

September 30, 2021

MANAGEMENT REPORT OF FUND PERFORMANCE  
**NCM CORE AMERICAN**



# MANAGEMENT REPORT OF FUND PERFORMANCE NCM CORE AMERICAN

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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 Core American (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&P 500 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 is suitable for investors with a medium risk tolerance.

The Fund employs a currency hedging strategy to protect the portfolio's performance in the event the Canadian dollar appreciates relative to the U.S. dollar. Given the significant appreciation of the Canadian dollar over the last twelve months, the Fund has materially reduced its currency hedge. As of September 30, 2021, the Fund carried a 15% hedge against the U.S. dollar.

As of September 30, 2021, the Fund held 2.4% in cash and cash equivalents.

### RESULTS OF OPERATIONS

The Fund returned 19.8% in Canadian dollars during the twelve-month period ending September 30, 2021. The Fund's benchmark, the S&P 500 Total Return Index, returned 23.3% in Canadian dollars over the same period. Therefore, the Fund underperformed the benchmark by 3.5%. The key factors driving the underperformance include the Fund's underweight position in the Energy sector and inferior stock selection in the Industrials sector.

U.S. equity markets were strong during the period, with the S&P 500 Total Return Index generating a return of 30% in

## RESULTS OF OPERATIONS (continued)

U.S. dollars or 23.3% in Canadian dollars. The key drivers behind the strong returns included a faster than expected economic recovery, ongoing stimulus measures, and the COVID-19 vaccine rollout across the United States.

There were some changes made in the Fund's sector allocation over the period. The Fund's weighting was increased in the Financial Services, Industrials, Materials, and the Information Technology sectors. The Fund's weighting was reduced in the Consumer Discretionary, Healthcare, and the Consumer Staples sectors.

Stocks that contributed positively to the Fund's performance during the period included Alphabet, American Express, Diageo, First Republic Bank, Home Depot, JPMorgan Chase, Intuit, Keysight Technologies, and Sherwin Williams.

Detractors from performance during the period included Abbott Labs, Baxter International, Becton Dickinson, and Mastercard.

New holdings that were established during the period included Analog Devices, Bath & Body Works, Costco, Crown Holdings, Emerson Electric, Intuit, Union Pacific, and U.S. Bancorp. Holdings that were eliminated during the period included Baxter International, Becton Dickinson, Global Payments, McDonald's, PepsiCo, Progressive, and Walmart.

In terms of the outlook, the Manager believes that U.S. corporate profits will continue to improve as the U.S. economy continues to recover from the COVID-19 pandemic. Fortunately, the U.S. consumer went into this downturn in good shape and capital levels within the banking system are at healthy levels. Both of these factors will continue to support the ongoing recovery in the U.S. economy. As a result of this view, the Manager remains cautiously optimistic about the medium and long-term prospects for U.S. equities.

The net assets have decreased by 5% with net assets decreasing from \$12,167,325 to \$11,574,249, \$2,119,661 of this change is attributable to positive investment performance and \$2,712,737 was due to negative net contributions to the Fund.

## RECENT DEVELOPMENTS

On May 19, 2021, NCM Core American Series I was no longer available to purchase. There are no outstanding shares for this Series.

On October 28, 2021, securityholder approval was obtained to change the investment objective of NCM Core American to achieve long-term capital appreciation by investing primarily in publicly traded securities based outside of Canada and the United States, rather than investing primarily in U.S. equity securities. The Fund was renamed NCM Core International. In addition, the Fund's reference index was updated to Morningstar Developed Markets Ex-North America Target Market Exposure NR CAD.

## RELATED PARTY TRANSACTIONS

Management fees of \$146,229 were paid to NCM Asset Management Ltd. ("NCM"), the Fund's Manager and Portfolio Manager. Management fees are 1.85% for Series A and 0.85% for Series F, of the series net asset value of the Fund and are calculated and paid monthly. In addition, administrative fees of \$17,230 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 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.

## FINANCIAL HIGHLIGHTS (continued)

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

Series A	2021	2020	2019	2018	2017
<b>Net Asset Value, beginning of year</b>	18.63	17.97	17.68	17.30	17.04
<b>Increase (decrease) from operations:</b>					
Total revenue	0.24	0.18	0.28	0.42	0.33
Total expenses	(0.64)	(0.57)	(0.56)	(0.53)	(0.56)
Realized gains (losses) for the year	1.81	0.35	(2.77)	(1.24)	2.34
Unrealized gains (losses) for the year	2.04	1.11	2.40	2.17	(1.79)
<b>Total increase (decrease) from operations</b>	<b>3.45</b>	<b>1.07</b>	<b>(0.65)</b>	<b>0.82</b>	<b>0.32</b>
<b>Distributions:</b>					
From income	Nil	Nil	Nil	Nil	Nil
From dividends	(0.42)	(0.42)	(0.39)	(0.35)	(0.32)
From capital gains	Nil	Nil	(0.04)	(0.04)	(0.11)
<b>Total distributions <sup>(2)</sup></b>	<b>(0.42)</b>	<b>(0.42)</b>	<b>(0.43)</b>	<b>(0.39)</b>	<b>(0.43)</b>
<b>Net Asset Value, end of year <sup>(3)</sup></b>	<b>21.64</b>	<b>18.63</b>	<b>17.97</b>	<b>17.68</b>	<b>17.30</b>

Series F	2021	2020	2019	2018	2017
<b>Net Asset Value, beginning of year</b>	21.74	20.73	20.18	19.56	19.06
<b>Increase (decrease) from operations:</b>					
Total revenue	0.28	0.16	0.45	0.43	0.37
Total expenses	(0.50)	(0.42)	(0.46)	(0.40)	(0.42)
Realized gains (losses) for the year	2.16	0.50	(3.75)	(1.33)	2.61
Unrealized gains (losses) for the year	2.26	1.45	2.45	2.44	(2.06)
<b>Total increase (decrease) from operations</b>	<b>4.20</b>	<b>1.69</b>	<b>(1.31)</b>	<b>1.14</b>	<b>0.50</b>
<b>Distributions:</b>					
From income	Nil	Nil	Nil	Nil	Nil
From dividends	(0.49)	(0.49)	(0.44)	(0.40)	(0.35)
From capital gains	Nil	Nil	(0.04)	(0.04)	(0.12)
<b>Total distributions <sup>(2)</sup></b>	<b>(0.49)</b>	<b>(0.49)</b>	<b>(0.48)</b>	<b>(0.44)</b>	<b>(0.47)</b>
<b>Net Asset Value, end of year <sup>(3)</sup></b>	<b>25.51</b>	<b>21.74</b>	<b>20.73</b>	<b>20.18</b>	<b>19.56</b>

Series I	2021	2020	2019	2018	2017
<b>Net Asset Value, beginning of year</b>	23.12	21.82	21.01	20.16	19.43
<b>Increase (decrease) from operations:</b>					
Total revenue	0.10	0.23	0.24	0.48	0.30
Total expenses	(0.11)	(0.22)	(0.21)	(0.22)	(0.17)
Realized gains (losses) for the year	1.15	0.40	(3.38)	(1.38)	2.26
Unrealized gains (losses) for the year	0.82	1.40	4.77	2.89	(3.12)
<b>Total increase (decrease) from operations</b>	<b>1.96</b>	<b>1.81</b>	<b>1.42</b>	<b>1.77</b>	<b>(0.73)</b>

Series I	2021	2020	2019	2018	2017
<b>Distributions:</b>					
From income	Nil	Nil	Nil	Nil	Nil
From dividends	(0.17)	(0.51)	(0.46)	(0.41)	(0.36)
From capital gains	Nil	Nil	(0.04)	(0.04)	(0.12)
<b>Total distributions <sup>(2)</sup></b>	<b>(0.17)</b>	<b>(0.51)</b>	<b>(0.50)</b>	<b>(0.45)</b>	<b>(0.48)</b>
<b>Net Asset Value, end of year <sup>(3)</sup></b>	<b>-</b>	<b>23.12</b>	<b>21.82</b>	<b>21.01</b>	<b>20.16</b>

Series R	2021	2020 <sup>(4)</sup>
<b>Net Asset Value, beginning of year</b>	23.12	23.89
<b>Increase (decrease) from operations:</b>		
Total revenue	0.30	0.50
Total expenses	(0.32)	(0.19)
Realized gains (losses) for the year	2.37	(0.84)
Unrealized gains (losses) for the year	2.27	0.22
<b>Total increase (decrease) from operations</b>	<b>4.62</b>	<b>(0.31)</b>
<b>Distributions:</b>		
From income	Nil	Nil
From dividends	(0.52)	(0.34)
From capital gains	Nil	Nil
<b>Total distributions <sup>(2)</sup></b>	<b>(0.52)</b>	<b>(0.34)</b>
<b>Net Asset Value, end of year <sup>(3)</sup></b>	<b>27.37</b>	<b>23.12</b>

Series Z	2021 <sup>(5)</sup>
<b>Net Asset Value, beginning of period</b>	21.19
<b>Increase (decrease) from operations:</b>	
Total revenue	0.21
Total expenses	(0.22)
Realized gains (losses) for the period	1.27
Unrealized gains (losses) for the period	2.00
<b>Total increase (decrease) from operations</b>	<b>3.26</b>
<b>Distributions:</b>	
From income	Nil
From dividends	(0.39)
From capital gains	Nil
<b>Total distributions <sup>(2)</sup></b>	<b>(0.39)</b>
<b>Net Asset Value, end of period <sup>(3)</sup></b>	<b>27.38</b>

(1) This information is as at September 30, 2021, 2020, 2019, 2018, and October 31, 2017. The information is in accordance with International Financial Reporting Standards.

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

(3) This information is as at September 30, 2021, 2020, 2019, 2018, and October 31, 2017. The information is in accordance with International Financial Reporting Standards.

## FINANCIAL HIGHLIGHTS (continued)

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

- (4) This information is as at September 30, 2021, 2020, 2019, 2018, and October 31, 2017. The information is in accordance with International Financial Reporting Standards.
- (5) Distributions, if any, are reinvested in additional shares or paid in cash when requested.
- (6) 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.
- (7) NCM Core American Series R commenced operations February 11, 2020.
- (8) NCM Core American Series Z commenced operations January 19, 2021.

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

Series A	2021	2020	2019	2018	2017
Net Assets (000's of \$)	6,588	6,407	7,852	16,519	25,649
Number of shares outstanding (000's)	304	344	437	934	1,482
Management expense ratio (MER) <sup>(2) (6)</sup>	2.95%	2.97%	2.88%	2.71%	2.66%
MER before waivers or absorptions <sup>(2) (6)</sup>	2.95%	2.97%	2.88%	2.71%	2.66%
Portfolio turnover rate <sup>(3)</sup>	23.21%	50.67%	173.15%	130.63%	172.22%
Trading expense ratio <sup>(4)</sup>	0.05%	0.05%	0.28%	0.32%	0.27%
Net asset value per share	21.64	18.63	17.97	17.68	17.30

Series F	2021	2020	2019	2018	2017
Net Assets (000's of \$)	2,609	3,009	4,880	14,193	20,220
Number of shares outstanding (000's)	102	138	235	703	1,034
Management expense ratio (MER) <sup>(2) (6)</sup>	1.83%	1.86%	1.78%	1.62%	1.56%
MER before waivers or absorptions <sup>(2) (6)</sup>	1.83%	1.86%	1.78%	1.62%	1.56%
Portfolio turnover rate <sup>(3)</sup>	23.21%	50.67%	173.15%	130.63%	172.22%
Trading expense ratio <sup>(4)</sup>	0.05%	0.05%	0.28%	0.32%	0.27%
Net asset value per share	25.51	21.74	20.73	20.18	19.56

Series I	2021	2020	2019	2018	2017
Net Assets (000's of \$)	-	782	745	537	1,421
Number of shares outstanding (000's)	-	34	34	26	70
Management expense ratio (MER) <sup>(2)</sup>	0.86%	0.80%	0.66%	0.49%	0.42%
MER before waivers or absorptions <sup>(2)</sup>	0.86%	0.80%	0.66%	0.49%	0.42%
Portfolio turnover rate <sup>(3)</sup>	23.21%	50.67%	173.15%	130.63%	172.22%
Trading expense ratio <sup>(4)</sup>	0.05%	0.05%	0.28%	0.32%	0.27%
Net asset value per share	-	23.12	21.82	21.01	20.16

Series R	2021	2020 <sup>(5)</sup>
Net Assets (000's of \$)	1,580	1,969
Number of shares outstanding (000's)	58	85
Management expense ratio (MER) <sup>(2)</sup>	0.89%	0.82%
MER before waivers or absorptions <sup>(2)</sup>	0.89%	0.82%
Portfolio turnover rate <sup>(3)</sup>	23.21%	50.67%
Trading expense ratio <sup>(4)</sup>	0.05%	0.05%
Net asset value per share	27.37	23.12

Series Z	2021 <sup>(6)</sup>
Net Assets (000's of \$)	797
Number of shares outstanding (000's)	29
Management expense ratio (MER) <sup>(2)</sup>	0.86%
MER before waivers or absorptions <sup>(2)</sup>	0.86%
Portfolio turnover rate <sup>(3)</sup>	23.21%
Trading expense ratio <sup>(4)</sup>	0.05%
Net asset value per share	27.38

- (1) This information is provided as at September 30, 2021, 2020, 2019, 2018, and October 31, 2017. 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.
- (5) NCM Core American Series R commenced operations February 11, 2020.
- (6) On May 20, 2020 management fees were reduced to 1.85% for Series A and 0.85% for Series F. Had these management fees been in effect for the entire fiscal year the MER would have been 2.87% and 1.76%, respectively.
- (7) NCM Core American Series Z commenced operations January 19, 2021.

## MANAGEMENT FEES

The Fund pays an annual management fee of 1.85% for Series A, and 0.85% for 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 fees are charged to Series Z; instead, the investors pay an annual flat management fee up to \$1,000, per account, directly to the Manager. There is no management fee attached to Series R. For the year ended September 30, 2021, management fees amounted to \$146,229. NCM paid servicing commissions of \$59,849 (i.e., 40.93%) from these management fees to

## MANAGEMENT FEES (continued)

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.

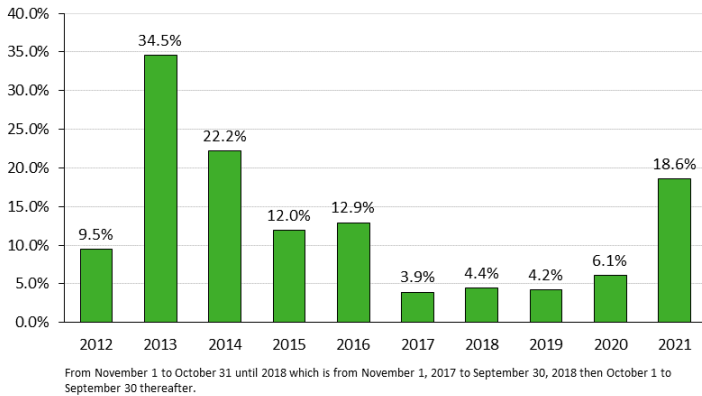
## PAST PERFORMANCE

The charts below illustrate the performance of the Fund for its last 10 fiscal years as a public mutual fund. 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.

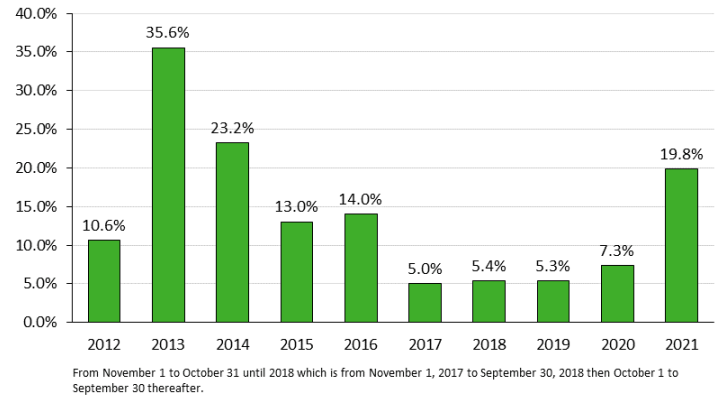
They assume that all distributions made by the investment Fund in the years shown are reinvested in additional securities of the investment Fund. They do not take into account sales, redemption, distribution or other optional charges which would have reduced returns or performance. Each year the Fund's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

## YEAR BY YEAR RETURNS

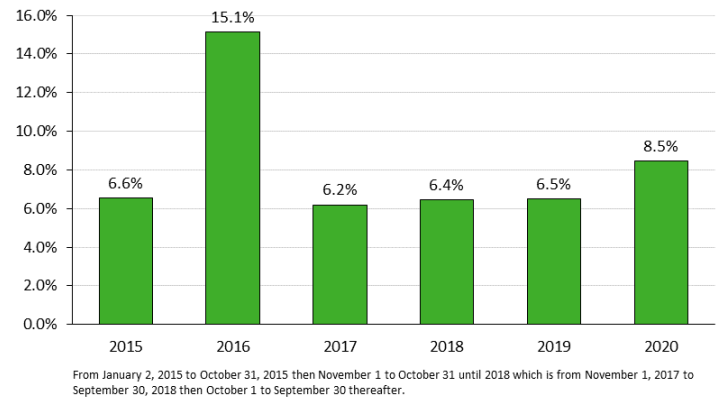
### Series A



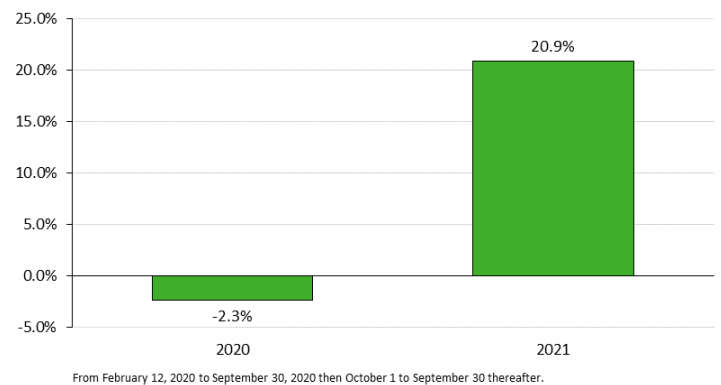
### Series F



### Series I



### Series R



### Series Z

No performance data is available as Series Z has not been distributed under a simplified prospectus for 12 consecutive months.

## ANNUAL COMPOUND RETURNS

The following table shows the percent compounded returns to September 30, 2021 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&P1500 Total Return Index (in local currency) until April 30, 2020 and the S&P 500 Total Return Index (in local currency) thereafter, which is the Fund's benchmark index.

	Series A	Series F	Series R	Index
One year	18.6%	19.8%	20.9%	30.0%
Three Year*	9.5%	10.7%		15.2%
Five Year*	7.2%	8.3%		16.4%
Ten Year*	13.7%	14.8%		17.0%
Since Inception* – Series A (December 31, 2005)	7.0%			8.6%
Since Inception* – Series F (December 31, 2005)		8.1%		8.6%
Since Inception* – Series R (February 12, 2020)			10.7%	17.4%

\* annualized

## SUMMARY OF INVESTMENT PORTFOLIO

The following investments were held by the Fund as at September 30, 2021.

Investments	Percent of net assets
<b>Securities</b>	
Alphabet Inc., Class 'A'	6.6%
Microsoft Corp.	5.9%
S&P Global Inc.	4.8%
Visa Inc., Class 'A'	4.6%
Thermo Fisher Scientific Inc.	4.5%
Accenture PLC, Class 'A'	4.3%
Diageo PLC, ADR	4.0%
Abbott Laboratories	3.6%
UnitedHealth Group Inc.	3.5%
JPMorgan Chase & Co.	3.4%
Honeywell International Inc.	3.3%
Apple Inc.	3.2%
Nike Inc., Class 'B'	2.9%
U.S. Bancorp	2.8%
Intuit Inc.	2.7%
First Republic Bank	2.6%
Facebook Inc., Class 'A'	2.5%
Keysight Technologies Inc.	2.4%
Costco Wholesale Corp.	2.4%
American Express Co.	2.3%

Analog Devices Inc.	2.2%
Union Pacific Corp.	2.2%
Comcast Corp., Class 'A'	2.1%
TJX Cos. Inc. (The)	2.0%
Lowe's Cos. Inc.	2.0%
Other Securities	15.4%

**Total Securities** 98.2%

Cash and cash equivalents	2.4%
Derivative assets (liabilities)	(0.1)%
Other assets – net of liabilities	(0.5)%
<b>Total net asset value</b>	<b>100.0%</b>

### Industry Sectors

Materials	3.5%
Industrials	7.3%
Consumer Discretionary	10.3%
Consumer Staples	8.0%
Health Care	13.3%
Financials	17.5%
Information Technology	27.1%
Communication Services	11.2%
Other	1.8%
<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 Core American 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 1850, 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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