

FEBRUARY 2015

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

March 16, 2015

MANAGEMENT'S MONTHLY REPORT ON FUND PERFORMANCE

North Growth Funds

Table of Contents

MANAGEMENT'S MONTHLY REPORT ON FUND PERFORMANCE	1
Fund Performance Update	2
U.S. Equities.....	2
Canadian Equity Fund.....	2
Not much has changed.....	2
North Growth U.S. Equity Fund.....	3
Short Term Rates of Return	3
Annualized Rates of Return	3
North Growth Canadian Equity Fund.....	4
Short Term Rates of Return	4
Annualized Rates of Return	4
North Growth Canadian Money Market Fund.....	5
Annualized Rates of Return	5
Equity Fund Holdings and Composition.....	6
U.S. Equity Fund – Top 10 Holdings	6
U.S. Equity Fund – Sector Mix.....	6
Canadian Equity Fund – Top 10 Holdings	7
Canadian Equity Fund – Sector Mix.....	7
Investing With Us	8
Investing With North Growth Management:	8
Conducting Transactions	8
Where to Find NGM Fund Prices	8

Fund Performance Update

U.S. Equities

The choppy downward trend in equities during January ended abruptly as we moved in to February. Across the board, U.S. equities rose steadily during February, with the NASDAQ Composite gaining 7.3% followed by the S&P 600 SmallCap at 6.0%, the S&P 500 at 5.8% and the S&P 400 MidCap at 5.1%. The North Growth U.S. Equity Fund delivered strong absolute and relative returns of 7.0% for the month. The Canadian dollar appreciated by almost 2% in February bringing the monthly return for the U.S. Fund in Canadian dollars to 5.3%.

Canadian Equity Fund

The Canadian equity market shrugged off growing concerns of slowing growth for the Canadian economy as evidenced by the 4.2% monthly gain for the S&P/TSX Composite. The North Growth Canadian Equity Fund had a much better month than January, with gains of 7.3% for the month.

Not much has changed

On a monthly basis we struggle at times to find anything new or relevant to comment on. Having just completed the annual report and with no significant changes to the big picture themes of a steadily improving U.S. economy, a strong US dollar and weak commodity prices, this is one of those months where we really have nothing new to comment on. Our current views are covered in detail in the 2014 annual report.

North Growth U.S. Equity Fund

Short Term Rates of Return (%) for the Period Ended February 28, 2015

	1 Month	3 Months	6 Months	YTD
NGM U.S. Equity Fund in \$CDN	5.27	13.84	17.20	13.02
S&P 500 in \$CDN	4.02	11.82	22.03	10.55
NGM U.S. Equity Fund \$U.S.	7.02	4.16	1.92	4.86
S&P 500 \$U.S.	5.75	2.31	6.12	2.57
S&P 400 MidCap \$U.S.	5.12	4.78	5.51	3.94
S&P 600 SmallCap \$U.S.	6.03	5.25	6.36	2.32
NASDAQ Composite \$U.S.	7.29	3.94	9.10	5.08

Annualized Rates of Return (%) for the Period Ended February 28, 2015

	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Since Inception
NGM U.S. Equity Fund \$CDN	28.76	24.70	18.88	8.48	11.11	13.04	13.26
S&P 500 \$CDN	30.41	27.57	20.26	8.14	3.88	9.06	9.78
NGM U.S. Equity Fund \$U.S.	14.05	15.35	14.85	8.33	12.22	13.65	13.23
S&P 500 \$U.S.	15.51	18.00	16.18	7.99	4.91	9.64	9.75
S&P 400 MidCap \$U.S.	11.14	17.25	17.02	10.05	9.65	12.73	12.71
S&P 600 SmallCap \$U.S.	7.75	17.79	17.63	9.22	9.35	11.61	11.84
NASDAQ Composite \$U.S.	16.71	20.41	18.73	10.44	1.31	10.48*	10.10*

Source: Bloomberg "Total Return Analysis" as of Mar. 2, 2015.

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

Unit Price: \$ 46.39 CDN
\$ 37.10 USD

Total Assets in Fund \$ 470.3 Million CDN

North Growth Canadian Equity Fund

Short Term Rates of Return (%) for the Period Ended February 28, 2015

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	7.28	8.84	7.31	3.12
S&P / TSX \$CDN	4.24	4.09	-1.09	4.50

Annualized Rates of Return (%) for the Period Ended February 28, 2015

	1 Year	2 Years	3 Years	5 Years	10 Years
NGM Canadian Equity Fund	11.21	25.41	N/A	N/A	N/A
S&P / TSX \$CDN	10.32	12.31	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.*

Unit Price: \$ 20.78 CDN

Total Assets in Fund \$ 43.6 Million CDN

North Growth Canadian Money Market Fund

Annualized Rates of Return (%) for the Period Ended February 28, 2015

	*Current Yield	1 Year	3 Years	5 Years
NGM Canadian Money Market Fund	0.67	0.85	0.86	0.78
30 Day Treasury Bill	N/A	0.88	0.93	0.84

** 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 0.67% which is lower than many other mainstream money market funds and even short term GICs at top tier Canadian banks.

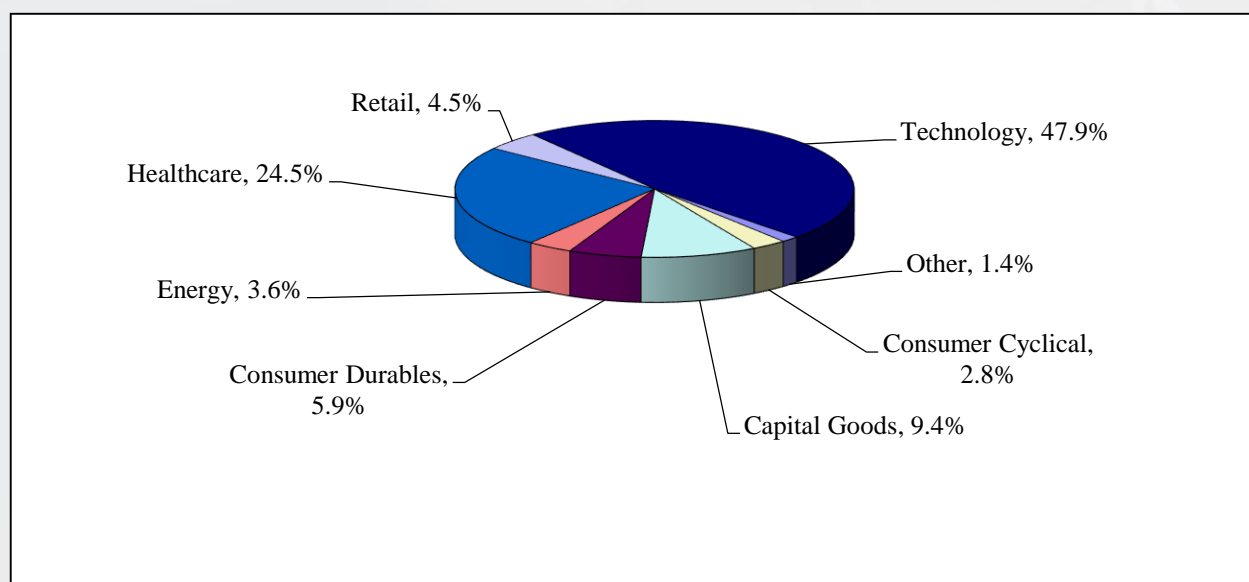
The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

Equity Fund Holdings and Composition

U.S. Equity Fund – Top 10 Holdings as at February 28, 2015

Ranking	Security	% of Net Assets
1.	Cisco Systems Inc.	9.95
2.	Apple Inc.	9.82
3.	Intel Corporation	4.84
4.	Anthem Inc.	4.73
5.	St. Jude Medical Inc.	4.19
6.	Microsoft Corporation	3.94
7.	First Solar Inc.	3.65
8.	Citrix Systems Inc.	3.58
9.	Zimmer Holdings Inc.	3.51
10.	Gilead Sciences Inc.	3.43
Top 10		51.64
Total Equities		98.56
Cash		1.44
Total Assets		100.00

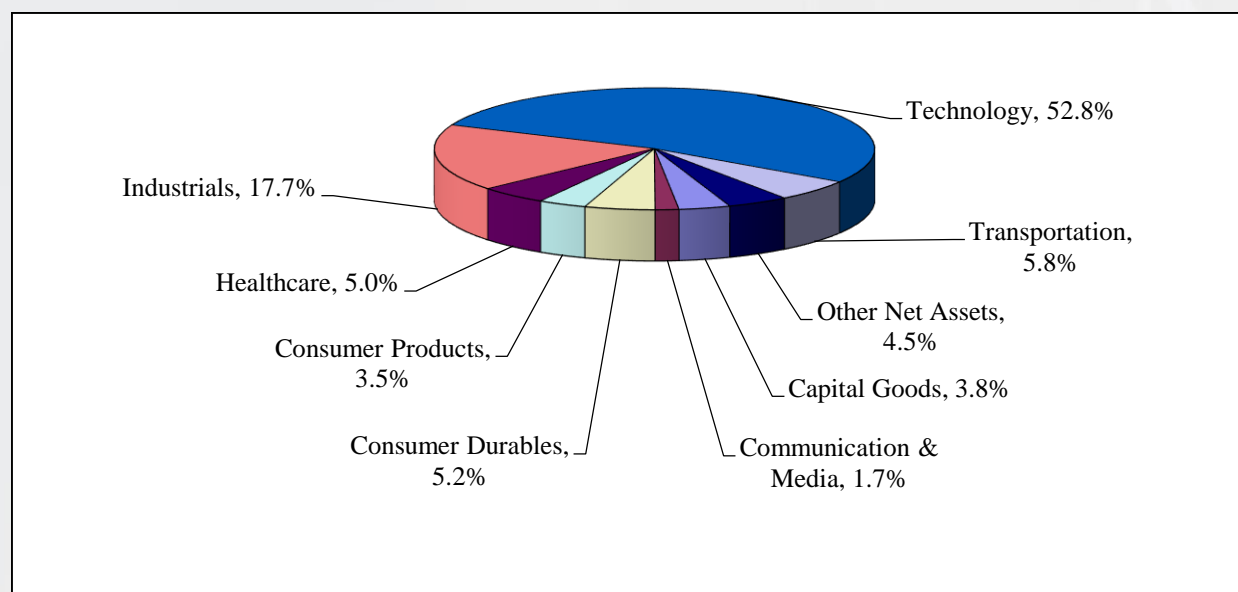
U.S. Equity Fund – Sector Mix as at February 28, 2015



Canadian Equity Fund – Top 10 Holdings as at February 28, 2015

Ranking	Security	% of Net Assets
1.	Sandvine Corporation	9.40
2.	Open Text Corporation	6.84
3.	Avigilon Corporation	6.51
4.	WestJet Airlines Ltd.	5.80
5.	Celestica Inc.	5.42
6.	Dorel Industries, Inc. Class B	5.15
7.	COM DEV International Ltd.	5.00
8.	Ballard Power Systems Inc.	4.98
9.	CAE Inc.	4.49
10.	Martinrea International Inc.	4.48
Top 10		58.07
Total Equities		95.52
Cash		4.48
Total Assets		100.00

Canadian Equity Fund – Sector Mix as at February 28, 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>

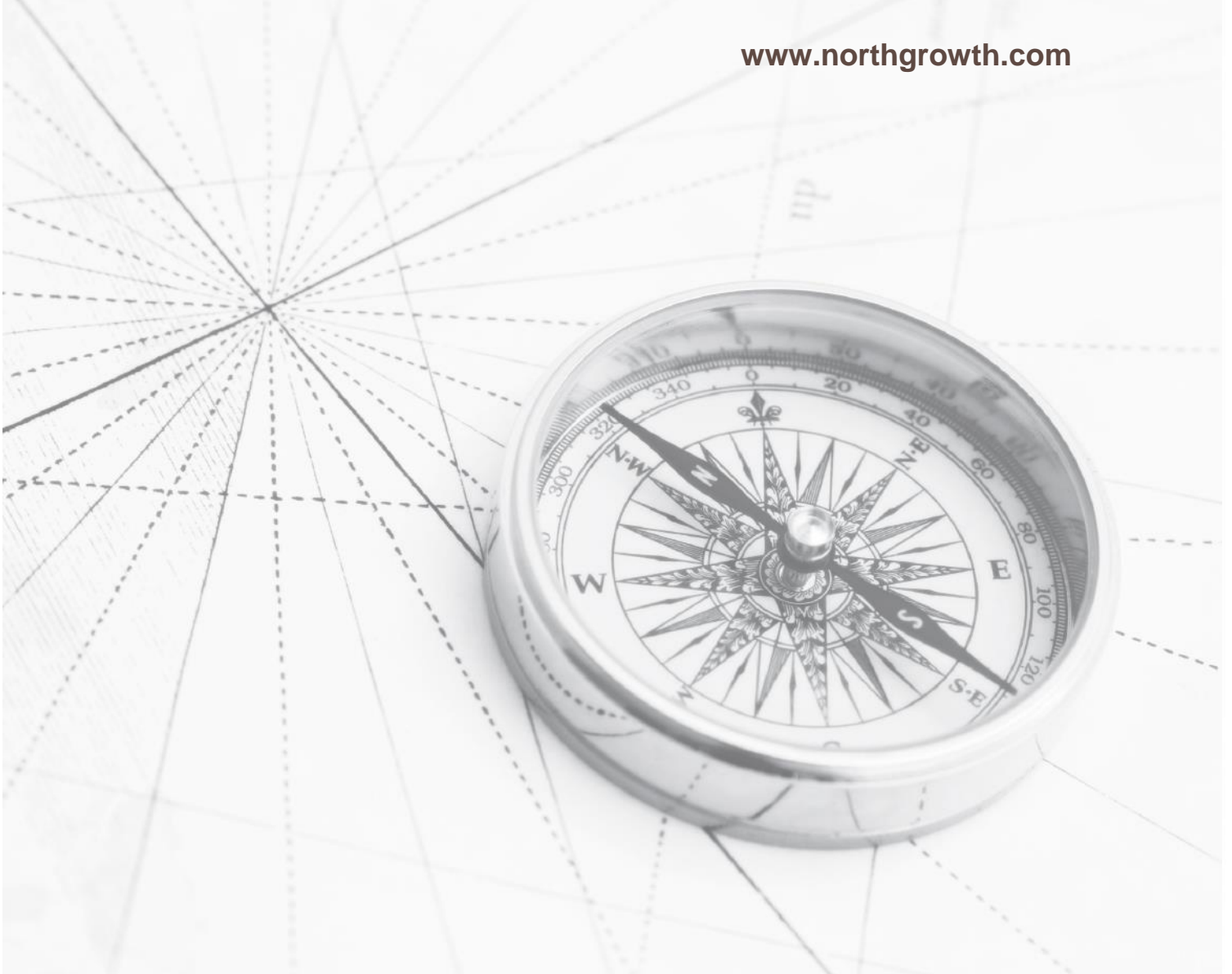
North Growth Canadian Money Market Fund

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

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