

AUGUST 2015

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

September 14, 2015

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North Growth Funds

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Fund Performance Update

U.S. Equity Fund

Volatility spiked in August as U.S. equities joined the selloff that resulted in global stock markets capping their worst month since May 2012. Renewed concerns over slowing economic growth in China and around the world rattled investors amid the ongoing expectation that the Federal Reserve will soon raise interest rates. During the week of August 24th alone, the S&P 500 Index plunged the most since 2011 to enter a correction before rallying more than 6% over two days. For the month, the S&P 500 declined 6.0%. Weakness in U.S. equities was broad-based as the S&P 400 MidCap and S&P 600 SmallCap Indices were down 5.6% and 5.2% respectively, and the NASDAQ Composite fell 6.7% in August. The North Growth U.S. Equity Fund depreciated 5.8% last month. In Canadian dollars, the Fund declined 5.2% versus the S&P 500 which lost 5.5%.

Canadian Equity Fund

Canadian equities were not immune to the rout in global stocks; however, the large capitalization Canadian energy shares remained surprisingly resilient in spite of generally depressed oil prices. In August, the S&P/TSX Composite fell 4.0%. The North Growth Canadian Equity Fund declined 5.8% for the month.

The return of volatility

Since August, market volatility has been pervasive. On the morning of Monday, August 24th, the S&P 500 Index fell 5.3% in the opening minutes of trading, the biggest intraday decline in four years. Several widely-held stocks including General Electric Co and JPMorgan Chase & Co were down briefly by over 20%. By the end of the day, however, GE and JPMorgan had lost only 2.9% and 5.3% respectively of their equity values.

On 1,278 occasions during trading on the New York Stock Exchange on August 24th, a security was paused for five minutes; this contrasts to the usual level of trading halts of less than 10 per day. Of the approximate 1,300 halts that Monday, 999 were on NYSE Arca, which lists more exchange-traded funds than any other market, suggesting that many less-traded ETFs experienced difficulties from the wide price swings of the underlying stocks and perhaps contributed to the roller-coaster ride of the markets.

For the majority of this year, investor sentiment had been muted, and now with the increased volatility since August is extremely negative. We do not share the market's cautious mood and are less concerned by the daily gyrations of stock prices which seem to be driven largely by quantitative computerized trading strategies. The aberration in the equity markets caused by the short term focus on volatility actually presents some

attractive opportunities for long term investments as corporate and economic fundamentals continue to improve.

Solid U.S. corporate and economic backdrop

Noteworthy during August was Cisco's earnings report of its latest quarter ended July 25th. Both revenues and earnings came in above analysts' estimates and the company's guidance, demonstrating strong momentum and solid margins. Cisco's new CEO, Chuck Robbins, led his first quarterly conference call and sounded upbeat and confident about the company's growth prospects.

Recently, in the U.S. Fund, we have been taking advantage of the market weakness to add to certain core names including First Solar, General Electric, Johnson Controls, and Mohawk Industries. During August, we sold down our position in Precision Castparts as the stock offers less than 2% upside following the acquisition announcement by Berkshire Hathaway. We initiated a position in FedEx Corp, a high-quality company with an excellent long term track record that stands to benefit from e-commerce and global trade growth.

Despite the financial market turmoil, the U.S. economy has continued to strengthen and gain momentum. Second-quarter gross domestic product (GDP) growth was revised upward to a 3.7% annual pace, a sharp acceleration from the 0.6% annualized rate of expansion in the first quarter. The U.S. labour market has remained persistently robust as the number of job openings is at the highest level in at least 14 years and the unemployment rate has dropped to a seven-year low of 5.1%.

The drag from a slowdown in China's economic growth should be minimal as exports to China account for only 0.6% of U.S. GDP. Chinese direct investment in the United States is a fraction of 1% of total foreign investment. Not only does the U.S. economy have remarkable resilience, but it is clearly on a sustainable growth path.

Continued focus on the long term

As we have maintained repeatedly, we believe volatility is a poor measure of risk that emphasizes short term thinking. Investors should focus on the superior long term returns of equity investments. Given the continued steady improvement in U.S. economic growth, reasonable equity valuations and solid company fundamentals, we remain constructive in our outlook for U.S. equities.

North Growth U.S. Equity Fund

Short Term Rates of Return (%) for the Period Ended August 31, 2015

	1 Month	3 Months	6 Months	YTD
NGM U.S. Equity Fund in \$CDN	-5.22	-2.81	-2.75	9.91
S&P 500 in \$CDN	-5.48	-0.48	-0.37	10.14
NGM U.S. Equity Fund \$U.S.	-5.77	-8.12	-7.58	-3.08
S&P 500 \$U.S.	-6.03	-5.92	-5.32	-2.88
S&P 400 MidCap \$U.S.	-5.58	-6.70	-5.22	-1.48
S&P 600 SmallCap \$U.S.	-5.18	-5.01	-4.29	-2.07
NASDAQ Composite \$U.S.	-6.69	-5.50	-3.17	1.74

Annualized Rates of Return (%) for the Period Ended August 31, 2015

	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Since Inception
NGM U.S. Equity Fund \$CDN	13.98	24.32	18.99	8.20	9.21	12.12	12.81
S&P 500 \$CDN	21.58	25.98	20.84	8.26	2.99	8.38	9.53
NGM U.S. Equity Fund \$U.S.	-5.80	12.91	14.10	7.09	10.02	12.24	12.53
S&P 500 \$U.S.	0.48	14.42	15.87	7.15	3.76	8.49	9.26
S&P 400 MidCap \$U.S.	0.01	15.16	16.14	8.69	8.04	11.47	12.15
S&P 600 SmallCap \$U.S.	1.80	15.30	17.37	8.13	8.80	10.22	11.35
NASDAQ Composite \$U.S.	5.64	17.53	19.22	9.52	1.84	8.90	9.68*

Source: Bloomberg "Total Return Analysis" as of Sep. 1, 2015.

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

Unit Price: \$ 45.11 CDN
\$ 34.29 USD

Total Assets in Fund \$ 453.8 Million CDN

North Growth Canadian Equity Fund

Short Term Rates of Return (%) for the Period Ended August 31, 2015

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	-5.81	-11.62	-14.94	-12.28
S&P / TSX \$CDN	-4.04	-7.00	-7.67	-3.52

Annualized Rates of Return (%) for the Period Ended August 31, 2015

	1 Year	2 Years	3 Years	5 Years	10 Years
NGM Canadian Equity Fund	-8.72	9.91	17.07	N/A	N/A
S&P / TSX \$CDN	-8.68	7.75	8.25	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: \$ 17.67 CDN

Total Assets in Fund \$ 37.3 Million CDN

North Growth Canadian Money Market Fund

Annualized Rates of Return (%) for the Period Ended July 31, 2015

	*Current Yield	1 Year	3 Years	5 Years
NGM Canadian Money Market Fund	0.39	0.70	0.81	0.82
30 Day Treasury Bill	N/A	0.75	0.87	0.87

** 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 0.39% which is lower than many other mainstream money market funds and even short term GICs at top tier Canadian banks.

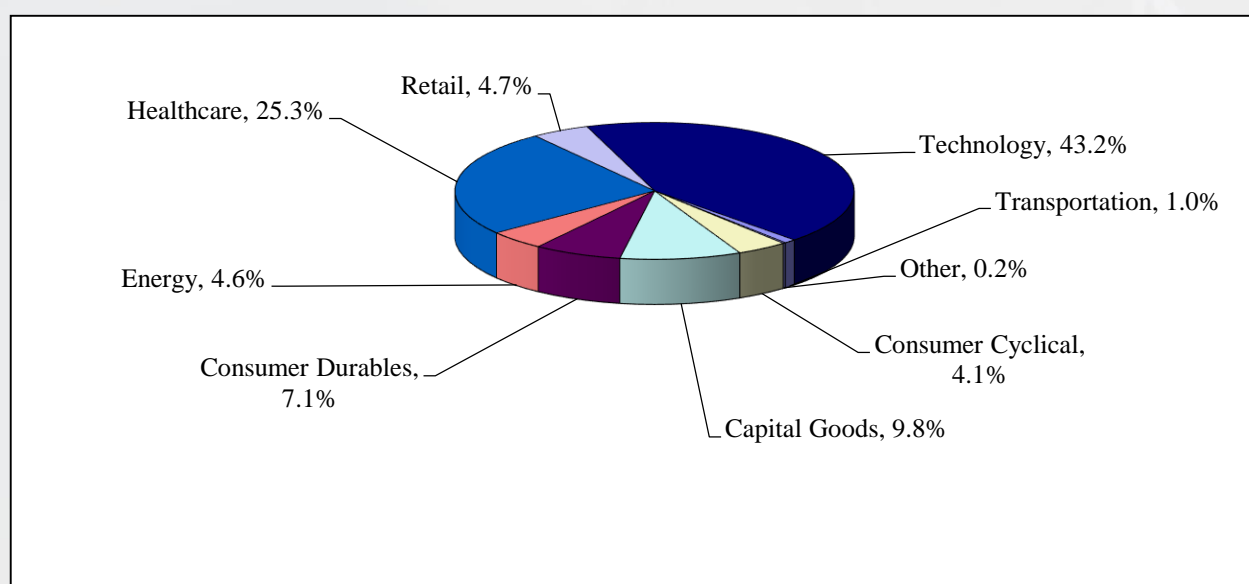
The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

Equity Fund Holdings and Composition

U.S. Equity Fund – Top 10 Holdings as at August 31, 2015

Ranking	Security	% of Net Assets
1.	Cisco Systems Inc.	9.52
2.	Apple Inc.	8.91
3.	Intel Corporation	4.94
4.	St. Jude Medical Inc.	4.85
5.	First Solar Inc.	4.62
6.	Anthem Inc.	4.60
7.	Microsoft Corporation	4.26
8.	Gilead Sciences Inc.	3.80
9.	General Electric Company	3.43
10.	Zimmer Biomet Holdings Inc.	3.30
Top 10		52.23
Total Equities		99.78
Cash		0.22
Total Assets		100.00

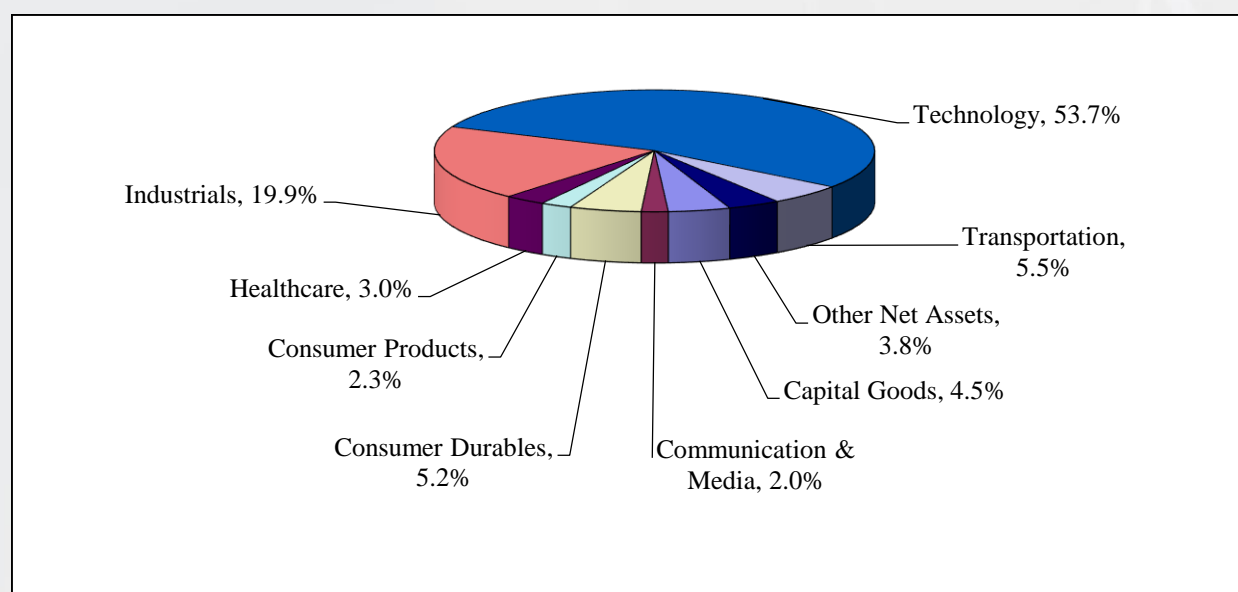
U.S. Equity Fund – Sector Mix as at August 31, 2015



Canadian Equity Fund – Top 10 Holdings as at August 31, 2015

Ranking	Security	% of Net Assets
1.	Sandvine Corporation	9.14
2.	COM DEV International Ltd.	6.68
3.	Open Text Corporation	6.56
4.	Avigilon Corporation	5.56
5.	Westjet Airlines Ltd.	5.49
6.	Martinrea International Inc.	5.28
7.	Dorel Industries, Inc. Class B	5.25
8.	CAE Inc.	5.03
9.	Celestica Inc.	4.79
10.	Heroux-Devtek Inc.	4.68
Top 10		58.46
Total Equities		96.16
Cash		3.84
Total Assets		100.00

Canadian Equity Fund – Sector Mix as at August 31, 2015



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

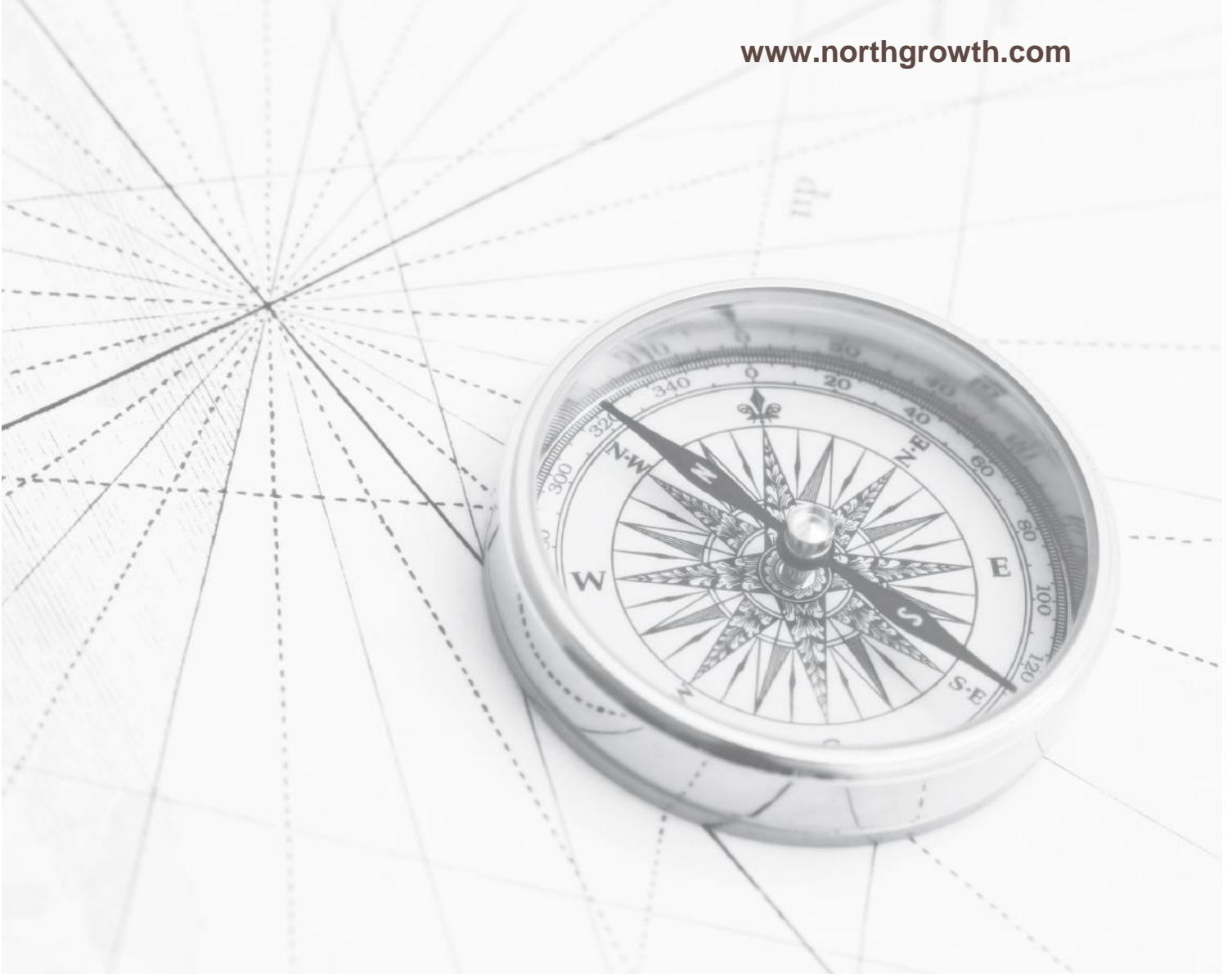
<http://www.theglobeandmail.com/globe-investor/funds-and-etfs/funds/summary/?id=53072&cid=4008>



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