

For the six months ended March 31, 2022

MANAGEMENT REPORT OF FUND PERFORMANCE  
**NCM SMALL COMPANIES CLASS**



# MANAGEMENT REPORT OF FUND PERFORMANCE NCM SMALL COMPANIES CLASS

---

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, 333-7th 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

As soon as one crisis fades in the rear-view mirror, another appears. On February 24, 2022, Russia went to war with Ukraine by setting off a barrage of missile strikes and rolling military equipment onto Ukrainian territory. The assault came after failed intense diplomatic efforts. The west has imposed significant sanctions that created ripple effects across many markets. Russia's economy is expected to shrink by over 10% in 2022 and Ukraine's will drop by a whopping 45%.

Ukraine is known as the breadbasket of Europe. They represent 13% of global corn exports and combined with Russia account for 25% of global wheat exports. Russia is a major supplier of crude oil, natural gas and fertilizers to the world. The war has caused significant volatility in these and many other commodities, pushing already high inflation levels even higher. From a portfolio perspective, elevated commodity prices help those businesses in Canada that fill the world's volume gap that sanctions are disrupting.

As a result of these commodity swings, we have seen the NCM Small Companies Class (the "Fund") Energy weight increase to 19.8% from 14.9% for the six month period ending March 31, 2022. Price appreciation and the addition of two new companies, notably Topaz Energy Corporation and CES Energy Solutions Corporation are the reason. Our Materials weight remained constant at 22.0% over the period but there were some changes within the group. We sold one of our

largest positions, Stelco Holdings Incorporated, and we saw Intertape Polymer receive an offer to take the company private from Clearlake Capital Group L.P. for US\$2.6 billion dollars. Similarly, the Industrials weight closed the period at 11.9% (up from 10%), despite having a takeover offer for PFB Corporation from The Riverside Company for \$24.10 per share or CAD\$178 million dollars. Our Consumer Discretionary weight increased from 13.7% to 16.6% as a result of an increase in the Martinrea International Inc. and Sleep Country Canada positions.

The Fund's benchmark is the BMO Small Capitalization Equity Only Weighted Total Return Index. As a result of the strong performance of resource related stocks, their representation in terms of percentage of the overall benchmark has increased significantly. Energy is now 25.3% and Materials are 33.2% of the index. Companies that mine metals make up 11.8% and gold related businesses comprise 17.5% of the benchmark. Many of these businesses are not profitable and others don't have any revenues. The NCM Small Companies Class focuses on rapidly growing businesses with strong revenue and earnings growth so it is likely that for most of the business cycle we will be underweight the Resource sector weights in the index. We also believe that the war has pushed the price of many of these commodities above what their fundamental values should be.

NCM Small Companies F Class returned 2.7% and 16.5%, for the six month and one-year periods ended March 31, 2022, respectively. The BMO Small Cap Equity Only Total Return benchmark generated a 10.4% and 18.3% return over the same time periods. The underperformance versus the benchmark is partially due to an underweight in the Materials and Energy industries.

We remain excited about the prospects of the Fund's holdings. As of March 31, 2022, we had 34 businesses that combined had a trailing return on equity of 17.8% and a return on capital of 16.7%. In comparison, the BMO Small Cap Equity Only Index and the S&P/TSX had a 9.1% and a 14.7% return on equity respectively and a 11.1% and 14.1% return on capital respectively. From a valuation perspective, the Fund continues to be less expensive despite better growth attributes with a trailing price earnings ratio of 15.6x versus the BMO Small Cap Equity Only Index of 20.1x and the S&P/TSX of 16.8x.

We have seen a renewed interest in Canadian Small Caps over the last couple years. Faster earnings growth with a

## RESULTS OF OPERATIONS (continued)

more attractive valuation is enticing capital flows in the asset class. Further, larger companies are acquiring, often at a premium, small companies to enhance their own product offerings. We will continue our focus on businesses that offer better sustainable growth, strong management, and attractive valuations.

The net assets have decreased by 5.9% with net assets decreasing from \$128,754,324 to \$121,121,160, \$2,923,399 of this change is attributable to positive investment performance and \$10,556,563 was due to negative net contributions to the Fund.

## RELATED PARTY TRANSACTIONS

Management fees of \$852,247 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 \$73,224 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 periods indicated. This information is derived from the Fund's audited annual financial statements and unaudited interim financial statements.

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

| Series A                                    | 2022   | 2021   | 2020   | 2019   | 2018   | 2017   |
|---|--------|--------|--------|--------|--------|--------|
| <b>Net Asset Value, beginning of period</b> | 56.00  | 41.00  | 41.25  | 43.18  | 42.43  | 38.90  |
| <b>Increase (decrease) from operations:</b> |        |        |        |        |        |        |
| Total revenue                               | 0.55   | 0.72   | 0.67   | 0.89   | 0.85   | 0.75   |
| Total expenses                              | (0.72) | (1.22) | (1.01) | (1.09) | (1.01) | (1.09) |
| Realized gains (losses) for the period      | 5.96   | 3.48   | (0.85) | (0.83) | 3.58   | 4.54   |
| Unrealized gains (losses) for the period    | (4.62) | 12.26  | 0.49   | (0.97) | (2.77) | (0.37) |

| Series A   | 2022  | 2021  | 2020   | 2019   | 2018  | 2017   |
|--|-------|-------|--------|--------|-------|--------|
| <b>Total increase (decrease) from operations</b>     | 1.17  | 15.24 | (0.70) | (2.00) | 0.65  | 3.83   |
| <b>Distributions:</b>                                |       |       |        |        |       |        |
| From income  | Nil   | Nil   | Nil    | Nil    | Nil   | Nil    |
| From dividends                                       | Nil   | Nil   | Nil    | Nil    | Nil   | Nil    |
| From capital gains                                   | Nil   | Nil   | Nil    | (0.25) | Nil   | (0.35) |
| <b>Total distributions <sup>(2)</sup></b>            | Nil   | Nil   | Nil    | (0.25) | Nil   | (0.35) |
| <b>Net Asset Value, end of period <sup>(3)</sup></b> | 57.23 | 56.00 | 41.00  | 41.25  | 43.18 | 42.43  |

| Series F   | 2022   | 2021   | 2020   | 2019   | 2018   | 2017   |
|--|--------|--------|--------|--------|--------|--------|
| <b>Net Asset Value, beginning of period</b>          | 66.57  | 48.37  | 48.14  | 49.84  | 48.50  | 44.03  |
| <b>Increase (decrease) from operations:</b>          |        |        |        |        |        |        |
| Total revenue  | 0.66   | 0.88   | 0.78   | 1.03   | 0.98   | 0.86   |
| Total expenses                                       | (0.51) | (0.99) | (0.73) | (0.75) | (0.70) | (0.74) |
| Realized gains (losses) for the period               | 7.02   | 4.41   | (1.04) | (0.98) | 4.03   | 5.04   |
| Unrealized gains (losses) for the period             | (5.63) | 13.89  | (0.02) | (1.19) | (3.04) | (0.20) |
| <b>Total increase (decrease) from operations</b>     | 1.54   | 18.19  | (1.01) | (1.89) | 1.27   | 4.96   |
| <b>Distributions:</b>                                |        |        |        |        |        |        |
| From income  | Nil    | Nil    | Nil    | Nil    | Nil    | Nil    |
| From dividends                                       | Nil    | Nil    | Nil    | Nil    | Nil    | Nil    |
| From capital gains                                   | Nil    | Nil    | Nil    | (0.29) | Nil    | (0.41) |
| <b>Total distributions <sup>(2)</sup></b>            | Nil    | Nil    | Nil    | (0.29) | Nil    | (0.41) |
| <b>Net Asset Value, end of period <sup>(3)</sup></b> | 68.38  | 66.57  | 48.37  | 48.14  | 49.84  | 48.50  |

| Series I   | 2022   | 2021   | 2020   | 2019   | 2018   | 2017   |
|--|--------|--------|--------|--------|--------|--------|
| <b>Net Asset Value, beginning of period</b>          | 72.73  | 52.42  | 51.61  | 52.82  | 50.92  | 45.78  |
| <b>Increase (decrease) from operations:</b>          |        |        |        |        |        |        |
| Total revenue  | 0.72   | 0.94   | 0.84   | 1.10   | 1.04   | 0.90   |
| Total expenses                                       | (0.16) | (0.57) | (0.31) | (0.23) | (0.25) | (0.26) |
| Realized gains (losses) for the period               | 7.89   | 4.39   | (0.89) | (0.99) | 4.35   | 5.29   |
| Unrealized gains (losses) for the period             | (6.09) | 15.55  | 3.22   | (0.93) | (3.27) | (0.35) |
| <b>Total increase (decrease) from operations</b>     | 2.36   | 20.31  | 2.86   | (1.05) | 1.87   | 5.58   |
| <b>Distributions:</b>                                |        |        |        |        |        |        |
| From income  | Nil    | Nil    | Nil    | Nil    | Nil    | Nil    |
| From dividends                                       | Nil    | Nil    | Nil    | Nil    | Nil    | Nil    |
| From capital gains                                   | Nil    | Nil    | Nil    | (0.31) | Nil    | (0.43) |
| <b>Total distributions <sup>(2)</sup></b>            | Nil    | Nil    | Nil    | (0.31) | Nil    | (0.43) |
| <b>Net Asset Value, end of period <sup>(3)</sup></b> | 75.10  | 72.73  | 52.42  | 51.61  | 52.82  | 50.92  |

## FINANCIAL HIGHLIGHTS (continued)

- (1) This information is provided as at March 31, 2022, September 30 for 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) 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 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.

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

| Series A   | 2022   | 2021   | 2020   | 2019   | 2018   | 2017   |
|--|--------|--------|--------|--------|--------|--------|
| Net Assets (000's of \$)                         | 66,838 | 71,698 | 45,560 | 55,306 | 67,781 | 78,137 |
| Number of shares outstanding (000's)             | 1,168  | 1,280  | 1,111  | 1,341  | 1,570  | 1,842  |
| Management expense ratio (MER) <sup>(2)</sup>    | 2.49%  | 2.52%  | 2.62%  | 2.56%  | 2.54%  | 2.53%  |
| MER before waivers or absorptions <sup>(2)</sup> | 2.49%  | 2.52%  | 2.62%  | 2.56%  | 2.54%  | 2.53%  |
| Portfolio turnover rate <sup>(3)</sup>           | 17.52% | 48.62% | 31.42% | 27.04% | 19.27% | 35.32% |
| Trading expense ratio <sup>(4)</sup>             | 0.08%  | 0.09%  | 0.09%  | 0.15%  | 0.11%  | 0.17%  |
| Net asset value per share                        | 57.23  | 56.00  | 41.00  | 41.25  | 43.18  | 42.43  |

| Series F   | 2022   | 2021   | 2020   | 2019   | 2018   | 2017   |
|--|--------|--------|--------|--------|--------|--------|
| Net Assets (000's of \$)                         | 30,174 | 33,632 | 14,792 | 20,782 | 24,516 | 27,801 |
| Number of shares outstanding (000's)             | 441    | 505    | 306    | 432    | 492    | 573    |
| Management expense ratio (MER) <sup>(2)</sup>    | 1.44%  | 1.46%  | 1.56%  | 1.49%  | 1.47%  | 1.45%  |
| MER before waivers or absorptions <sup>(2)</sup> | 1.44%  | 1.46%  | 1.56%  | 1.49%  | 1.47%  | 1.45%  |
| Portfolio turnover rate <sup>(3)</sup>           | 17.52% | 48.62% | 31.42% | 27.04% | 19.27% | 35.32% |
| Trading expense ratio <sup>(4)</sup>             | 0.08%  | 0.09%  | 0.09%  | 0.15%  | 0.11%  | 0.17%  |
| Net asset value per share                        | 68.38  | 66.57  | 48.37  | 48.14  | 49.84  | 48.50  |

| Series I   | 2022   | 2021   | 2020   | 2019   | 2018   | 2017   |
|--|--------|--------|--------|--------|--------|--------|
| Net Assets (000's of \$)                         | 24,109 | 23,425 | 15,076 | 12,459 | 14,595 | 15,494 |
| Number of shares outstanding (000's)             | 321    | 322    | 288    | 241    | 276    | 304    |
| Management expense ratio (MER) <sup>(2)</sup>    | 0.33%  | 0.35%  | 0.45%  | 0.39%  | 0.37%  | 0.36%  |
| MER before waivers or absorptions <sup>(2)</sup> | 0.33%  | 0.35%  | 0.45%  | 0.39%  | 0.37%  | 0.36%  |
| Portfolio turnover rate <sup>(3)</sup>           | 17.52% | 48.62% | 31.42% | 27.04% | 19.27% | 35.32% |
| Trading expense ratio <sup>(4)</sup>             | 0.08%  | 0.09%  | 0.09%  | 0.15%  | 0.11%  | 0.17%  |
| Net asset value per share                        | 75.10  | 72.73  | 52.42  | 51.61  | 52.82  | 50.92  |

- (1) This information is provided as at March 31, 2022, September 30 for 2021, 2020, 2019, 2018 and October 31, 2017. 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 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 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.

## 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 six months ended March 31, 2022, management fees amounted to \$852,247. NCM paid servicing commissions of \$288,797 (i.e. 33.89%) 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 six months ended March 31, 2022, a performance bonus of \$nil was reported.

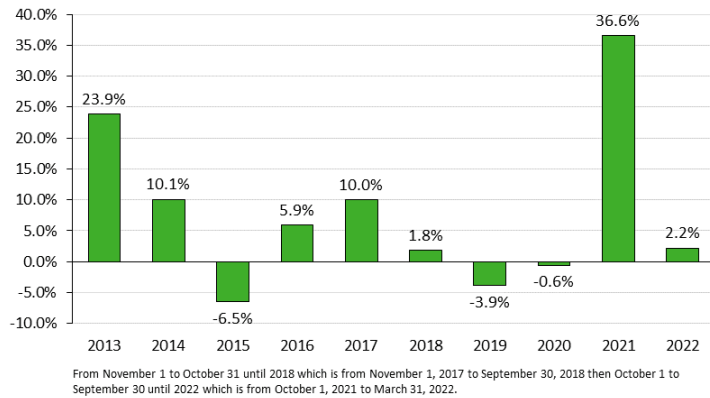
## PAST PERFORMANCE

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 February 8, 2013. 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.

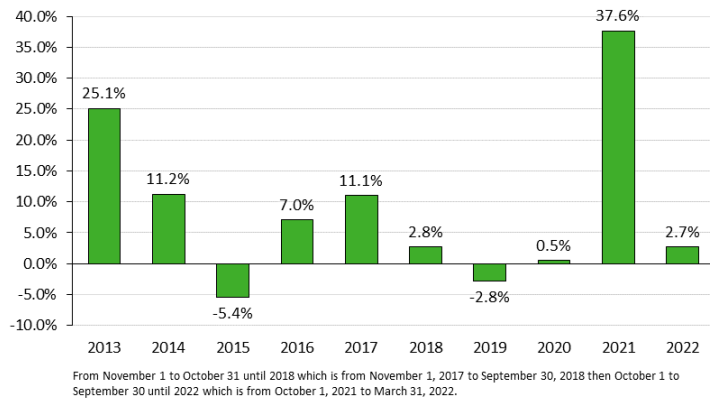
They assume that all distributions made by the Fund in the periods shown are reinvested in additional securities of the Fund. They do not take into account sales, redemption, distribution or other optional charges which would have reduced returns or performance. Each year the Fund's performance has changed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

## YEAR BY YEAR RETURNS

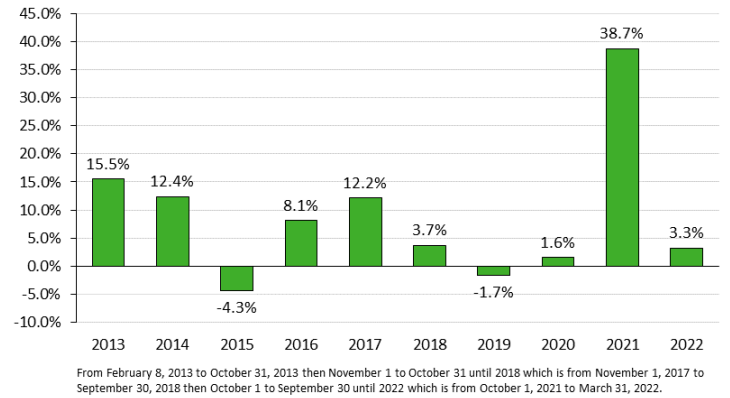
### Series A



### Series F



### Series I



## ANNUAL COMPOUND RETURNS

The following table shows the percent compounded returns to March 31, 2022 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, which is the Fund's benchmark index.

|   | Series A | Series F | Series I | Index  |
|---|----------|----------|----------|--------|
| One year  | 15.5%    | 16.5%    | 17.5%    | 18.3%  |
| Three Year*                                     | 12.0%    | 13.1%    | 14.2%    | 18.3%  |
| Five Year*                                      | 7.5%     | 8.5%     | 9.7%     | 8.4%   |
| Ten Year*                                       | 6.5%     | 7.6%     |          | 6.1%   |
| Since Inception* – Series A (February 15, 2002) | 10.4%    |          |          | 7.7%** |
| Since Inception* – Series F (January 31, 2005)  |          | 8.8%     |          | 6.3%   |
| Since Inception* – Series I (February 08, 2013) |          |          | 9.2%     | 7.0%** |

\* 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, 2022.

| Securities                              | Percent of<br>net assets |
|---|--------------------------|
| Major Drilling Group International Inc. | 6.9%                     |
| Aritzia Inc.                            | 4.6%                     |
| Whitecap Resources Inc.                 | 4.0%                     |
| Hardwoods Distribution Inc.             | 3.9%                     |
| Alaris Equity Partners Income           | 3.9%                     |
| North American Construction Group Ltd.  | 3.9%                     |
| BRP Inc.                                | 3.8%                     |
| Descartes Systems Group Inc.            | 3.4%                     |
| Superior Plus Corp.                     | 3.1%                     |
| Capstone Copper Corp.                   | 3.0%                     |
| Tourmaline Oil Corp.                    | 3.0%                     |
| Martinrea International Inc.            | 3.0%                     |
| FirstService Corp.                      | 2.9%                     |
| Mullen Group Ltd.                       | 2.9%                     |
| Canadian Tire Corp. Ltd., Class 'A'     | 2.9%                     |
| GDI Integrated Facility Services Inc.   | 2.9%                     |
| Hudbay Minerals Inc.                    | 2.8%                     |
| Parkland Corp.                          | 2.6%                     |
| Parex Resources Inc.                    | 2.3%                     |
| Sleep Country Canada Holdings Inc.      | 2.3%                     |
| ATS Automation Tooling Systems Inc.     | 2.2%                     |
| Topaz Energy Corp.                      | 2.2%                     |
| Hamilton Thorne Ltd.                    | 2.2%                     |
| Agnico Eagle Mines Ltd.                 | 2.2%                     |
| goeasy Ltd.                             | 2.1%                     |
| Other Securities                        | 12.9%                    |
| <b>Total Securities</b>                 | <b>91.9%</b>             |
| <b>Other</b>                            |                          |
| Cash                                    | 7.2%                     |
| Other assets – net of liabilities       | 0.9%                     |
| <b>Total net asset value</b>            | <b>100.0%</b>            |
| <b>Industry Sectors</b>                 |                          |
| Energy                                  | 19.8%                    |
| Materials                               | 22.0%                    |
| Industrials                             | 11.9%                    |
| Consumer Discretionary                  | 16.6%                    |
| Health Care                             | 2.2%                     |
| Financials                              | 6.0%                     |
| Information Technology                  | 6.9%                     |
| Communication Services                  | 0.5%                     |
| Utilities                               | 3.1%                     |
| Real Estate                             | 2.9%                     |
| Other                                   | 8.1%                     |
| <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 1850, 333-7<sup>th</sup> Avenue SW Calgary, Alberta T2P 2Z1 or from our website at [www.ncminvestments.com](http://www.ncminvestments.com).

THIS PAGE LEFT INTENTIONALLY BLANK



Suite 1850, 333 – 7 Avenue S.W.,  
Calgary, Alberta T2P 2Z1

[ncminvestments.com](http://ncminvestments.com)

1.877.431.1407