

September 30, 2019

MANAGEMENT REPORT OF FUND PERFORMANCE  
**NCM US DIVIDEND CLASS**



# MANAGEMENT REPORT OF FUND PERFORMANCE

## NCM US DIVIDEND 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 1850, 333-7<sup>th</sup> Avenue SW Calgary, Alberta T2P 2Z1 or by visiting our website at [www.ncminvestments.com](http://www.ncminvestments.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

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 US Dividend Class (the "Fund") is to provide holders of shares with a stable monthly stream of cash distributions and to achieve long term capital growth and current income by investing primarily in equity securities.

The portfolio may consist of all types of equity and debt obligations of issuers, primarily in the United States. The Fund will invest primarily in a diversified portfolio of dividend-paying U.S. equity securities and may invest in corporate debt, including but not limited to, high-yield bonds. The portfolio may include all sizes of issuers including large, mid and small capitalization companies. The Fund may also invest in permitted derivatives and engage in limited short selling in order to achieve its objective.

The dividend-paying equities reflect the important contribution dividend yield has made to stock market performance. We believe that dividends provide an objective measure of independent value of accounting methods and management judgment, and that paying dividends instills some level of capital discipline. In our opinion, dividend-yielding equities will continue to be attractive given an aging demographic, a strong appetite for yield and low government bond yields. The Fund uses S&P1500 Total Return Index as its benchmark.

A broader mandate has enhanced the flexibility of the Fund to allocate capital between asset classes depending on our view of the markets. The use of larger and mid-sized companies in the equity portion of the portfolio adds diversification to the portfolio and helps reduce the risk of the Fund.

Security selection within the portfolio follows a bottom up approach, which emphasizes careful company specific analysis. This involves evaluating the financial condition, management and prospects of each company, its industry and the overall economy. The Portfolio Manager typically emphasizes a value investment approach to select stocks. The Portfolio Manager will focus on quality companies with stable, growing businesses and strong balance sheets and will select companies that offer the potential for future growth in earnings and/or cash flow. Fundamental analysis is supplemented by quantitative techniques.

## RISK

The Fund currently has currency hedges in place to protect the portfolio's performance in the event the Canadian dollar appreciates relative to the U.S. dollar. The Manager believes that the large U.S. dollar and Canadian dollar exchange rate movements that occurred over the last several years are largely behind us. Given that the global economy is stabilizing and that the U.S. Federal Reserve Bank has moved from raising interest rates to cutting interest rates, The Manager believes that the bias for the Canadian dollar is to strengthen relative to the U.S. dollar.

As of September 30, 2019, the Fund was holding 3.6% in cash and cash equivalents.

## RESULTS OF OPERATIONS

The Fund returned 5.3% over the year ending September 30, 2019. The Fund's benchmark, the S&P1500 Total Return Index, returned 3.4% over the same period. The Fund outperformed the benchmark by 1.9%. The main reason for the outperformance is individual stock selection across a number of different securities including S&P Global, Apple, Microsoft, Visa, Ross Stores, Baxter International, and Sherwin-Williams.

U.S. equity markets generated modest returns over the twelve-month period ending September 30, 2019. The key factor behind the modest returns over the last twelve months is the difficult market conditions that existed towards the end of 2018. During the fourth quarter of 2018 the S&P 1500 Total Return Index fell by nearly 20% due to concerns about rising interest rates, slowing economic growth, and growing fears about an economic recession. During the last week of 2019 U.S. equity markets began to recover. This recovery continued throughout 2019 and U.S. equity market returns have been strong as recession fears have faded and as the U.S. Federal Reserve Bank has transitioned from raising interest rates to cutting interest rates.

The appointment of a new manager to the Fund during the period resulted in several changes to the Fund's holdings. New holdings that were established during the period include Apple, Visa, Baxter International, Microsoft, S&P Global, Alphabet, Progressive Corp, and Thermo Fisher Scientific. Holdings that were eliminated during the period include CVS Health, Eastman Chemical, International Business Machines, Oracle, Dick's Sporting Goods, Cardinal Health, State Street, and Halliburton.

Stocks that contributed positively to performance during the period include Apple, Microsoft, Visa, Walmart, Comcast, Ross Stores, Baxter International, S&P Global, Dollar Tree, and Sherwin-Williams.

Stocks that detracted from performance during the period include Constellation Brands, UnitedHealth Group, Fortive and Cognizant Technologies.

During the period there were significant changes made to the sector weights of the Fund. Healthcare was increased from 7.7% to 19.8%, Information Technology was increased from 12.9% to 17.6%, Consumer Staples was increased from 4.0% to 11.7%, Energy was reduced from 6.3% to 2.8%, and Materials was reduced from 3.6% to 1.5%.

## **RESULTS OF OPERATIONS (CONTINUED)**

For the year ended September 30, 2019, the Fund earned interest and dividend income amounting to \$33,956 and \$302,094 respectively. The change in unrealized appreciation in current value of investments was an increase of \$2,576,754 and the change in unrealized depreciation on derivative instruments was a decrease of \$120,404. The realized loss on investments was \$2,549,813 and the realized loss on derivative instruments was \$548,906. Management fees of \$264,480 were paid. General and administrative costs of \$197,238 and a withholding tax expense of \$34,670, related to the operation of the Fund, were also incurred. As a result of the above, the decrease in net assets attributable to holders of redeemable shares was \$802,707. Net assets attributable to holders of redeemable shares at the beginning of the year were \$31,249,982. Proceeds from the sale of shares were \$2,201,742; reinvestment of dividends was \$334,507 and redemptions were \$19,087,086. Dividends declared to holders of redeemable shares were \$419,044. By September 30, 2019, the Fund had net assets attributable to holders of redeemable shares of \$13,477,394.

## **RECENT DEVELOPMENTS**

The Fund changed its name from NCM US Dividend Plus Class to NCM US Dividend Class on May 22, 2019.

## **RELATED PARTY TRANSACTIONS**

Management fees of \$264,480 were paid 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 \$29,208 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.

## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund's Series A 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.

<b>Net asset value (NAV) per share <sup>(1)</sup> – Series A</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net Asset Value, beginning of year	\$17.68	\$17.30	\$17.04	\$15.49	\$14.21
Increase (decrease) from operations:					
Total revenue	0.28	0.42	0.33	0.59	0.43
Total expenses	(0.56)	(0.53)	(0.56)	(0.61)	(0.80)
Realized gains (losses) for the year	(2.77)	(1.24)	2.34	1.88	2.70
Unrealized gains (losses) for the year	2.40	2.17	(1.79)	0.08	(1.42)
<b>Total increase (decrease) from operations</b>	<b>(0.65)</b>	<b>0.82</b>	<b>0.32</b>	<b>1.94</b>	<b>0.91</b>
Distributions:					
From income	Nil	Nil	Nil	Nil	Nil
From dividends	(0.39)	(0.35)	(0.32)	(0.42)	(0.42)
From capital gains	(0.04)	(0.04)	(0.11)	Nil	Nil
<b>Total distributions <sup>(2)</sup></b>	<b>(0.43)</b>	<b>(0.39)</b>	<b>(0.43)</b>	<b>(0.42)</b>	<b>(0.42)</b>
<b>Net Asset Value, end of year <sup>(3)</sup></b>	<b>\$17.97</b>	<b>\$17.68</b>	<b>\$17.30</b>	<b>\$17.04</b>	<b>\$15.49</b>

(1) This information is provided as at September 30, 2019 and 2018 and October 31 for the balance preceding years presented. The information is in accordance with International Financial Reporting Standards. The opening net asset values for 2015 is restated in accordance with International Financial Reporting 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.

<b>Ratios and Supplemental Data – Series A<sup>(1)</sup></b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net Assets (000's of \$)	7,852	16,519	25,649	18,423	18,342
Number of shares outstanding	436,856	934,171	1,482,432	1,081,154	1,184,372
Management expense ratio (MER) <sup>(2)</sup>	2.88%	2.71%	2.66%	3.06%	4.89%
MER before waivers or absorptions <sup>(2)</sup>	2.88%	2.71%	2.66%	3.06%	4.89%
Portfolio turnover rate <sup>(3)</sup>	173.15%	130.63%	172.22%	103.25%	87.51%
Trading expense ratio <sup>(4)</sup>	0.28%	0.32%	0.27%	0.29%	0.07%
<b>Net asset value per share</b>	<b>\$17.97</b>	<b>\$17.68</b>	<b>\$17.30</b>	<b>\$17.04</b>	<b>\$15.49</b>

(1) This information is provided as at September 30, 2019 and 2018 and October 31 for the balance preceding years presented. The information is in accordance with International Financial Reporting Standards.

(2) Management expense ratio (MER) is based on total expenses for the stated year and is expressed as an annualized percentage of daily average net asset value of the year.

(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.

## FINANCIAL HIGHLIGHTS (continued)

The following tables show selected key financial information about the Fund's Series F 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.

<b>Net asset value (NAV) per share <sup>(1)</sup> – Series F</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net Asset Value, beginning of year	\$20.18	\$19.56	\$19.06	\$17.15	\$15.58
Increase (decrease) from operations:					
Total revenue	0.45	0.43	0.37	0.62	0.43
Total expenses	(0.46)	(0.40)	(0.42)	(0.47)	(0.66)
Realized gains (losses) for the year	(3.75)	(1.33)	2.61	2.19	2.70
Unrealized gains (losses) for the year	2.45	2.44	(2.06)	0.10	(1.42)
<b>Total increase (decrease) from operations</b>	<b>(1.31)</b>	<b>1.14</b>	<b>0.50</b>	<b>2.44</b>	<b>1.05</b>
Distributions:					
From income	Nil	Nil	Nil	Nil	Nil
From dividends	(0.44)	(0.40)	(0.35)	(0.47)	(0.46)
From capital gains	(0.04)	(0.04)	(0.12)	Nil	Nil
<b>Total distributions <sup>(2)</sup></b>	<b>(0.48)</b>	<b>(0.44)</b>	<b>(0.47)</b>	<b>(0.47)</b>	<b>(0.46)</b>
<b>Net Asset Value, end of year <sup>(3)</sup></b>	<b>\$20.73</b>	<b>\$20.18</b>	<b>\$19.56</b>	<b>\$19.06</b>	<b>\$17.15</b>

- (1) This information is provided as at September 30, 2019 and 2018 and October 31 for the balance preceding years presented. The information is in accordance with International Financial Reporting Standards. The opening net asset values for 2015 is restated in accordance with International Financial Reporting 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.

<b>Ratios and Supplemental Data – Series F <sup>(1)</sup></b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net Assets (000's of \$)	4,880	14,193	20,220	13,811	7,812
Number of shares outstanding	235,359	703,308	1,033,773	724,695	455,455
Management expense ratio (MER) <sup>(2)</sup>	1.78%	1.62%	1.56%	1.99%	3.85%
MER before waivers or absorptions <sup>(2)</sup>	1.78%	1.62%	1.56%	1.99%	3.85%
Portfolio turnover rate <sup>(3)</sup>	173.15%	130.63%	172.22%	103.25%	87.51%
Trading expense ratio <sup>(4)</sup>	0.28%	0.32%	0.27%	0.29%	0.07%
<b>Net asset value per share</b>	<b>\$20.73</b>	<b>\$20.18</b>	<b>\$19.56</b>	<b>\$19.06</b>	<b>\$17.15</b>

- (1) This information is provided as at September 30, 2019 and 2018 and October 31 for the balance preceding years presented. The information is in accordance with International Financial Reporting Standards.
- (2) Management expense ratio (MER) is based on total expenses for the stated year and is expressed as an annualized percentage of daily average net asset value of the year.
- (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.

## FINANCIAL HIGHLIGHTS (continued)

The following tables show selected key financial information about the Fund's Series I 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.

<b>Net asset value (NAV) per share <sup>(1)</sup> – Series I</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net Asset Value, beginning of year <sup>(4)</sup>	\$21.01	\$20.16	\$19.43	\$17.31	\$16.60
Increase (decrease) from operations:					
Total revenue	0.24	0.48	0.30	0.68	0.34
Total expenses	(0.21)	(0.22)	(0.17)	(0.30)	(0.39)
Realized gains (losses) for the year	(3.38)	(1.38)	2.26	2.14	2.17
Unrealized gains (losses) for the year	4.77	2.89	(3.12)	0.12	(1.14)
Total increase (decrease) from operations	1.42	1.77	(0.73)	2.64	0.98
Distributions:					
From income	Nil	Nil	Nil	Nil	Nil
From dividends	(0.46)	(0.41)	(0.36)	(0.47)	(0.38)
From capital gains	(0.04)	(0.04)	(0.12)	Nil	Nil
Total distributions <sup>(2)</sup>	(0.50)	(0.45)	(0.48)	(0.47)	(0.38)
Net Asset Value, end of year <sup>(3)</sup>	\$21.82	\$21.01	\$20.16	\$19.43	\$17.31

(1) This information is provided as at September 30, 2019 and 2018 and October 31 for the balance preceding years presented. The information is in accordance with International Financial Reporting Standards. The opening net asset value for 2015 is restated in accordance with International Financial Reporting 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.

<b>Ratios and Supplemental Data – Series I <sup>(1)</sup></b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net Assets (000's of \$)	745	537	1,421	454	502
Number of shares outstanding	34,142	25,572	70,493	23,370	29,003
Management expense ratio (MER) <sup>(2)</sup>	0.66 %	0.49%	0.42%	0.85%	2.14%
MER before waivers or absorptions <sup>(2)</sup>	0.66 %	0.49%	0.42%	0.85%	2.14%
Portfolio turnover rate <sup>(3)</sup>	173.15%	130.63%	172.22%	103.25%	87.51%
Trading expense ratio <sup>(4)</sup>	0.28%	0.32%	0.27%	0.29%	0.07%
Net asset value per share	\$21.82	\$21.01	\$20.16	\$19.43	\$17.31

(1) This information is provided as at September 30, 2019 and 2018 and October 31 for the balance preceding years presented. The information is in accordance with International Financial Reporting Standards.

(2) Management expense ratio (MER) is based on total expenses for the stated year and is expressed as an annualized percentage of daily average net asset value of the year.

(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 the Series A, and 1% for the Series F, multiplied by the series net asset value of the Fund, to NCM, the Fund's Manager and Portfolio Manager. The management fee is calculated and paid monthly. No management fee is charged to the Series I; instead, the investors pay a management fee directly to the Manager, in an amount determined through negotiation with the Manager. For the period ended March 31, 2019, management fees amounted to \$264,480. NCM paid servicing commissions of \$90,380 (i.e., 34.17%) as well as selling commissions of \$676 (i.e., 0.26%) from these management fees to investment dealers. NCM received fees for portfolio management and administrative services with respect to this Fund, as well as, all the other funds in the NCM group.

## PAST PERFORMANCE

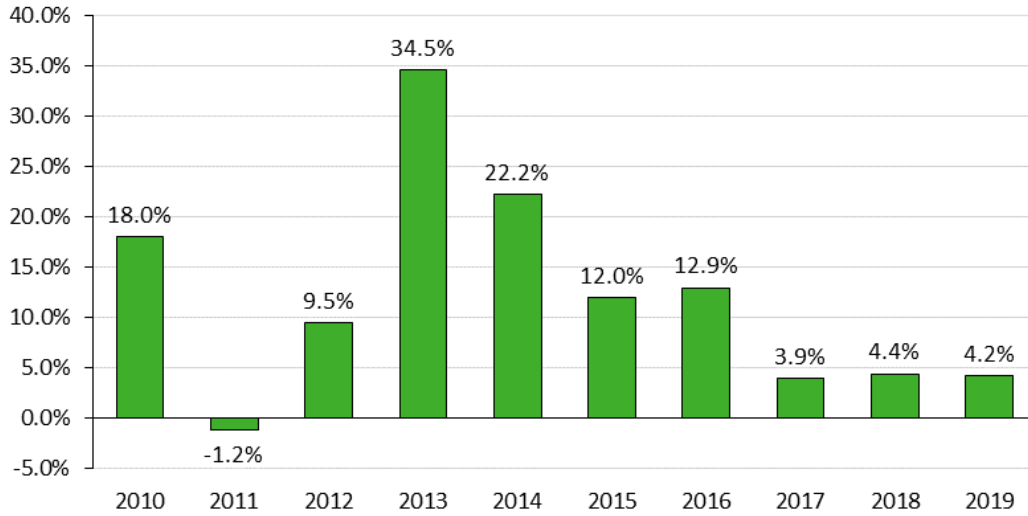
The charts below illustrate the performance of the Fund for its last 10 fiscal years as a public mutual fund. The Series I inception date is January 2, 2015. These charts reflect the performance you would have received if you invested in the fund on the first day of the year through the last day of the year.

They assume that all distributions made by the investment Fund in the years shown are reinvested in additional securities of the investment 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.



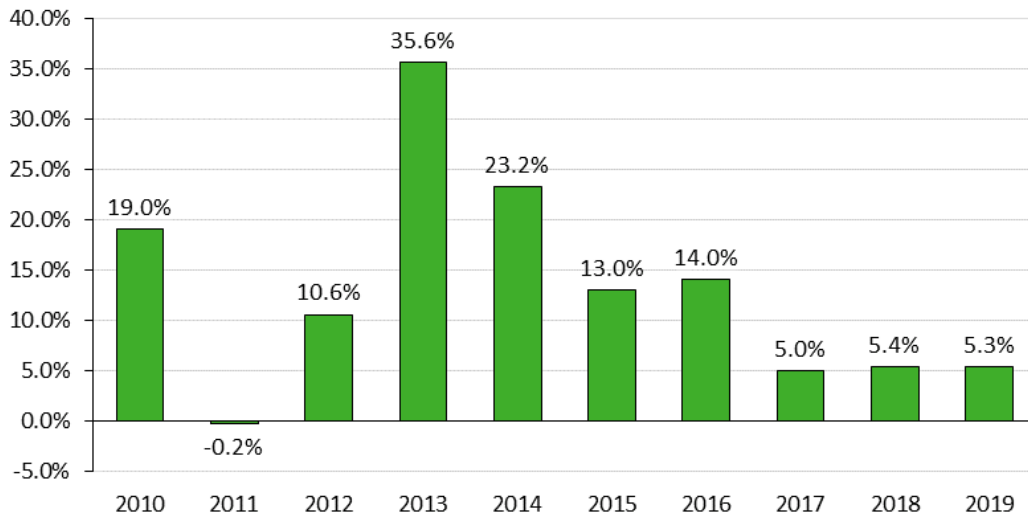
## YEAR BY YEAR RETURNS

### 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.

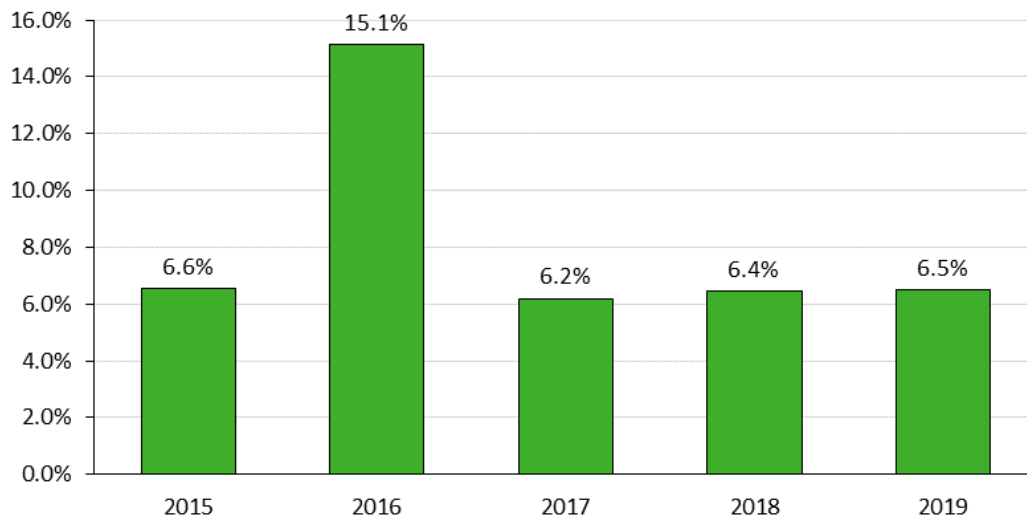
### Series F



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 I



From January 2, 2015 to October 31, 2015 then November 1 to October 31 until 2018 which is from November 1, 2017 to September 30, 2018 then October 1 to September 30 thereafter.

## ANNUAL COMPOUND RETURNS

The following table shows the percent compounded returns to September 30, 2019 for each series of the Fund for the years indicated. It also shows the returns of the Russell Microcap Total Return Index (in \$Cdn) from December 31, 2005 to December 31, 2009, the Russell Microcap Total Return Index (in local currency) until January 31, 2013 and the S&P 1500 Total Return Index (in local currency) thereafter, which is the Fund's benchmark index.

	Series A	Series F	Series I	Index
One year	4.2%	5.3%	6.5%	3.4%
Three Year*	4.0%	5.1%	6.2%	13.0%
Five Year*	8.2%	9.3%		10.7%
Ten Year*	11.1%	12.1%		12.6%
Since Inception* – Series A (December 31, 2005)	6.3%			6.9%
Since Inception* – Series F (December 31, 2005)		7.3%		6.9%
Since Inception* – Series I (January 02, 2015)			8.6%	10.1%

\* annualized

## SUMMARY OF INVESTMENT PORTFOLIO

The following investments were held by the Fund as at September 30, 2019.

Investments	Percent of net assets
<b>Securities – Long</b>	
Microsoft Corp.	5.2%
Comcast Corp., Class 'A'	5.1%
Alphabet Inc., Class 'A'	4.9%
Visa Inc., Class 'A'	4.8%
S&P Global Inc.	4.7%
Thermo Fisher Scientific Inc.	4.3%
Becton Dickinson and Co.	3.8%
Progressive Corp. (The)	3.8%
Baxter International Inc.	3.8%
Abbott Laboratories	3.5%
Constellation Brands Inc., Class 'A'	3.5%
Apple Inc.	3.1%
Accenture PLC, Class 'A'	3.0%
TJX Cos. Inc. (The)	2.6%
Honeywell International Inc.	2.6%
PepsiCo Inc.	2.6%
Parker Hannifin Corp.	2.5%
Facebook Inc., Class 'A'	2.4%
United Technologies Corp.	2.4%
Nike Inc., Class 'B'	2.4%
JPMorgan Chase & Co.	2.4%
Medtronic PLC	2.3%
Anheuser-Busch InBev NV, ADR	2.3%
UnitedHealth Group Inc.	2.1%
Diageo PLC, ADR	1.9%
Other Securities	14.8%
<b>Total Securities - Long</b>	<b>96.8%</b>
Cash and cash equivalents	3.6%
Derivative assets (liabilities)	0.2%
Other assets – net of liabilities	(0.6)%
<b>Total net asset value</b>	<b>100.0%</b>
<b>Industry Sectors</b>	
Energy	2.8%
Materials	1.5%
Industrials	7.5%
Consumer Discretionary	10.7%
Consumer Staples	11.7%
Health Care	19.8%
Financials	12.8%
Information Technology	17.6%
Communication Services	12.4%
Other	3.2%
<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 US Dividend Class is a class of NCM Opportunities Corp. The simplified prospectus and other Fund related materials can be obtained by calling us toll-free at (877) 531-9355, by writing to us at 1850, 333-7<sup>th</sup> Avenue SW Calgary, Alberta T2P 2Z1, or on our website at [www.ncminvestments.com](http://www.ncminvestments.com).

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