

APRIL 2017

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

May 12, 2017

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North Growth Funds

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Fund Performance Update

April was a busy month for us as earnings reporting season got into full swing. As first quarter corporate earnings reports generally came in better than expected, U.S. and Canadian equities rallied in April.

U.S. and Canadian monthly fund performance commentary is at the end of this report.

First Quarter Earnings

Solid U.S. corporate earnings have been in the spotlight since late April. Overall, we have been pleased with the results of the companies in the U.S. Fund to date. So far, 79% of the portfolio's holdings have reported, and profits on a weighted-average basis in the January-to-March quarter increased 13.7% over a year ago against estimates of 7.7% growth.

A substantial number of upside earnings surprises in both the U.S. Fund and the market have been from large cap technology names as well as the health care sector. Given that the semiconductor and semiconductor equipment industry is the largest contributor to earnings growth for information technology this quarter, we expect that the Fund's profit growth rate will end up materially higher after the third largest holding, Applied Materials, reports on May 18th. Assuming that the leading manufacturer of semiconductor and display production equipment simply delivers a quarterly result in-line with analysts' expectations, the U.S. Fund's earnings growth rate is on track to be around 18%.

For the market in general, earnings during the latest quarter have increased 13.5% year-over-year while sales have grown 7.6%. The most meaningful boost to S&P 500 profits as a whole has come from the energy sector due to reported losses of the energy companies in the year-ago quarter. Excluding the energy sector, the earnings growth rate for the remainder of the S&P 500 index would fall to 9.3%.

As of May 5th, 83% of the companies in the S&P 500 have reported earnings for the first quarter. According to FactSet, 75% of the reporting companies have exceeded analysts' earnings forecasts while 66% have beaten revenue estimates.

Our View

Strong corporate earnings results continue to take place against the backdrop of a continually strengthening U.S. economy. The positive macroeconomic environment and business sentiment are reflected by the stock markets which have rallied extensively over the past six months. Meanwhile, geopolitical risks and the continual, unprecedented level of uncertainty regarding U.S. policy under the Trump administration have not diminished, yet are not being factored into the increasingly rich equity valuations.

As stock valuations remain near their historical highs, we are finding fewer investment opportunities in the U.S. market that fit our "growth at a reasonable price" criteria. We have

continued to reduce the average size of the U.S. Fund's holdings while also adding new names to the portfolio. However, as the sales have outweighed the buys, these actions have resulted in an increase of the Fund's cash balance to over 10%. As always, we maintain focused on the analysis of individual stocks and disciplined adherence to our "growth at a reasonable price" investment philosophy.

U.S. Equity Fund

The S&P 500 Index gained 1.0% in April, followed by the S&P 600 SmallCap and S&P 400 MidCap which rose 0.9% and 0.8% respectively. Of the indices we track regularly, the NASDAQ Composite performed the strongest, appreciating 2.4%.

In April, the North Growth U.S. Equity Fund gained 1.5%, beating all of the aforementioned indices with the exception of the NASDAQ. With the news focus on escalating trade tensions between Canada and the U.S., the Canadian currency weakened by almost 3% against the U.S. dollar last month. As such, the Fund's Canadian dollar return was 4.2% versus the S&P 500 which was up 3.8% in Canadian dollars.

Canadian Equity Fund

The North Growth Canadian Equity Fund continued its trend of outperformance since the beginning of the year, appreciating 5.4% in April against the S&P/TSX Composite Index which gained 0.4%. The month's strong performance boosts the Fund's year-to-date return to 15.4% versus the S&P/TSX Composite which is up 2.9% so far in 2017.

North Growth U.S. Equity Fund

Short Term Rates of Return (%) for the Period Ended April 30, 2017

	1 Month	3 Months	6 Months	YTD
NGM U.S. Equity Fund in \$CDN	4.24	12.35	15.35	11.25
S&P 500 in \$CDN	3.78	10.41	15.44	9.03
NGM U.S. Equity Fund \$U.S.	1.47	7.01	13.23	9.34
S&P 500 \$U.S.	1.03	5.16	13.32	7.16
S&P 400 MidCap \$U.S.	0.84	3.08	15.68	4.81
S&P 600 SmallCap \$U.S.	0.90	2.38	18.64	1.97
NASDAQ Composite \$U.S.	2.35	8.01	17.26	12.71

Annualized Rates of Return (%) for the Period Ended April 30, 2017

	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Since Inception
NGM U.S. Equity Fund \$CDN	27.28	16.40	18.75	9.60	9.25	11.26	12.98
S&P 500 \$CDN	28.39	18.89	21.29	9.40	6.63	7.48	10.03
NGM U.S. Equity Fund \$U.S.	16.90	8.15	11.30	7.35	10.27	11.39	12.55
S&P 500 \$U.S.	17.92	10.47	13.68	7.15	7.61	7.60	9.61
S&P 400 MidCap \$U.S.	20.45	10.24	13.56	8.73	9.63	11.50	12.32
S&P 600 SmallCap \$U.S.	24.25	10.82	14.74	8.66	9.62	10.65	11.70
NASDAQ Composite \$U.S.	28.23	15.18	16.27	10.40	10.05	9.12	10.05*

Source: Bloomberg "Total Return Analysis" as of May 1, 2017.

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

Unit Price: \$ 52.53 CDN
\$ 38.45 USD

Total Assets in Fund \$ 524.7 Million CDN

North Growth Canadian Equity Fund

Short Term Rates of Return (%) for the Period Ended April 30, 2017

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	5.41	9.33	18.12	15.40
S&P / TSX \$CDN	0.44	2.00	6.87	2.86

Annualized Rates of Return (%) for the Period Ended April 30, 2017

	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
NGM Canadian Equity Fund	19.37	-0.36	2.72	10.49	N/A	N/A
S&P / TSX \$CDN	14.92	5.27	5.13	8.27	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: \$ 19.63 CDN

Total Assets in Fund \$ 39.0 Million CDN

North Growth Canadian Money Market Fund

Annualized Rates of Return (%) for the Period Ended April 30, 2017

	*Current Yield	1 Year	3 Years	5 Years
NGM Canadian Money Market Fund	0.52	0.51	0.62	0.71
30 Day Treasury Bill	N/A	0.48	0.60	0.74

** 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 0.52% which is lower than many other mainstream money market funds and even short term GICs at top tier Canadian banks.

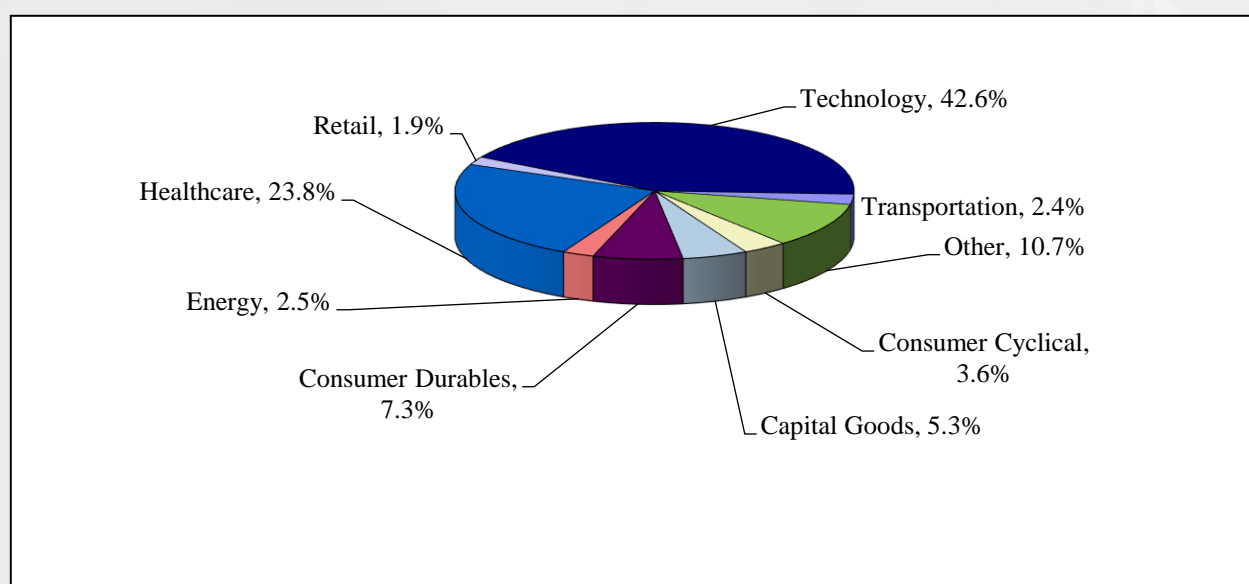
The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

Equity Fund Holdings and Composition

U.S. Equity Fund – Top 10 Holdings as at April 30, 2017

Ranking	Security	% of Net Assets
1.	Cisco Systems Inc.	7.81
2.	Apple Inc.	6.77
3.	Applied Materials Inc.	4.74
4.	Intel Corporation	4.72
5.	Microsoft Corporation	4.16
6.	Zimmer Biomet Holdings Inc.	4.00
7.	American Eagle Outfitters Inc.	3.58
8.	Boston Scientific Corporation	3.30
9.	Mohawk Industries Inc.	3.30
10.	Anthem Inc.	2.95
Top 10		45.33
Total Equities		89.30
Cash		10.70
Total Assets		100.00

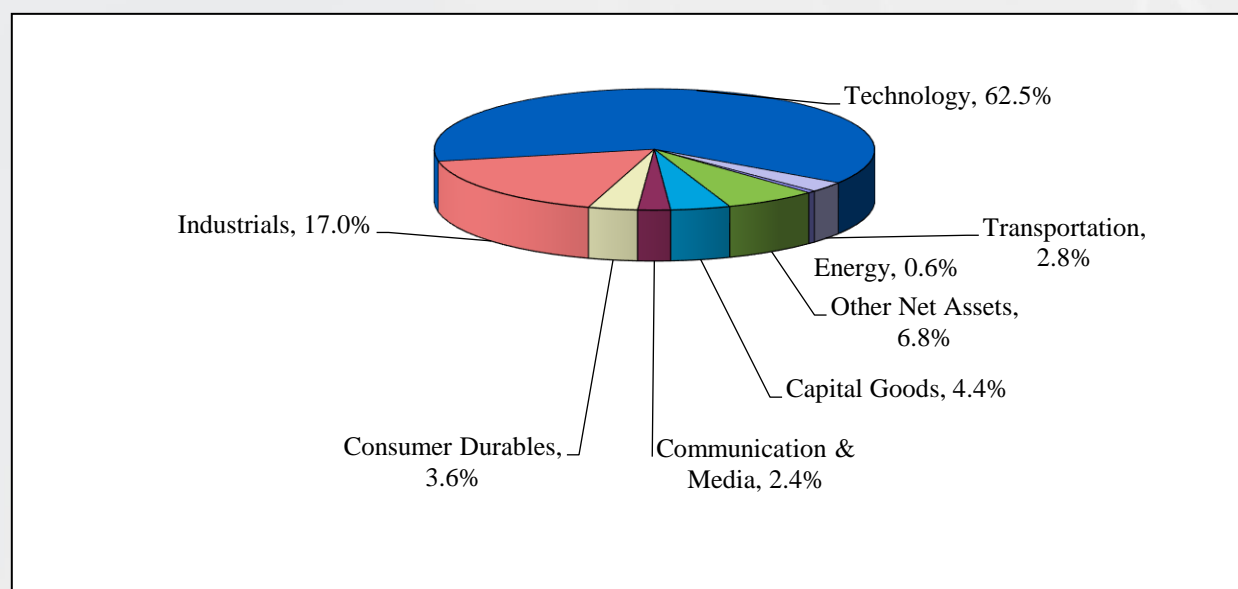
U.S. Equity Fund – Sector Mix as at April 30, 2017



Canadian Equity Fund – Top 10 Holdings as at April 30, 2017

Ranking	Security	% of Net Assets
1.	Ballard Power Systems Inc.	10.96
2.	Sierra Wireless Inc.	7.66
3.	Sandvine Corporation	6.85
4.	Avigilon Corporation	5.86
5.	CAE Inc.	5.58
6.	EXFO Inc.	5.02
7.	Open Text Corporation	4.71
8.	Heroux-Devtek Inc.	4.49
9.	ATS Automation Tooling Systems Inc.	4.37
10.	Celestica Inc.	4.03
Top 10		59.53
Total Equities		93.22
Cash		6.78
Total Assets		100.00

Canadian Equity Fund – Sector Mix as at April 30, 2017



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.globofund.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>

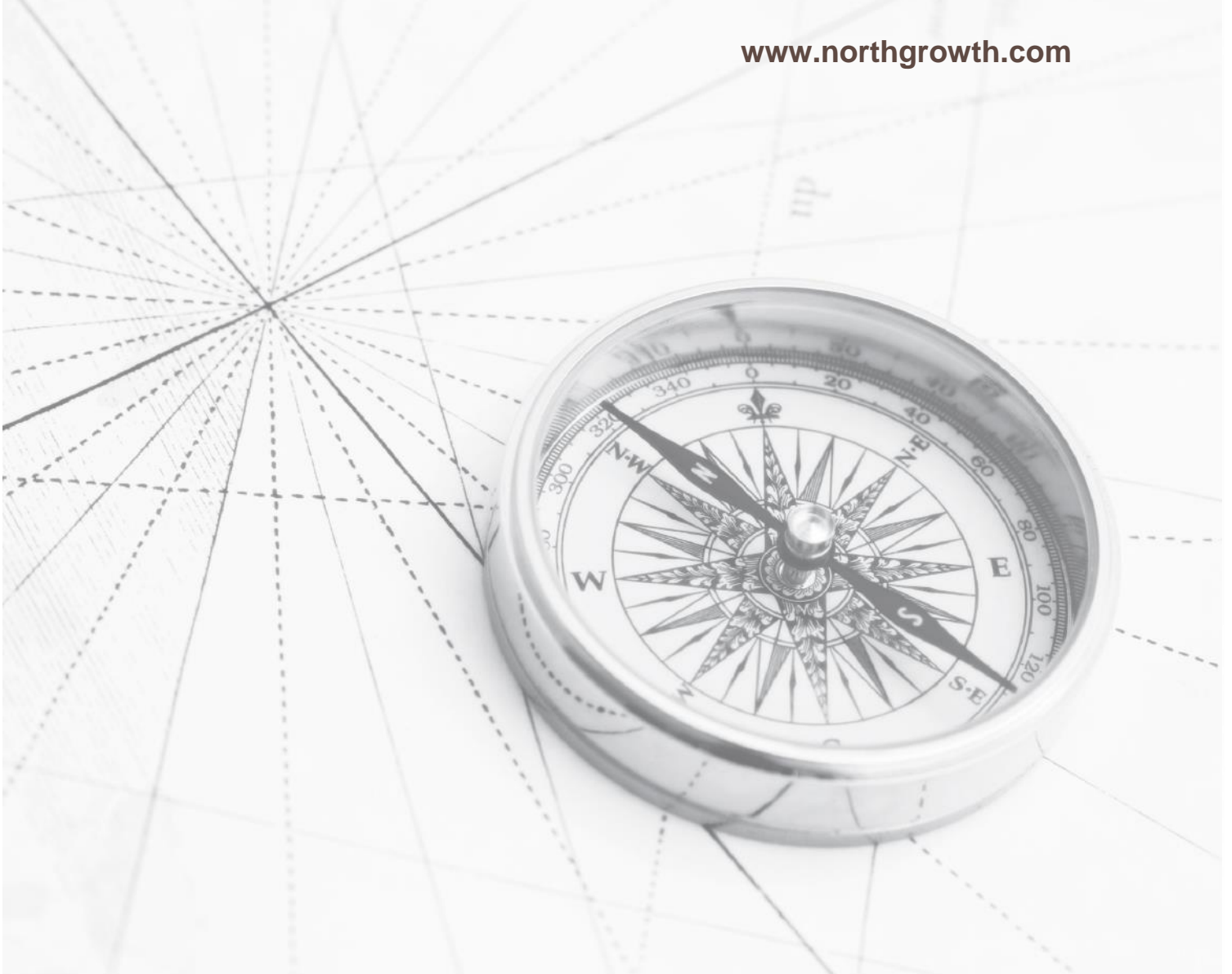
North Growth Canadian Money Market Fund

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

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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