

Summer reading

During the dog days of summer, reading mutual fund reports is not top on our clients' list of things to do. Instead of our usual commentary, this month we're highlighting the long term performance record of our current management team.

An outstanding long-term record

As of July 31 of this year, the U.S. portfolio management team lead by Rory North has a 15-year record, and it's a good one.

While past returns are no indication of future performance, the magnitude of the team's outperformance over this long term period is noteworthy.

The following table shows the U.S. Equity Fund's performance over the 15 years ending on July 31, 2014 by comparison to the performance of Berkshire Hathaway (successful long term investor, Warren Buffett), the large-capitalization S&P 500, and the top performing mid-cap S&P 400 Index over the same period:

| | Annualized Return (%) July 31, 1999 – July 31, 2014 | Growth of \$100,000 U.S. over past 15 years |
|---------------------------------|--|--|
| North Growth U.S. Equity | 12.06% | \$551,772 |
| Berkshire Hathaway, Cl B | 7.47% | \$294,652 |
| S&P 500 Index | 4.47% | \$192,697 |
| S&P 400 Index | 9.85% | \$409,262 |

As usual, our standard performance numbers are included in this report. The U.S. Equity Fund's long term performance table now includes a 15-year column, and the Canadian Equity Fund is now reporting 2-year performance numbers.

We hope you are enjoying this terrific summer weather!

NORTH GROWTH U.S. EQUITY FUND

Short Term Rates of Return (%) for Periods Ending July 31, 2014

| | 1 Month | 3 Months | 6 Months | YTD |
|---------------------------------|--------------|-------------|--------------|--------------|
| NGM US Equity Fund \$CDN | 0.48 | 3.04 | 9.41 | 10.85 |
| S&P 500 \$CDN | 0.78 | 2.49 | 7.14 | 8.32 |
| NGM US Equity Fund \$US | -1.68 | 3.57 | 11.76 | 8.13 |
| S&P 500 \$US | -1.38 | 3.02 | 9.44 | 5.66 |
| S&P 400 MidCap \$US | -4.27 | 1.46 | 5.13 | 2.90 |
| S&P 600 SmallCap \$US | -5.49 | -0.77 | 1.46 | -2.45 |
| NASDAQ Composite \$US | -0.82 | 6.54 | 7.13 | 5.32 |

NORTH GROWTH U.S. EQUITY FUND

Annualized Rates of Return (%) for Periods Ending July 31, 2014

| | 1 Year | 3 Years | 5 Years | 10 Years | 15 Years | 20 Years | Since Inception |
|---------------------------------|--------------|--------------|--------------|-------------|--------------|--------------|-----------------|
| NGM US Equity Fund \$CDN | 25.15 | 20.92 | 16.80 | 7.60 | 9.67 | 12.19 | 12.51 |
| S&P 500 \$CDN | 24.13 | 22.10 | 17.07 | 5.88 | 2.25 | 8.23 | 8.87 |
| NGM US Equity Fund \$US | 17.89 | 15.72 | 16.53 | 9.76 | 12.06 | 13.54 | 13.19 |
| S&P 500 \$US | 16.94 | 16.84 | 16.79 | 8.00 | 4.47 | 9.53 | 9.53 |
| S&P 400 MidCap \$US | 12.89 | 14.96 | 18.61 | 10.55 | 9.85 | 12.53 | 12.53 |
| S&P 600 SmallCap \$US | 11.04 | 15.88 | 18.26 | 9.94 | 9.85 | 11.37 | 11.64 |
| NASDAQ Composite \$US | 22.04 | 18.14 | 18.59 | 10.02 | 4.34 | 9.42* | 9.74* |

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

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

Unit Price: \$39.00 CDN
\$35.76 USD

Total Assets in Fund \$385.4 Million CDN

NORTH GROWTH CANADIAN EQUITY FUND

Short Term Rates of Return (%) for Periods Ending July 31, 2014

| | 1 Month | 3 Months | 6 Months | YTD |
|---------------------------------|--------------|-------------|--------------|--------------|
| NGM Canadian Equity Fund | -1.15 | 0.22 | 10.34 | 15.36 |
| S&P / TSX \$CDN | 1.42 | 5.37 | 13.54 | 14.47 |

NORTH GROWTH CANADIAN EQUITY FUND

Annualized Rates of Return (%) for Periods Ending July 31, 2014

| | 1 Year | 2 Years | 3 Years | 5 Years | 10 Years |
|---------------------------------|--------------|--------------|------------|------------|------------|
| NGM Canadian Equity Fund | 31.90 | 33.33 | N/A | N/A | N/A |
| S&P / TSX \$CDN | 26.46 | 18.18 | 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: \$ 21.04 CDN

Total Assets in Fund \$ 40.5 Million CDN

NORTH GROWTH CANADIAN MONEY MARKET FUND
Annualized Rates of Returns (%) for Periods Ending July 31, 2014

| | *CURRENT YIELD | 1 Year | 3 Years | 5 Years |
|----------------------------------|-------------------|-------------|-------------|-------------|
| NGM CDN Money Market Fund | 0.89 | 0.86 | 0.85 | 0.69 |
| 30 Day T-Bill | N/A | 0.92 | 0.92 | 0.75 |

** 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.

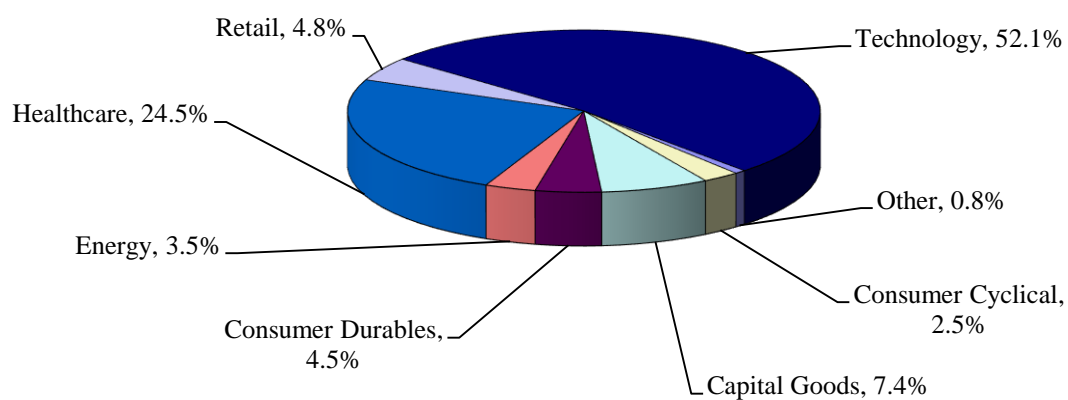
We manage the portfolio to ensure high liquidity and have no intention to extend maturities in order to chase a few basis points and we do not have any room to reduce our management fees because we already take a loss on the product. We still believe our money market fund has superior liquidity characteristics due to its very low average maturity but our current yield is 0.89% 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 July 31, 2014**

| | % |
|-------------------------------|----------------|
| Apple Inc. | 9.90 |
| Cisco Systems Inc. | 9.38 |
| Intel Corporation | 6.16 |
| GT Advanced Technologies Inc. | 4.56 |
| Microsoft Corporation | 4.56 |
| St. Jude Medical Inc. | 4.36 |
| WellPoint Inc. | 4.21 |
| Citrix Systems Inc. | 4.05 |
| First Solar Inc. | 3.48 |
| Gilead Sciences Inc. | <u>3.23</u> |
| Top 10 | 53.89 |
| Total Equities | 99.25 |
| Cash | <u>0.75</u> |
| TOTAL ASSETS | 100.00% |

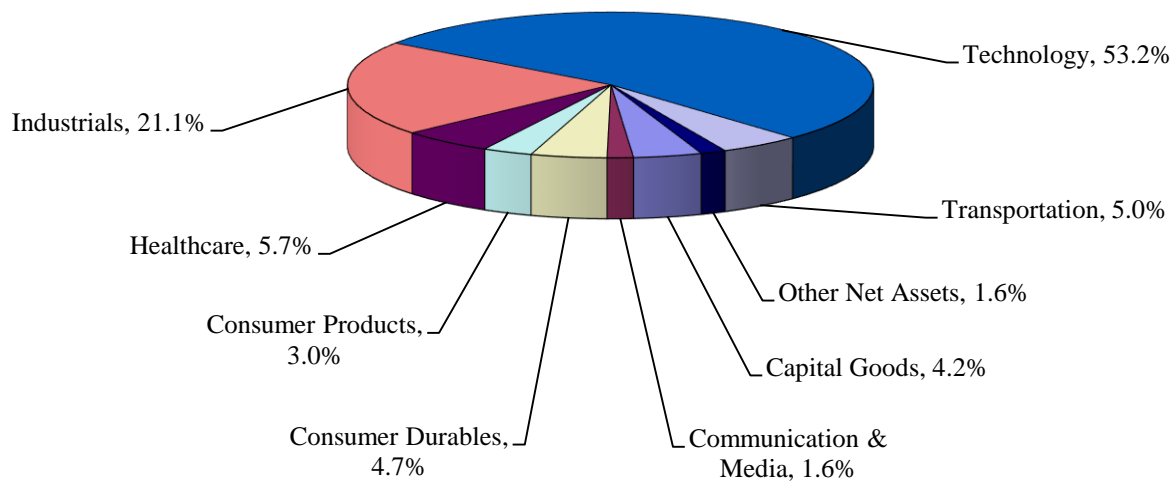
SECTOR MIX



**CANADIAN EQUITY FUND
TOP 10 HOLDINGS
As of July 31, 2014**

| | % |
|--------------------------------|----------------|
| Sandvine Corporation | 10.33 |
| Ballard Power Systems Inc. | 7.53 |
| Open Text Corporation | 6.59 |
| Bombardier Inc., Class B | 6.09 |
| Celestica Inc. | 5.52 |
| Martinrea International Inc. | 5.34 |
| WestJet Airlines Ltd. | 4.99 |
| COM DEV International Ltd. | 4.87 |
| Dorel Industries Inc., Class B | 4.66 |
| EXFO Inc. | <u>4.45</u> |
| Top 10 | 60.37 |
| Total Equities | 98.43 |
| Cash | <u>1.57</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:

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.globefund.com