

U.S. Equity Fund

We are pleased with the broad market rotation that is occurring in U.S. equities. As mentioned in the previous monthly reports, we view a mid-cycle rotation from small cap stocks to large caps and from overpriced high-flyers to “growth at a reasonable price” equities as long overdue and rational.

In April, while the S&P 500 Index gained 0.7% for the month, all the other indices we track declined. The S&P 400 MidCap fell 1.6%, the NASDAQ Composite lost 2.0%, and the S&P 600 SmallCap was down 2.8%. Much of the sell-off in the NASDAQ and S&P 600 SmallCap indices was concentrated around three dozen or so internet content stocks—all of them momentum, “growth at any price” names such as Netflix, LinkedIn, Twitter, and Facebook—to which we have no exposure. Many of the technology holdings in the North Growth U.S. Equity Fund that include the great giants, Apple, Intel and Cisco, are outperforming on a relative basis. We find this change heartening as it appears the market is finally beginning to recognize the exceptional investment opportunities provided by the large cap, established technology companies.

The U.S. Equity Fund appreciated 0.1% in April, lagging behind the broad S&P 500 Index but comparing especially favourably to the NASDAQ and small cap indices. As the Canadian currency recovered some of its weakness from the first quarter during April, the Fund declined 0.7% in Canadian dollars for the month versus the S&P 500 which was down 0.1% in Canadian dollars.

Canadian Equity Fund

Canadian equities continued to climb higher in April with the S&P/TSX Composite gaining 2.4%. The North Growth Canadian Equity Fund rose 0.6% for the month, underperforming the index following four consecutive months of beating the S&P/TSX.

First Quarter Earnings

The vast majority of the corporate earnings reports for the January-to-March period has been much better than expected. Due to the harsh winter weather near the beginning of the year, company managements were cautious in their guidance for the quarter and analysts were zealously lowering their earnings estimates in accordance. At mid-April, the start of the earnings reporting season, earnings for the first quarter were expected to decline 0.8% year-over-year. According to ISI Group, earnings are now on track to increase 5.6%, with all ten sectors of the S&P 500 reporting higher profit growth rates.

As of May 9th, 454 companies of the S&P 500 Index have reported earnings for the first quarter of 2014. With around 90% of the results in, 75% of the reporting companies have exceeded analysts' earnings forecasts while 54% have beaten revenue estimates.

Companies in the Utilities, Health Care, Energy, and Information Technology sectors have reported the greatest upside aggregate differences between actual earnings and forecasted earnings. In the Health Care sector, Gilead Sciences, one of the Fund's holdings, reported actual earnings per share or EPS that exceeded analysts' projected EPS by a notably wide margin of 62%. In the Information Technology sector, Electronic Arts (EA) and First Solar, both represented in the Fund, were the top two names of the S&P 500 with the largest upside earnings surprises so far—EA surpassed analysts' EPS estimates by 348% and First Solar beat by 113%.

We have been pleased with the results of all the companies in the portfolio to date.

Apple's latest quarterly report was particularly encouraging as earnings and revenue surprised on the upside by 14% and 5% respectively. Importantly, iPhone sales were stronger than expected with shipments coming in 16% ahead of consensus projections and growth improving across a number of geographies including the U.S., Japan and China. Driven by a favourable mix, Apple's gross margin was also higher than expected—a source of relief for Wall Street analysts.

On its earnings conference call, the company highlighted its strong ecosystem as reflected by growing installed base momentum and new user acquisition; the company noted that it now has nearly 800 million iTunes accounts, an increase of almost 40% from the levels in June 2013. Apple's expanding ecosystem provides a robust platform for future device growth and successful new product launches, of which its currently low equity valuation does not seem to take into account. Furthermore, the company's pristine financial health was demonstrated by its announced dividend increase of approximately 8 percent, in addition to its boost in the overall size of its capital return program to more than \$130 billion by the end of 2015, up from the previous \$100 billion plan.

Our View

We remain constructive in our outlook for U.S. equities and continue to believe that the Fund is well positioned to benefit from a market rotation toward more value-oriented names, many of which are large capitalization technology bellwethers.

NORTH GROWTH U.S. EQUITY FUND

Short Term Rates of Return (%) for Periods Ending April 30, 2014

	1 Month	3 Months	6 Months	YTD
NGM US Equity Fund \$CDN	-0.74	6.18	14.45	7.58
S&P 500 \$CDN	-0.13	4.54	13.90	5.68
NGM US Equity Fund \$US	0.12	7.90	8.88	4.40
S&P 500 \$US	0.74	6.23	8.36	2.56
S&P 400 MidCap \$US	-1.56	3.63	5.94	1.43
S&P 600 SmallCap \$US	-2.79	2.25	4.21	-1.69
NASDAQ Composite \$US	-1.96	0.56	5.66	-1.14

NORTH GROWTH U.S. EQUITY FUND

Annualized Rates of Return (%) for Periods Ending April 30, 2014

	1 Year	3 Years	5 Years	10 Years	20 Years	Since Inception
NGM US Equity Fund \$CDN	36.63	17.59	17.14	6.72	11.69	12.51
S&P 500 \$CDN	31.02	19.53	17.13	5.27	8.24	8.85
NGM US Equity Fund \$US	25.59	11.97	19.14	9.14	13.00	13.17
S&P 500 \$US	20.44	13.83	19.14	7.67	9.50	9.49
S&P 400 MidCap \$US	18.60	11.77	21.06	10.34	12.38	12.61
S&P 600 SmallCap \$US	24.58	13.89	21.53	10.17	11.16	11.83
NASDAQ Composite \$US	25.25	14.20	20.51	9.15	8.99*	9.55*

Source: Bloomberg "Total Return Analysis" as of May 1, 2014.

*These returns are a simple price appreciation because total return data is not available on Bloomberg.

Unit Price: \$37.85 CDN
\$34.53 USD

Total Assets in Fund \$374.9 Million CDN

NORTH GROWTH CANADIAN EQUITY FUND

Short Term Rates of Return (%) for Periods Ending April 30, 2014

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	0.60	10.09	19.33	15.10
S&P / TSX \$CDN	2.42	7.75	11.29	8.63

NORTH GROWTH CANADIAN EQUITY FUND

Annualized Rates of Return (%) for Periods Ending April 30, 2014

	1 Year	3 Years	5 Years	10 Years
NGM Canadian Equity Fund	44.04	N/A	N/A	N/A
S&P / TSX \$CDN	21.29	N/A	N/A	N/A

**The Canadian Equity Fund became a reporting issuer on June 15, 2012. It is not permitted to publish performance data prior to the date it became a reporting issuer.*

Series N Unit Price: \$ 21.00 CDN

Total Assets in Fund \$ 41.9 Million CDN

NORTH GROWTH CANADIAN MONEY MARKET FUND
Annualized Rates of Returns (%) for Periods Ending April 30, 2014

	*CURRENT YIELD	1 Year	3 Years	5 Years
NGM CDN Money Market Fund	0.87	0.86	0.85	0.66
30 Day T-Bill	N/A	0.95	0.92	0.72

** The Current Yield for the Money Market Fund is the average of the annualized daily yield for the most recent seven day period. This measure is no longer available for the 30 day T-Bill Index.*

We take a very simple approach to managing the North Growth Canadian Money Market Fund. We invest in a portfolio of high quality short term bonds. The average maturity of the portfolio never is greater than 30 days. Historically the Fund has generated very competitive yields with this simple approach because the management fee is, and always has been, 0.25%. In today's low rate environment most other money market funds in Canada have cut their management fees and extended their maturities in order to improve yields, as a result the North Growth Canadian Money Market Fund's yields are now below the industry average.

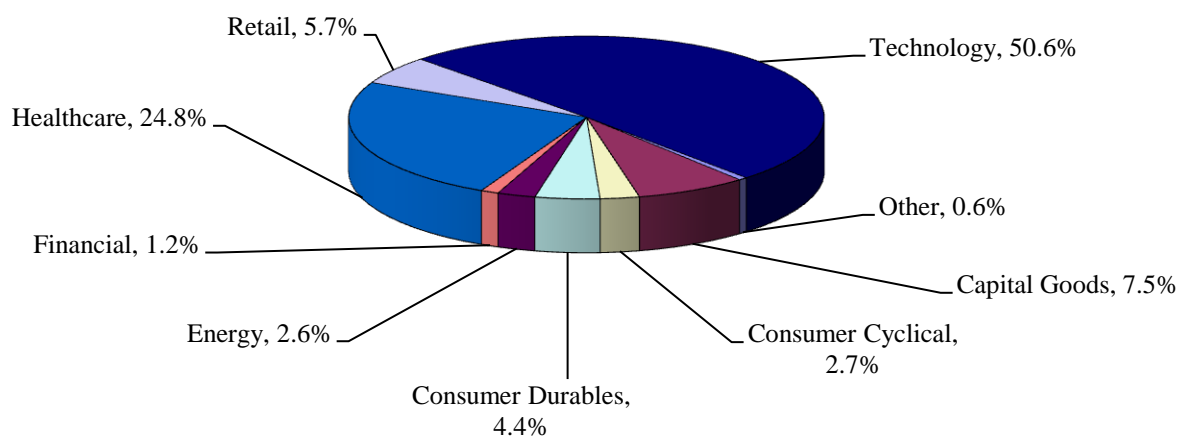
We manage the portfolio to ensure high liquidity and have no intention to extend maturities in order to chase a few basis points and we do not have any room to reduce our management fees because we already take a loss on the product. We still believe our money market fund has superior liquidity characteristics due to its very low average maturity but our current yield is 0.87% which is lower than many other mainstream money market funds and even short term GICs at top tier Canadian banks.

The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

U.S. EQUITY FUND
TOP 10 HOLDINGS
As of April 30, 2014

	%
Apple Inc.	9.54
Cisco Systems Inc.	8.88
GT Advanced Technologies Inc.	5.66
Intel Corporation	5.17
St. Jude Medical Inc.	4.54
Microsoft Corporation	4.41
WellPoint Inc.	3.99
Bristol-Myers Squibb Company	3.28
Texas Instruments Inc.	3.20
Citrix Systems Inc.	<u>3.18</u>
Top 10	51.85
Total Equities	99.41
Cash	<u>0.59</u>
TOTAL ASSETS	100.00%

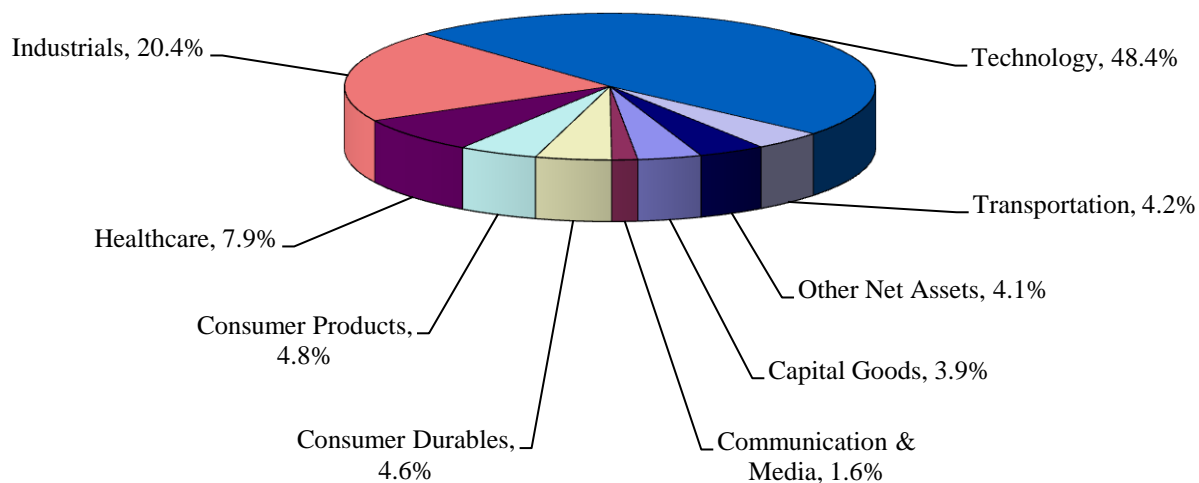
SECTOR MIX



CANADIAN EQUITY FUND
TOP 10 HOLDINGS
As of April 30, 2014

	%
Sandvine Corporation	10.89
Bombardier Inc., Class B	6.96
Celestica Inc.	6.27
Ballard Power Systems Inc.	6.26
Open Text Corporation	5.68
Martinrea International Inc.	4.84
Dorel Industries	4.62
CAE Inc.	4.24
WestJet Airlines Ltd.	4.24
Valeant Pharmaceuticals International Inc.	<u>4.20</u>
Top 10	58.2
Total Equities	95.94
Cash	<u>4.06</u>
TOTAL ASSETS	100.00%

SECTOR MIX



INVESTING WITH NORTH GROWTH MANAGEMENT:

North Growth Management is a focused firm. We are Canada's U.S. Equity Specialist. Our objective is consistent, superior, long term returns on our equity funds based on our "growth at a reasonable price" investment philosophy.

CONDUCTING TRANSACTIONS:

The cut-off time for same-day transactions is 3 p.m. Eastern time or 12 p.m.(noon) Pacific time. Orders received after that time will be processed on the next business day. Cheques must be made payable to **RBC Investor Services Trust**. For security reasons, instructions can only be accepted by mail or by fax to:

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Fax: 604-688-5402

WHERE TO FIND NGM FUND PRICES

Please visit www.northgrowth.com to view the Fund's daily prices or to be added to our e-mail list to receive daily notification of the Fund's prices. Alternatively, the Globe & Mail reports prices on www.globefund.com