <sup>(2)</sup>	2.49%	2.51%	2.50%	2.52%	2.62%
Portfolio turnover rate <sup>(3)</sup>	15.29%	30.63%	26.17%	48.62%	31.42%
Trading expense ratio <sup>(4)</sup>	0.07%	0.08%	0.06%	0.09%	0.09%
Net asset value per share	64.89	54.41	47.54	56.00	41.00

## FINANCIAL HIGHLIGHTS (continued)

### Ratios and Supplemental Data <sup>(1)</sup> (continued)

Series F	2024	2023	2022	2021	2020
Net Assets (000's of \$)	35,493	37,935	33,803	33,632	14,792
Number of shares outstanding (000's)	446	574	591	505	306
Management expense ratio (MER) <sup>(2)</sup>	1.44%	1.48%	1.45%	1.46%	1.56%
MER before waivers or absorptions <sup>(2)</sup>	1.44%	1.48%	1.45%	1.46%	1.56%
Portfolio turnover rate <sup>(3)</sup>	15.29%	30.63%	26.17%	48.62%	31.42%
Trading expense ratio <sup>(4)</sup>	0.07%	0.08%	0.06%	0.09%	0.09%
Net asset value per share	79.49	66.08	57.21	66.57	48.37

Series I	2024	2023	2022	2021	2020
Net Assets (000's of \$)	32,401	26,032	20,259	23,425	15,076
Number of shares outstanding (000's)	361	353	320	322	288
Management expense ratio (MER) <sup>(2)</sup>	0.34%	0.35%	0.34%	0.35%	0.45%
MER before waivers or absorptions <sup>(2)</sup>	0.34%	0.35%	0.34%	0.35%	0.45%
Portfolio turnover rate <sup>(3)</sup>	15.29%	30.63%	26.17%	48.62%	31.42%
Trading expense ratio <sup>(4)</sup>	0.07%	0.08%	0.06%	0.09%	0.09%
Net asset value per share	89.64	73.83	63.31	72.73	52.42

(1) This information is provided as at September 30 in accordance with IFRS Accounting Standards.

(2) Management expense ratio (MER) is based on the Fund's total expenses for the stated year including the Fund's proportionate share of the expenses of the underlying funds and is expressed as an annualized percentage of daily average net asset value of the year. As such, the MERs presented for the Funds is all-inclusive and includes the portion of MERs of the other funds attributable to the investment.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of a year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and performance of the Fund.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the year.

## MANAGEMENT FEES

The Fund pays an annual management fee of 2% for Series A, and 1% for Series F, multiplied by the series net asset value of the Fund, to NCM, the Fund's Manager and Portfolio Manager. Management fees are calculated and paid monthly. No management fee is charged to Series I; instead, the investors pay a management fee directly to the Manager, in an amount determined through negotiation with the Manager. For the year ended September 30, 2024, management fees

amounted to \$1,020,401. NCM paid servicing commissions of \$333,375 (i.e., 32.67%) from these management fees to investment dealers. NCM also received fees for portfolio management and administrative services with respect to this Fund, as well as, all the other funds in the NCM group. NCM is entitled to a performance bonus of 20% of the excess performance of the Fund compared to its benchmark index multiplied by the weighted average net asset value of the Fund. The performance bonus is more fully described in the simplified prospectus. For the year ended September 30, 2024, a performance bonus of \$nil was reported.

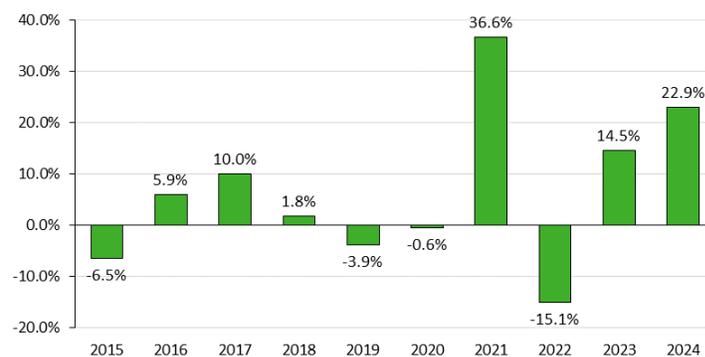
## PAST PERFORMANCE

The charts below illustrate the performance of the Fund for its last 10 financial years as a public mutual fund. The Series I inception date is February 8, 2013. These charts reflect the performance you would have received if you invested in the Fund on the first day of the financial year through the last day of the financial year.

They assume that all distributions made by the Fund in the periods shown are reinvested in additional securities of the Fund. They do not take into account sales, redemption, distribution or other optional charges which would have reduced returns or performance. Each year the Fund's performance has changed and past performance does not guarantee future performance.

## YEAR BY YEAR RETURNS

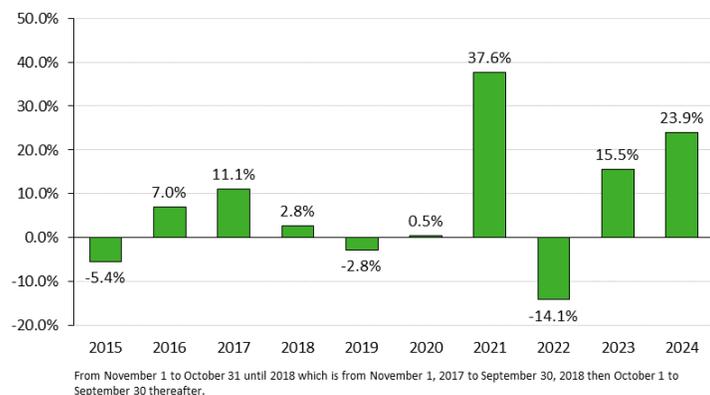
### Series A



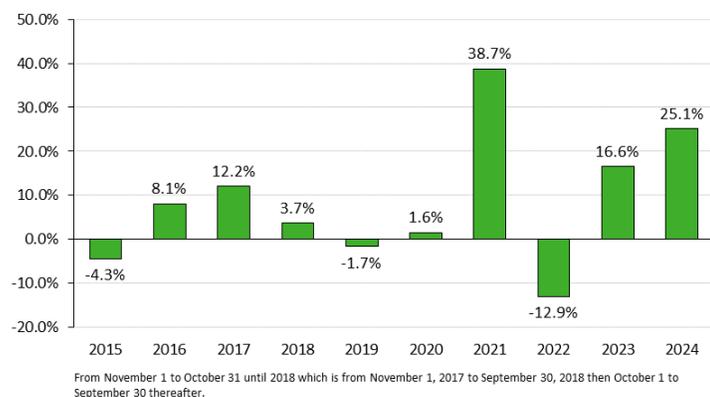
From November 1 to October 31 until 2018 which is from November 1, 2017 to September 30, 2018 then October 1 to September 30 thereafter.

## YEAR BY YEAR RETURNS (continued)

### Series F



### Series I



## ANNUAL COMPOUND RETURNS

The following table shows the percent compounded returns to September 30, 2024 for each series of the Fund for the periods indicated. It also shows the returns for the BMO Small Capitalization Equity Only Weighted Total Return Index until December 31, 2023, then the S&P/TSX Small Cap Total Return Index thereafter, which is the Fund's benchmark index. The S&P/TSX SmallCap Index provides an investable index for the Canadian small cap market. The index is float adjusted and market cap weighted.

	Series A	Series F	Series I	Index
One year	22.9%	23.9%	25.1%	23.4%
Three Year*	6.1%	7.2%	8.3%	5.2%
Five Year*	10.1%	11.2%	12.3%	11.9%
Ten Year*	5.1%	6.2%	7.3%	5.7%
Since Inception* – Series A (February 15, 2002)	9.9%			7.1%**
Since Inception* – Series F (January 31, 2005)		8.7%		5.8%
Since Inception* – Series I (February 08, 2013)			9.1%	5.9%**

\* annualized

\*\*estimated as official index values are only calculated at month-end

## SUMMARY OF INVESTMENT PORTFOLIO

The following investments were held by the Fund as at September 30, 2024.

Securities	Percent of net assets
Descartes Systems Group Inc.	5.2%
CES Energy Solutions Corp.	4.9%
FirstService Corp.	4.8%
Major Drilling Group International Inc.	4.5%
BMO Junior Gold Index ETF	4.4%
Alaris Equity Partners Income Trust	4.2%
Alamos Gold Inc., Class 'A'	4.1%
goeasy Ltd.	3.9%
Capstone Copper Corp.	3.5%
Topaz Energy Corp.	3.2%
Superior Plus Corp.	3.2%
TECSYS Inc.	3.2%
Hudbay Minerals Inc.	3.2%
Martinrea International Inc.	3.2%
Mullen Group Ltd.	3.2%
Whitecap Resources Inc.	3.1%
Pollard Banknote Ltd.	3.1%
Dexterra Group Inc.	2.7%
Boyd Group Services Inc.	2.6%
Secure Energy Services Inc.	2.6%
Canaccord Genuity Group Inc.	2.5%
Hamilton Thorne Ltd.	2.5%
GDI Integrated Facility Services Inc.	2.3%
AG Growth International Inc.	2.3%
K92 Mining Inc.	2.2%
Other Securities	9.5%
<b>Total Securities</b>	<b>94.1%</b>
<b>Other</b>	
Cash	5.8%
Other assets – net of liabilities	0.1%
<b>Total net asset value</b>	<b>100.0%</b>
<hr/>	
<b>Industry Sectors</b>	
Energy	15.4%
Materials	17.5%
Industrials	17.5%
Consumer Discretionary	5.8%
Health Care	2.5%
Financials	10.6%
Information Technology	12.4%
Utilities	3.2%
Real Estate	4.8%
Exchange Traded Funds	4.4%
Other	5.9%
<b>Total</b>	<b>100.0%</b>

The investments held by the Fund change due to ongoing portfolio transactions. A revised summary is posted on our website at [www.ncminvestments.com](http://www.ncminvestments.com) no later than 60 days after each quarter end.

## OTHER MATERIAL INFORMATION

NCM Small Companies Class is a class of NCM Opportunities Corp. The simplified prospectus and all other Fund related materials can be obtained by calling us toll-free at (877) 531-9355, by writing to us at 1800, 333-7<sup>th</sup> Avenue SW Calgary, Alberta T2P 2Z1 or from our website at [www.ncminvestments.com](http://www.ncminvestments.com).



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