

For the six months ended March 31, 2021

MANAGEMENT REPORT OF FUND PERFORMANCE

# NCM NORREP FUND



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This interim management report of fund performance contains financial highlights but does not contain the interim 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.

## RESULTS OF OPERATIONS

The six month period ended March 31, 2021, saw a dramatic change in the growth trajectory of the economy. In the 4<sup>th</sup> Quarter of 2020, the Canadian economy expanded at a rate of 9.6% on an annualized basis. In the month of December the Canadian economy grew by 0.1%. For the 3 months ended December 31, 2020, the S&P TSX Composite Total Return Index increased 8.9%. This Index continued to perform well in 2021; reaching a new record high on March 17, 2021. The S&P TSX Composite performed strongly in the First Quarter of 2021, but finished the quarter on March 31, 2021, 1.4% off its record high. This index increased 8.0% for the first quarter of 2021.

The market and Canadian society were fixated on the Pandemic and the various changes to daily life caused by the Pandemic. The market waxed and waned with news about vaccine developments, and government imposed restrictions on the economy. The market and the world were delighted when the Pfizer/BioNTech vaccine was first administered in the U.S. and Canada on December 14, 2021. Governments around the world have provided massive stimulus for Business enterprises that were forced to close their operations, and their displaced workers. Central Banks in Canada and United States are committing to keep interest rates at record lows, even though there are early signs of rising inflation.

For the six month period ended March 31, 2021 the Fund's return was 14.7%, underperforming its benchmark, the S&P TSX Total return Index. Holdings in the Technology and Consumer sector rebounded from lows set in March. The Fund ended the quarter with approximately 5% in cash reflecting increased valuations, after a strong sustained market rally. As vaccines started to be rolled out investors grew more confident about economic growth resuming.

We have noticed a change about investors sentiment towards investing in Canada. This is evidenced by the performance of the S&P TSX up 8% in the first quarter versus the S&P 500 which was up 6.1%. Given the backdrop of an improving economy and a large inventory rebuild cycle, with strong consumer demand we feel Canadian companies are poised to perform very well. Our focus remains on building a portfolio of strong companies that have the ability to generate free cash flow raise their dividends and reinvestment in their operations.

The net assets have increased by 6% with net assets increasing from \$40,714,315 to \$43,087,581, \$5,515,942 of this change is attributable to positive investment performance and \$3,142,676 was due to negative net contributions to the Fund.

## RECENT DEVELOPMENTS

On November 9, 2020 the Fund decreased the Series F management fee from 1.25% to 1%, and has been reopened to investors to facilitate new purchases in the Fund. In addition, the investment objective was updated to not only achieve long-term capital appreciation but also achieve consistent income. The investment objective broadened from investing in small to mid capitalization equities to include all market capitalization issuers.

On or about May 19, 2021 Series R was no longer available to purchase. There are no outstanding units for this Series.

## RELATED PARTY TRANSACTIONS

Management fees of \$394,630 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. Series R units are only available for investment by the NCM Funds and other funds and accounts managed or advised by the Manager and/or its

## RELATED PARTY TRANSACTIONS (continued)

affiliates and are not available for public purchase. There is no management fee attached to Series R. Administration fees of \$34,495 were paid to NCM. Administration fees are charged by NCM at or below cost and relate to accounting, trading, recordkeeping, compliance and other administrative costs.

## FINANCIAL HIGHLIGHTS

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

### The Fund's Net Asset Value (NAV) per unit<sup>(1)</sup>

Series A	2021	2020	2019	2018	2017	2016
<b>Net Asset Value, beginning of period</b>	32.52	32.93	36.89	38.28	35.56	34.00
<b>Increase (decrease) from operations:</b>						
Total revenue	0.36	0.52	0.73	0.74	0.44	0.76
Total expenses	(0.52)	(0.81)	(0.88)	(0.87)	(0.95)	(0.91)
Realized gains (losses) for the period	9.48	(1.11)	(0.62)	3.27	5.13	1.17
Unrealized gains (losses) for the period	(4.73)	0.64	(0.87)	(2.49)	(1.09)	0.46
<b>Total increase (decrease) from operations</b>	4.59	(0.76)	(1.64)	0.65	3.53	1.48
<b>Distributions:</b>						
From income	Nil	Nil	Nil	Nil	Nil	Nil
From dividends	Nil	Nil	Nil	Nil	Nil	Nil
From capital gains	(0.76)	Nil	(2.22)	(2.08)	(0.88)	Nil
<b>Total distributions <sup>(2)</sup></b>	(0.76)	Nil	(2.22)	(2.08)	(0.88)	Nil
<b>Net Asset Value, end of period <sup>(3)</sup></b>	36.32	32.52	32.93	36.89	38.28	35.56

Series F	2021	2020	2019	2018	2017	2016
<b>Net Asset Value, beginning of period</b>	33.95	34.12	37.91	39.05	36.02	34.21
<b>Increase (decrease) from operations:</b>						
Total revenue	0.39	0.54	0.75	0.72	0.44	0.72
Total expenses	(0.38)	(0.60)	(0.63)	(0.62)	(0.68)	(0.66)
Realized gains (losses) for the period	9.94	(1.17)	(0.68)	2.62	5.04	1.09
Unrealized gains (losses) for the period	(4.99)	(0.46)	(0.59)	(2.28)	(1.33)	1.88
<b>Total increase (decrease) from operations</b>	4.96	(1.69)	(1.15)	0.44	3.47	3.03

Series F	2021	2020	2019	2018	2017	2016
<b>Distributions:</b>						
From income	Nil	Nil	Nil	Nil	Nil	Nil
From dividends	Nil	Nil	Nil	Nil	Nil	Nil
From capital gains	(0.79)	Nil	(2.28)	(2.12)	(0.89)	Nil
<b>Total distributions <sup>(2)</sup></b>	(0.79)	Nil	(2.28)	(2.12)	(0.89)	Nil
<b>Net Asset Value, end of period <sup>(3)</sup></b>	38.09	33.95	34.12	37.91	39.05	36.02

Series R	2021	2020	2019 <sup>(4)</sup>
<b>Net Asset Value, beginning of period</b>	34.92	34.62	37.96
<b>Increase (decrease) from operations:</b>			
Total revenue	0.02	0.55	0.80
Total expenses	(0.03)	(0.24)	(0.14)
Realized gains (losses) for the period	2.79	(1.19)	(1.63)
Unrealized gains (losses) for the period	(0.84)	3.37	3.24
<b>Total increase (decrease) from operations</b>	1.94	2.49	2.27
<b>Distributions:</b>			
From income	Nil	Nil	Nil
From dividends	Nil	Nil	Nil
From capital gains	Nil	Nil	(2.29)
<b>Total distributions <sup>(2)</sup></b>	Nil	Nil	(2.29)
<b>Net Asset Value, end of period <sup>(3)</sup></b>	-	34.92	34.62

(1) This information is provided as at March 31, 2021, September 30 for 2020, 2019 and 2018 and October 31 for the balance preceding periods presented. The information is in accordance with International Financial Reporting Standards.

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

(3) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. 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.

(4) NCM Norrep Fund Series R commenced operations October 1, 2018.

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

Series A	2021	2020	2019	2018	2017	2016
Net Assets (000's of \$)	40,663	36,975	42,396	54,230	60,538	70,852
Number of units outstanding (000's)	1,120	1,137	1,288	1,470	1,581	1,993
Management expense ratio (MER) <sup>(2)</sup>	2.59%	2.59%	2.55%	2.51%	2.46%	2.44%
MER before waivers or absorptions <sup>(2)</sup>	2.59%	2.59%	2.55%	2.51%	2.46%	2.44%
Portfolio turnover rate <sup>(3)</sup>	119.14%	25.06%	24.73%	18.71%	31.29%	48.72%
Trading expense ratio <sup>(4)</sup>	0.35%	0.09%	0.15%	0.12%	0.20%	0.21%
Net asset value per unit	36.32	32.52	32.93	36.89	38.28	35.56

## FINANCIAL HIGHLIGHTS (continued)

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

Series F	2021	2020	2019	2018	2017	2016
Net Assets (000's of \$)	2,425	1,950	2,705	2,914	6,996	9,499
Number of units outstanding (000's)	64	57	79	77	179	264
Management expense ratio (MER) <sup>(2)</sup>	1.59%	1.83%	1.80%	1.77%	1.71%	1.74%
MER before waivers or absorptions <sup>(2)</sup>	1.59%	1.83%	1.80%	1.77%	1.71%	1.74%
Portfolio turnover rate <sup>(3)</sup>	119.14%	25.06%	24.73%	18.71%	31.29%	48.72%
Trading expense ratio <sup>(4)</sup>	0.35%	0.09%	0.15%	0.12%	0.20%	0.21%
Net asset value per unit	38.09	33.95	34.12	37.91	39.05	36.02

Series R	2021	2020	2019 <sup>(5)</sup>
Net Assets (000's of \$)	-	1,789	1,183
Number of units outstanding (000's)	-	51	34
Management expense ratio (MER) <sup>(2)</sup>	0.49%	0.49%	0.45%
MER before waivers or absorptions <sup>(2)</sup>	0.49%	0.49%	0.45%
Portfolio turnover rate <sup>(3)</sup>	119.14%	25.06%	24.73%
Trading expense ratio <sup>(4)</sup>	0.35%	0.09%	0.15%
Net asset value per unit	-	34.92	34.62

(1) This information is provided as at March 31, 2021, September 30 for 2020, 2019 and 2018 and October 31 for the balance preceding periods presented. The information is in accordance with International Financial Reporting Standards.

(2) Management expense ratio (MER) is based on the Funds total expenses for the stated period including the Funds proportionate share of the expenses of the underlying funds, and is expressed as an annualized percentage of daily average net asset value of the period. As such, the MERs presented for the Fund 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 period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. 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 period.

(5) NCM Norrep Fund Series R commenced operations October 1, 2018.

## MANAGEMENT FEES

The Fund pays an annual management fee of 2% for Series A, and 1% for Series F, multiplied by the net asset value of the Fund, to NCM, the Fund's Manager and Portfolio Manager. The management fee is calculated and paid monthly. There is no management fee attached to Series R. For the period ended March 31, 2021 management fees amounted to \$394,630. NCM paid servicing commissions of \$146,088 (i.e.37.02%) 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.

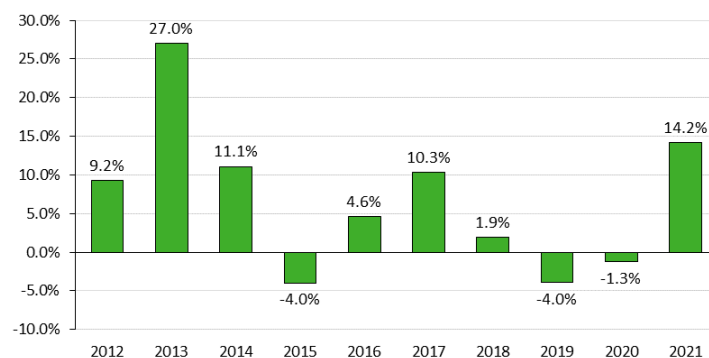
## PAST PERFORMANCE

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 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

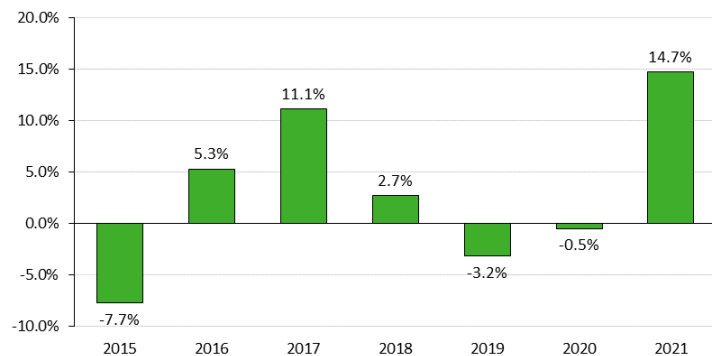
### Series A



From November 1 to October 31 until 2018 which is from November 1, 2017 to September 30, 2018 then October 1 to September 30 until 2021 which is from October 1, 2020 to March 31, 2021.

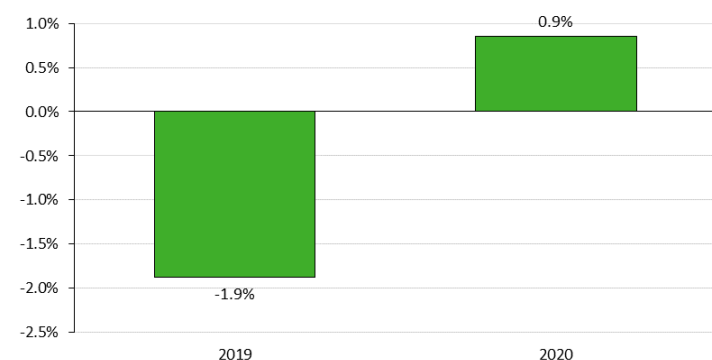
## YEAR BY YEAR RETURNS (continued)

### Series F



From July 6, 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 until 2021 which is from October 1, 2020 to March 31, 2021.

### Series R



From October 1, 2018 to September 30, 2019 then October 1 to September 30 thereafter.

## ANNUAL COMPOUND RETURNS

The following table shows the percent compounded returns to March 31, 2021 of the Fund for the periods indicated. It also presents the returns for the Fund's benchmark index, which is BMO Small Capitalization Equity Only Weighted Total Return Index until November 9, 2020 and 70% S&P/TSX Composite Total Return Index and 30% S&P 500 Total Return Index CAD thereafter.

	Series A	Series F	Index
One Year	67.9%	69.0%	84.6%
Three Year*	4.3%	5.2%	6.3%
Five Year*	5.6%	6.4%	7.8%
Ten Year*	4.7%		1.6%
Since Inception* – Series A (April 12, 2000)	13.3%		6.1%**
Since Inception* – Series F (July 06, 2015)		3.6%	5.2%**

\* 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 March 31, 2021.

<b>Securities</b>	<b>Percent of net assets</b>
Morneau Shepell Inc.	3.7%
Royal Bank of Canada	3.6%
TFI International Inc.	3.5%
Union Pacific Corp.	3.2%
Hydro One Ltd.	3.2%
Johnson & Johnson	3.2%
Granite REIT	3.1%
Visa Inc., Class 'A'	3.1%
Verizon Communications Inc.	3.1%
Fortis Inc.	3.0%
Metro Inc., Class 'A'	3.0%
Alphabet Inc., Class 'A'	3.0%
BRP Inc.	2.9%
Enghouse Systems Ltd.	2.9%
Becton	2.8%
Oracle Corp.	2.8%
TELUS Corp.	2.8%
Comcast Corp., Class 'A'	2.7%
Huntington Ingalls Industries Inc.	2.6%
Choice Properties REIT	2.6%
Broadridge Financial Solutions Inc., ADR	2.6%
Northland Power Inc.	2.5%
Intact Financial Corp.	2.4%
Interfor Corp.	2.3%
Nutrien Ltd.	2.2%
Other Securities	21.4%
<b>Total Securities</b>	<b>94.2%</b>
<b>Other</b>	
Cash	4.8%
Derivative assets (liabilities)	-0.2%
Other assets - net of liabilities	1.2%
<b>Total Net Asset Value</b>	<b>100.0%</b>

## Industry Sectors

Industrials	16.1%
Information Technology	14.1%
Communication Services	11.6%
Financials	11.1%
Utilities	8.7%
Materials	7.5%
Health Care	6.7%
Real Estate	5.7%
Consumer Staples	5.0%
Consumer Discretionary	4.6%
Energy	3.1%
Other	5.8%
<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

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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