

APRIL 2016

**MANAGEMENT'S MONTHLY
REPORT ON FUND
PERFORMANCE**

May 12, 2016

MANAGEMENT'S MONTHLY REPORT ON FUND PERFORMANCE

North Growth Funds

Table of Contents

Fund Performance Update	2
North Growth U.S. Equity Fund	4
Short Term Rates of Return	4
Annualized Rates of Return.....	4
North Growth Canadian Equity Fund.....	5
Short Term Rates of Return	5
Annualized Rates of Return.....	5
North Growth Canadian Money Market Fund.....	6
Annualized Rates of Return.....	6
Equity Fund Holdings and Composition	7
U.S. Equity Fund – Top 10 Holdings	7
U.S. Equity Fund – Sector Mix	7
Canadian Equity Fund – Top 10 Holdings	8
Canadian Equity Fund – Sector Mix	8
Investing With Us.....	9
Investing With North Growth Management:	9
Conducting Transactions.....	9
Where to Find NGM Fund Prices.....	9

Fund Performance Update

U.S. Equity Fund

U.S. equities delivered mixed performance during April. The strong rally that had begun in late February fizzled out around the middle of the month as investors' unease over the global economy, U.S. presidential campaign rancour, and first quarter earnings results took hold. The S&P 500 Index gained a slight 0.4% in April while both the S&P 400 MidCap and S&P 600 SmallCap advanced 1.2%. By contrast, the NASDAQ Composite declined 1.9% for the month.

The North Growth U.S. Equity Fund fell 1.4% in April, lagging the mentioned indices we regularly track with the exception of the NASDAQ. As the Canadian currency strengthened 3.3% against its U.S. counterpart, the Fund's monthly performance in Canadian dollars was -4.7% versus the S&P 500's Canadian dollar return of -3.0%.

Canadian Equity Fund

In April, Canadian equities performed relatively better than U.S. stocks. Buoyed by the near 20% gain in crude oil prices, the S&P/TSX Composite appreciated 3.7%. The North Growth Canadian Equity Fund was up 2.4% last month.

First Quarter Earnings

For the market in general, earnings during the January-to-March period are on track to decline 7.1% year-over-year. Seven sectors of the S&P 500 Index have reported a drop in profits from a year ago, led by the Energy, Materials and Financials sectors. On the positive side, the Health Care sector has reported broad-based revenue and earnings growth year-over-year, supported by all six industries of the sector including Health Care Technology, Biotechnology and Health Care Providers and Services.

As of May 6th, 87% of companies in the S&P 500 have reported earnings for the first quarter of 2016. According to FactSet, 71% of the reporting companies have exceeded analysts' earnings forecasts while 53% have beaten revenue estimates.

To date, the market, with a few exceptions, has not been rewarding upside earnings surprises whereas earnings misses have been punished. A notable downside earnings surprise this quarter came from Apple, whose results weighed meaningfully on the Information Technology sector of the S&P 500, and more importantly, on the U.S. Fund.

In the latest quarter, Apple's net income fell 22.5% from the prior year, and net sales were down 13%. Apple reported earnings of \$1.90 per share versus analysts' consensus

estimate of \$2.00. Revenue of \$50.6 billion was a bit behind the \$52.0 billion expected by the Street.

Despite the misses in profits and sales for the first time in years, the company continues to gain new smartphone users and convert switchers to the iPhone platform, capture market share in the PC market with its Mac products, and grow revenue from Services as a result of the strong Apple ecosystem and expanding base of over one billion active devices. Apple is currently in the midst of an iPhone refresh cycle. On the conference call, CEO Tim Cook maintained that “the future of Apple is very bright,” referencing an amazing product pipeline in store.

Given the company’s exceptional long term track record of innovation and execution, we remain confident that Apple’s earnings and sales will resume growth with the launch of new products and services. Trading at a low valuation of 10 times trailing earnings, or only 7 times adjusted for the company’s \$153 billion cash balance (equivalent to \$27.76 per share), and yielding 2.5%, Apple stock offers significant upside potential with limited downside risk. We believe the long term risk/reward profile of Apple remains compelling, and as such, continue to hold the position in the U.S. Fund.

Our View

Ahead of the U.S. presidential election in November, increasingly heated campaign rhetoric will likely diminish investor confidence and possibly near term economic growth. Recently, in its Beige Book, the Federal Reserve noted signs of heightened business anxiety over current political developments. While we acknowledge that the cantankerous tone of the presidential campaign is unsettling, we do believe the majority of the American electorate is rational, and have faith in the U.S. political system at the heart of which lie the principles of ‘separation of powers’ and ‘checks and balances’.

We continue to focus our efforts on individual stock analysis and fundamental company research, adhering strictly as always to our long term “growth at a reasonable price” philosophy.

North Growth U.S. Equity Fund

Short Term Rates of Return (%) for the Period Ended April 30, 2016

	1 Month	3 Months	6 Months	YTD
NGM U.S. Equity Fund in \$CDN	-4.74	-3.86	-5.93	-9.28
S&P 500 in \$CDN	-3.01	-4.09	-3.61	-7.76
NGM U.S. Equity Fund \$U.S.	-1.41	7.31	-1.98	0.06
S&P 500 \$U.S.	0.39	7.05	0.43	1.74
S&P 400 MidCap \$U.S.	1.22	11.39	2.04	5.06
S&P 600 SmallCap \$U.S.	1.17	10.69	1.54	3.86
NASDAQ Composite \$U.S.	-1.89	3.88	-4.84	-4.24

Annualized Rates of Return (%) for the Period Ended April 30, 2016

	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Since Inception
NGM U.S. Equity Fund \$CDN	1.88	19.18	15.03	7.78	7.97	10.93	12.41
S&P 500 \$CDN	5.27	19.70	17.46	8.15	4.07	7.48	9.31
NGM U.S. Equity Fund \$U.S.	-2.05	10.77	8.72	6.54	9.44	11.38	12.37
S&P 500 \$U.S.	1.21	11.26	11.02	6.91	5.48	7.92	9.27
S&P 400 MidCap \$U.S.	-0.94	9.67	9.20	7.76	8.74	11.00	11.98
S&P 600 SmallCap \$U.S.	0.26	10.91	10.10	7.11	9.15	9.66	11.20
NASDAQ Composite \$U.S.	-2.10	14.26	12.15	8.66	6.65	8.09	9.39*

Source: Bloomberg "Total Return Analysis" as of May 2, 2016.

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

Unit Price: \$ 43.42 CDN
\$ 34.60 USD

Total Assets in Fund \$ 444.8 Million CDN

North Growth Canadian Equity Fund

Short Term Rates of Return (%) for the Period Ended April 30, 2016

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	2.43	3.76	0.72	-0.34
S&P / TSX \$CDN	3.68	9.67	4.82	8.38

Annualized Rates of Return (%) for the Period Ended April 30, 2016

	1 Year	2 Years	3 Years	5 Years	10 Years
NGM Canadian Equity Fund	-11.90	-4.72	9.35	N/A	N/A
S&P / TSX \$CDN	-5.43	0.56	7.05	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.*

Unit Price: \$ 17.64 CDN

Total Assets in Fund \$ 37.8 Million CDN

North Growth Canadian Money Market Fund

Annualized Rates of Return (%) for the Period Ended April 30, 2016

	*Current Yield	1 Year	3 Years	5 Years
NGM Canadian Money Market Fund	0.53	0.50	0.73	0.78
30 Day Treasury Bill	N/A	0.50	0.76	0.82

** 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 is most often less 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 0.53% which is lower than many other mainstream money market funds and even short term GICs at top tier Canadian banks.

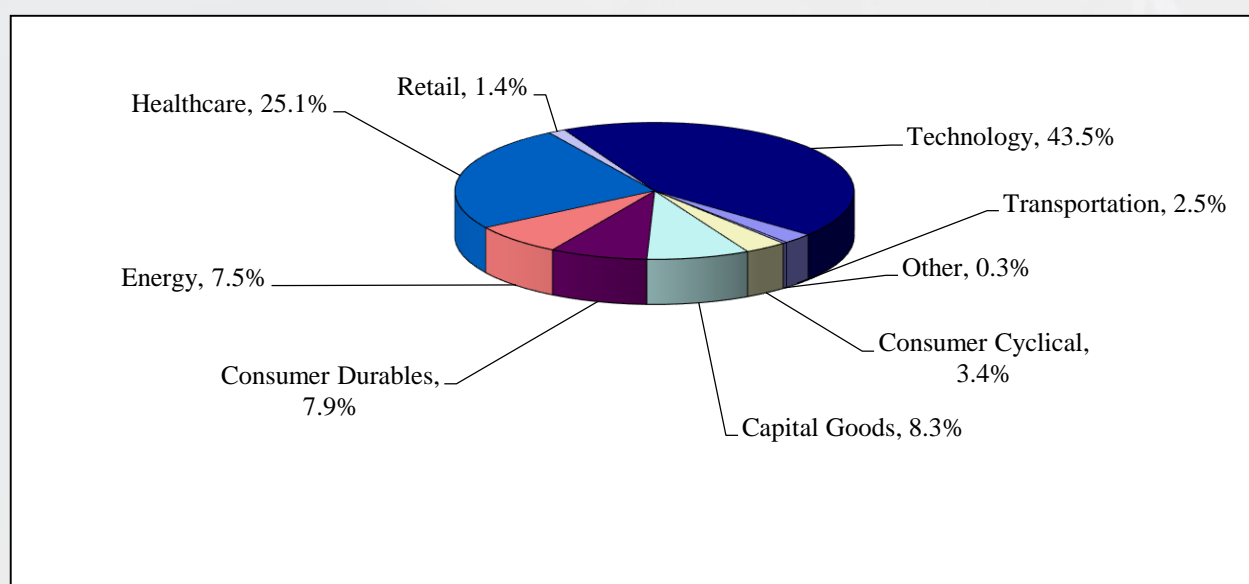
The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

Equity Fund Holdings and Composition

U.S. Equity Fund – Top 10 Holdings as at April 30, 2016

Ranking	Security	% of Net Assets
1.	Cisco Systems Inc.	9.33
2.	Apple Inc.	7.20
3.	First Solar Inc.	5.44
4.	St. Jude Medical Inc.	5.08
5.	Intel Corporation	4.67
6.	Anthem Inc.	4.46
7.	Microsoft Corporation	4.33
8.	General Electric Company	4.30
9.	Citrix Systems Inc.	3.77
10.	Zimmer Biomet Holdings Inc.	3.58
Top 10		52.16
Total Equities		99.66
Cash		0.34
Total Assets		100.00

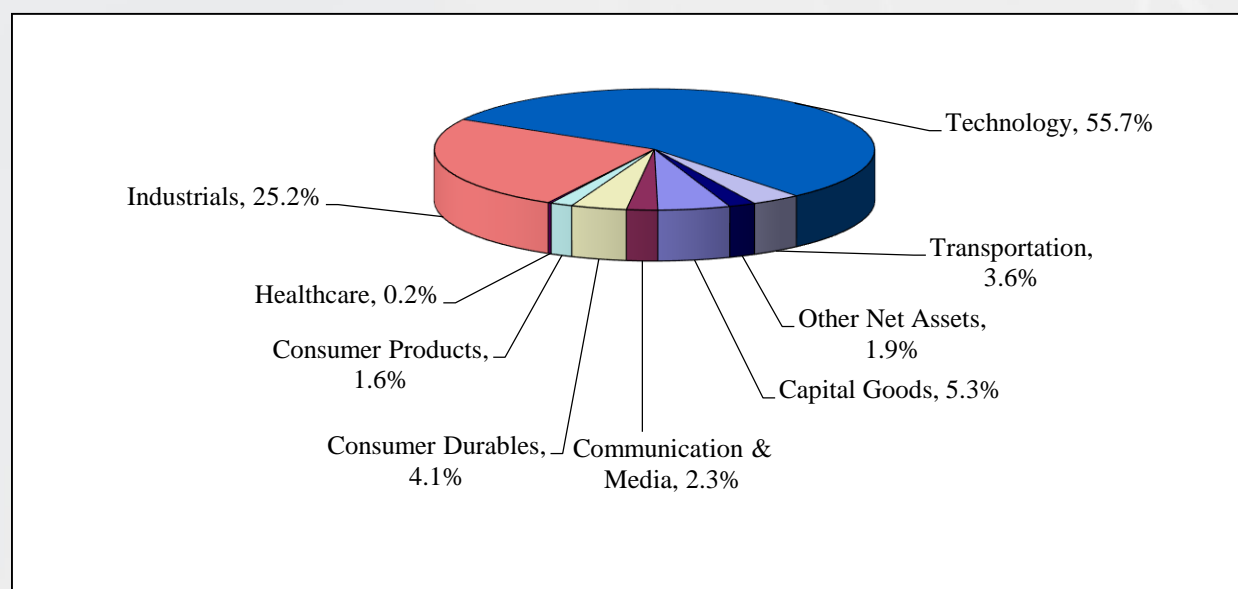
U.S. Equity Fund – Sector Mix as at April 30, 2016



Canadian Equity Fund – Top 10 Holdings as at April 30, 2016

Ranking	Security	% of Net Assets
1.	Sandvine Corporation	8.11
2.	Open Text Corporation	6.98
3.	Avigilon Corporation	6.37
4.	Heroux-Devtek Inc.	6.08
5.	EXFO Inc.	5.85
6.	ATS Automation Tooling Systems Inc.	5.31
7.	CAE Inc.	5.10
8.	Mitel Networks Corp.	4.97
9.	Sierra Wireless Inc.	4.88
10.	Ballard Power Systems Inc.	4.55
Top 10		58.20
Total Equities		98.05
Cash		1.95
Total Assets		100.00

Canadian Equity Fund – Sector Mix as at April 30, 2016



Investing With Us

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:

North Growth Management Ltd.
Suite 830, One Bentall Centre
505 Burrard Street, Box 56
Vancouver, BC V7X 1M4

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.globehfund.com by at the following links:

North Growth U.S. Equity Fund

<http://www.theglobeandmail.com/globe-investor/funds-and-etfs/funds/summary/?id=52033&cid=4008>

North Growth Canadian Equity Fund

<http://www.theglobeandmail.com/globe-investor/funds-and-etfs/funds/summary/?id=57466&cid=4008>

North Growth Canadian Money Market Fund

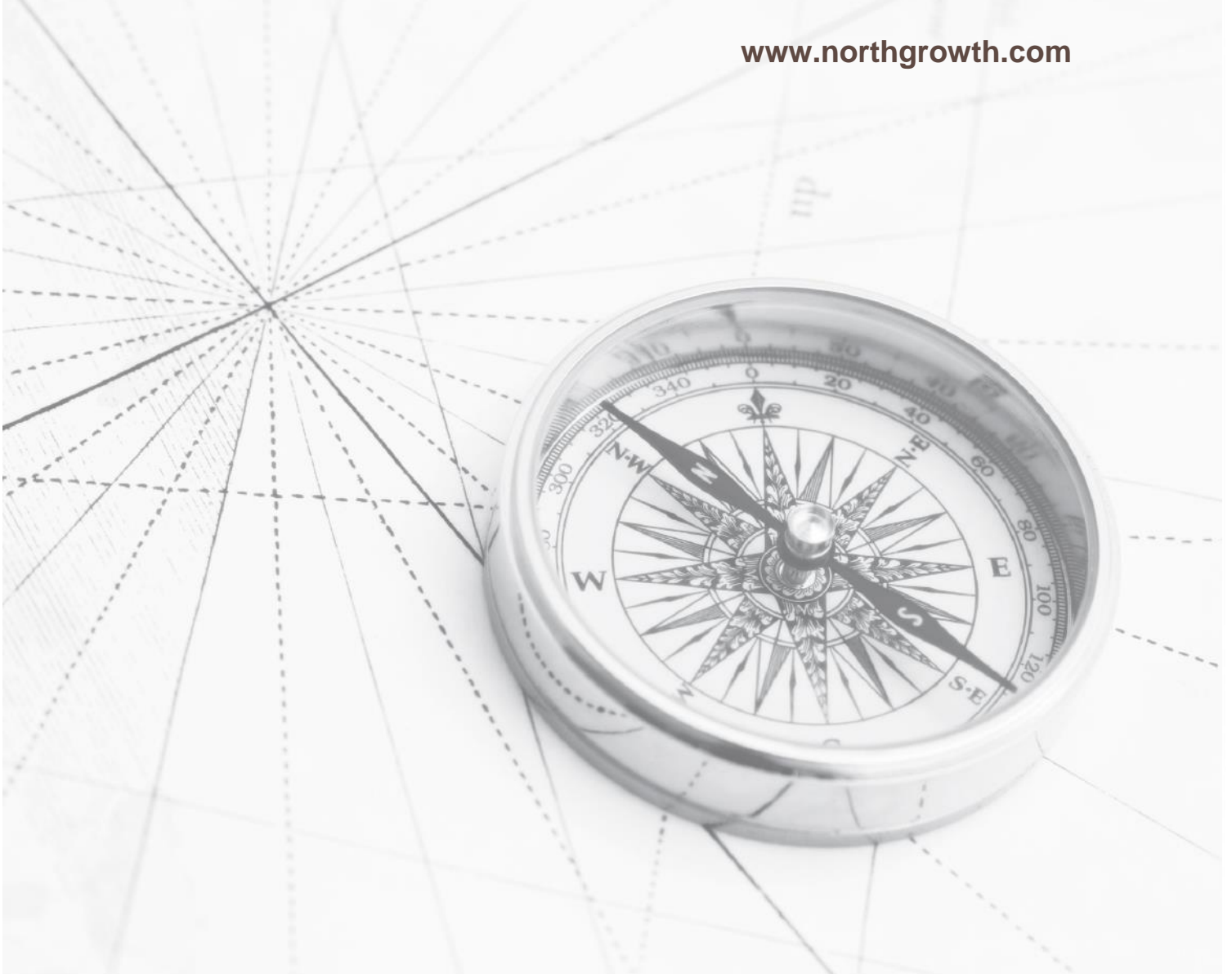
<http://www.theglobeandmail.com/globe-investor/funds-and-etfs/funds/summary/?id=53072&cid=4008>



This page has intentionally been left blank.



www.northgrowth.com



Suite 830, One Bentall Centre
505 Burrard Street, Box 56
Vancouver, BC V7X 1M4

T: 604 688 5440
F: 604 688 5402
info@northgrowth.com