



N O R T H
GROWTH MANAGEMENT LTD.

JULY 2015

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

August 17, 2015

MANAGEMENT’S MONTHLY REPORT ON FUND PERFORMANCE

North Growth Funds

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Fund Performance Update

U.S. Equity Fund

Strong performance from a few large capitalization and expensive internet companies accounted for the majority of the monthly gains posted by the NASDAQ Composite and the S&P 500 Indices, up 2.9% and 2.1% respectively. The narrow market leadership masked broader weakness. Increasingly cautious investor sentiment was better evidenced by the 0.9% decline of the S&P 600 Small Cap Index and S&P 400 MidCap Index which was essentially flat for the month. The North Growth U.S. Equity Fund gained 0.3% during July. Markets continue to lack conviction with various macro concerns offsetting generally positive U.S. economic and corporate news.

The tight correlation of the Canadian dollar and oil prices was again evident as the Canadian dollar fell by over 4% as oil slid back towards its March lows. In Canadian dollars the U.S. Fund gained approximately 5.0% versus 6.9% for the S&P 500.

Canadian Equity Fund

Surprisingly resilient performance from large capitalization Canadian energy stocks and strong gains from Valeant Pharmaceuticals, Canada's newly crowned largest company by market capitalization, helped limit the monthly decline for the S&P/TSX Composite Index to 0.3%. The North Growth Canadian Equity Fund declined 2.6% during July.

The End of Zero

Ongoing steady improvement on the U.S. employment front is probably the best evidence that the U.S. economic expansion has reached the point where the Federal Reserve needs to begin to remove the unprecedented levels of monetary stimulus put in place in response to the financial crisis. The Fed will almost certainly move to raise the Fed Funds rate this year, most likely by increasing it by 25 basis points at its next meeting in September. As we approach September, the imminent end to the unprecedented period of zero percent interest rates is likely to dominate headlines. With no precedent to go by, no one really knows how the markets will react. Given the weak market sentiment, a spike in volatility is certainly a possibility. We think the end of zero is more likely to be a non-event as it will come as no surprise and should simply be viewed as confirmation that the U.S. economy is in good shape.

Buffett Buying

On August 10th Berkshire Hathaway announced its intention to buy Precision Castparts Corp. for \$ 32 billion which amounts to an approximate 20% premium to its prior market valuation. We have held Precision Castparts for many years in the U.S. Equity Fund. It is an outstandingly well managed company and well positioned to continue to deliver long term growth primarily due to its role as a key supplier of parts to the aerospace industry. Precision is facing some near term headwinds due to exposure to the oil and gas sector, which have been constraining growth. Berkshire is paying up for Precision's long term growth opportunities and we are satisfied with the premium being paid.

North Growth U.S. Equity Fund

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

	1 Month	3 Months	6 Months	YTD
NGM U.S. Equity Fund in \$CDN	5.02	7.85	8.01	15.96
S&P 500 in \$CDN	6.92	9.95	9.64	16.53
NGM U.S. Equity Fund \$U.S.	0.28	-0.53	4.97	2.85
S&P 500 \$U.S.	2.10	1.41	6.55	3.35
S&P 400 MidCap \$U.S.	0.14	0.57	5.52	4.34
S&P 600 SmallCap \$U.S.	-0.85	1.71	7.02	3.28
NASDAQ Composite \$U.S.	2.88	4.08	11.34	9.04

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

	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Since Inception
NGM U.S. Equity Fund \$CDN	27.29	28.29	19.69	8.30	9.89	12.30	13.12
S&P 500 \$CDN	33.40	28.46	21.98	8.44	3.72	8.62	9.84
NGM U.S. Equity Fund \$U.S.	6.11	17.42	14.07	7.58	10.83	12.54	12.87
S&P 500 \$U.S.	11.21	17.58	16.25	7.72	4.61	8.85	9.60
S&P 400 MidCap \$U.S.	11.30	18.67	16.29	9.20	9.22	11.90	12.48
S&P 600 SmallCap \$U.S.	11.97	18.78	16.79	8.55	9.81	10.63	11.66
NASDAQ Composite \$U.S.	18.86	22.08	19.35	10.12	3.06	9.39	10.06*

Source: Bloomberg "Total Return Analysis" as of Aug. 3, 2015.

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

Unit Price: \$ 47.59 CDN
\$ 36.39 USD

Total Assets in Fund \$ 483.3 Million CDN

North Growth Canadian Equity Fund

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

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	-2.58	-6.28	-3.12	-6.87
S&P / TSX \$CDN	-0.32	-4.27	0.29	0.54

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

	1 Year	2 Years	3 Years	5 Years	10 Years
NGM Canadian Equity Fund	-3.65	12.74	19.65	N/A	N/A
S&P / TSX \$CDN	-2.85	10.84	10.71	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: \$ 18.76 CDN

Total Assets in Fund \$ 39.5 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	0.77	0.83	0.82
30 Day Treasury Bill	N/A	0.80	0.89	0.88

** 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.

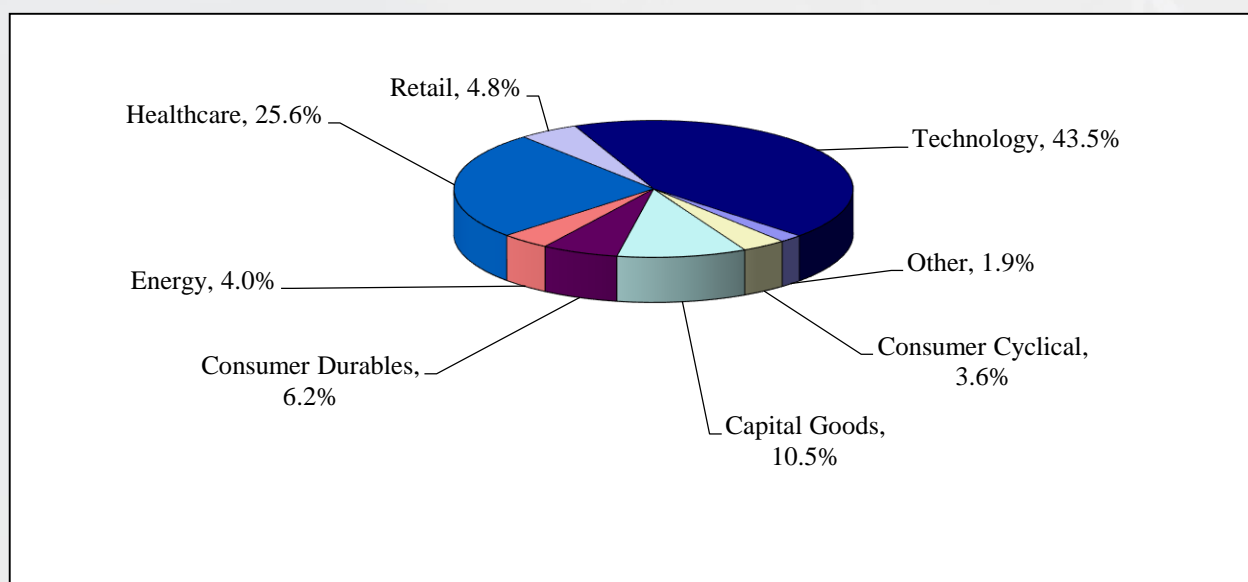
The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

Equity Fund Holdings and Composition

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

Ranking	Security	% of Net Assets
1.	Cisco Systems Inc.	9.75
2.	Apple Inc.	8.95
3.	St. Jude Medical Inc.	4.72
4.	Anthem Inc.	4.69
5.	Intel Corporation	4.68
6.	Microsoft Corporation	4.27
7.	First Solar Inc.	3.99
8.	Gilead Sciences Inc.	3.98
9.	General Electric Company	3.36
10.	Cerner Corporation	3.26
Top 10		51.65
Total Equities		98.13
Cash		1.87
Total Assets		100.00

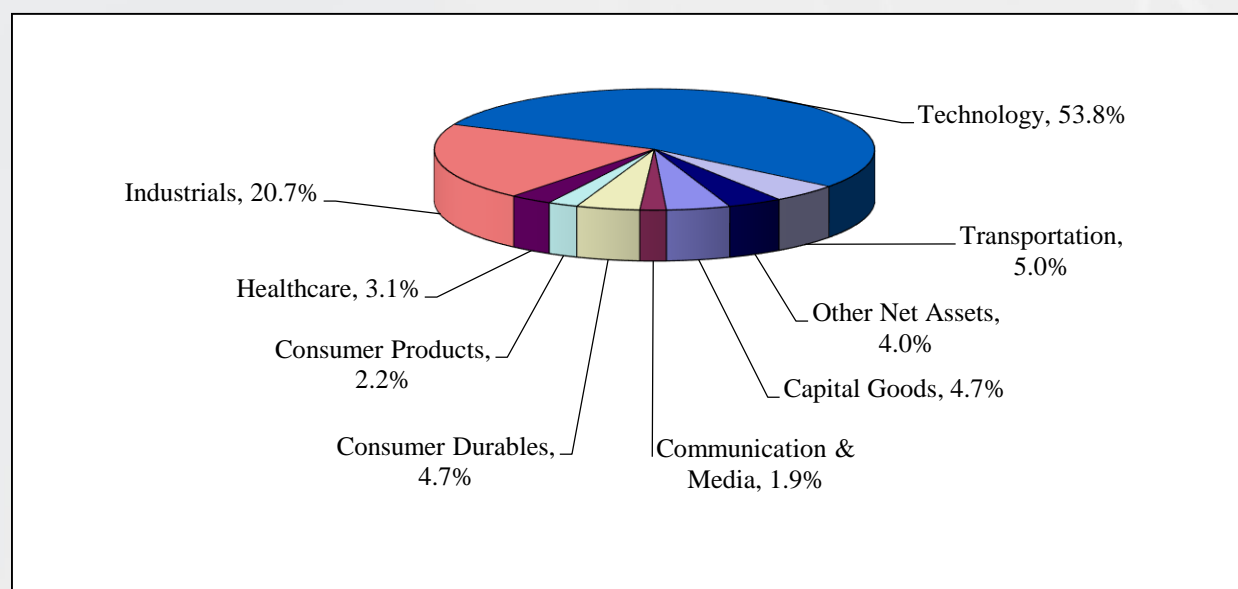
U.S. Equity Fund – Sector Mix as at July 31, 2015



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

Ranking	Security	% of Net Assets
1.	Sandvine Corporation	9.41
2.	COM DEV International Ltd.	6.71
3.	Open Text Corporation	6.17
4.	Avigilon Corporation	6.02
5.	Celestica Inc.	5.81
6.	Martinrea International Inc.	5.76
7.	WestJet Airlines Ltd.	4.96
8.	CAE Inc.	4.87
9.	ATS Automation Tooling Systems Inc.	4.69
10.	Dorel Industries, Inc. Class B	4.66
Top 10		59.06
Total Equities		96.00
Cash		4.00
Total Assets		100.00

Canadian Equity Fund – Sector Mix as at July 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.globefund.com by at the following links:

North Growth U.S. Equity Fund

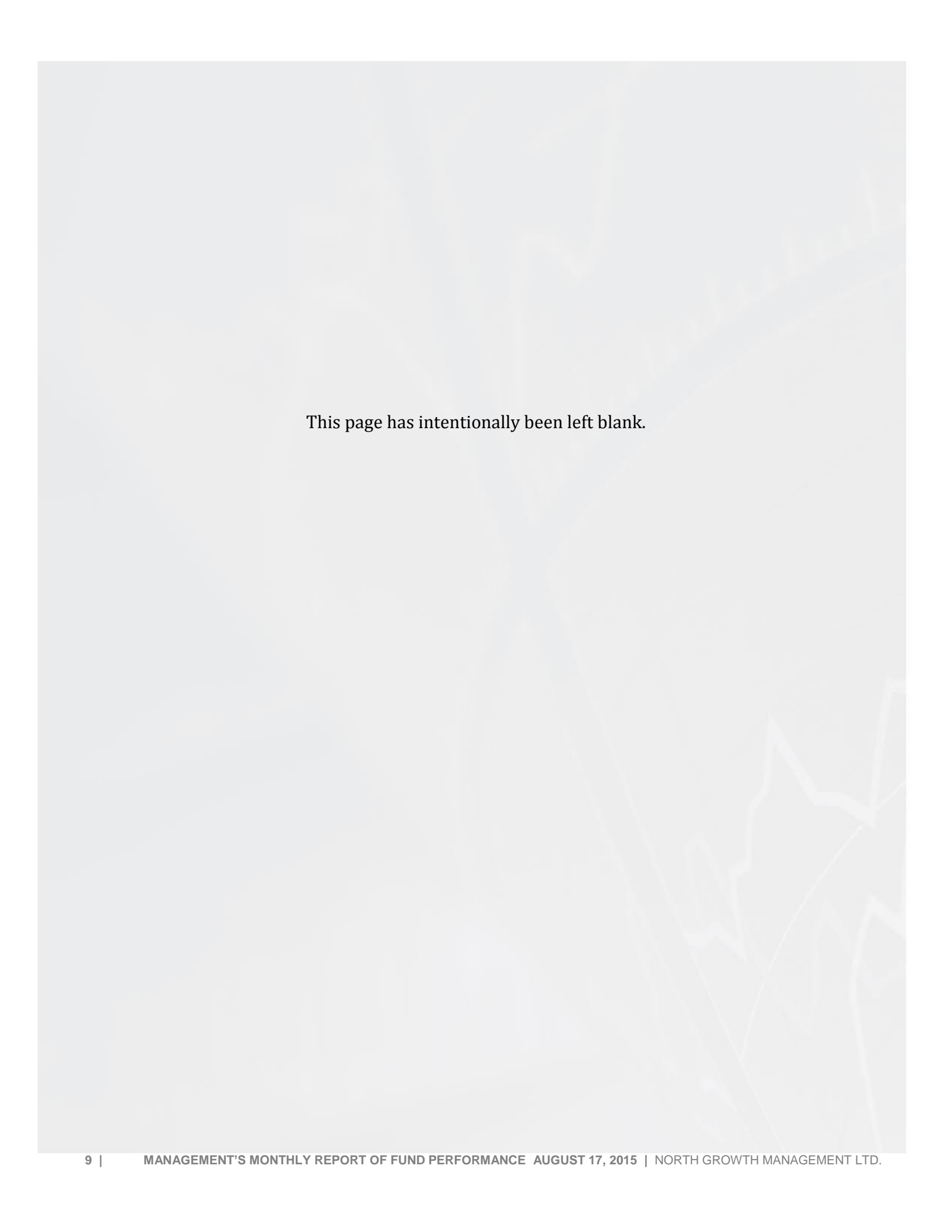
<http://www.theglobeandmail.com/globe-investor/funds-and-etfs/funds/summary/?id=52033&cid=4008>

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>



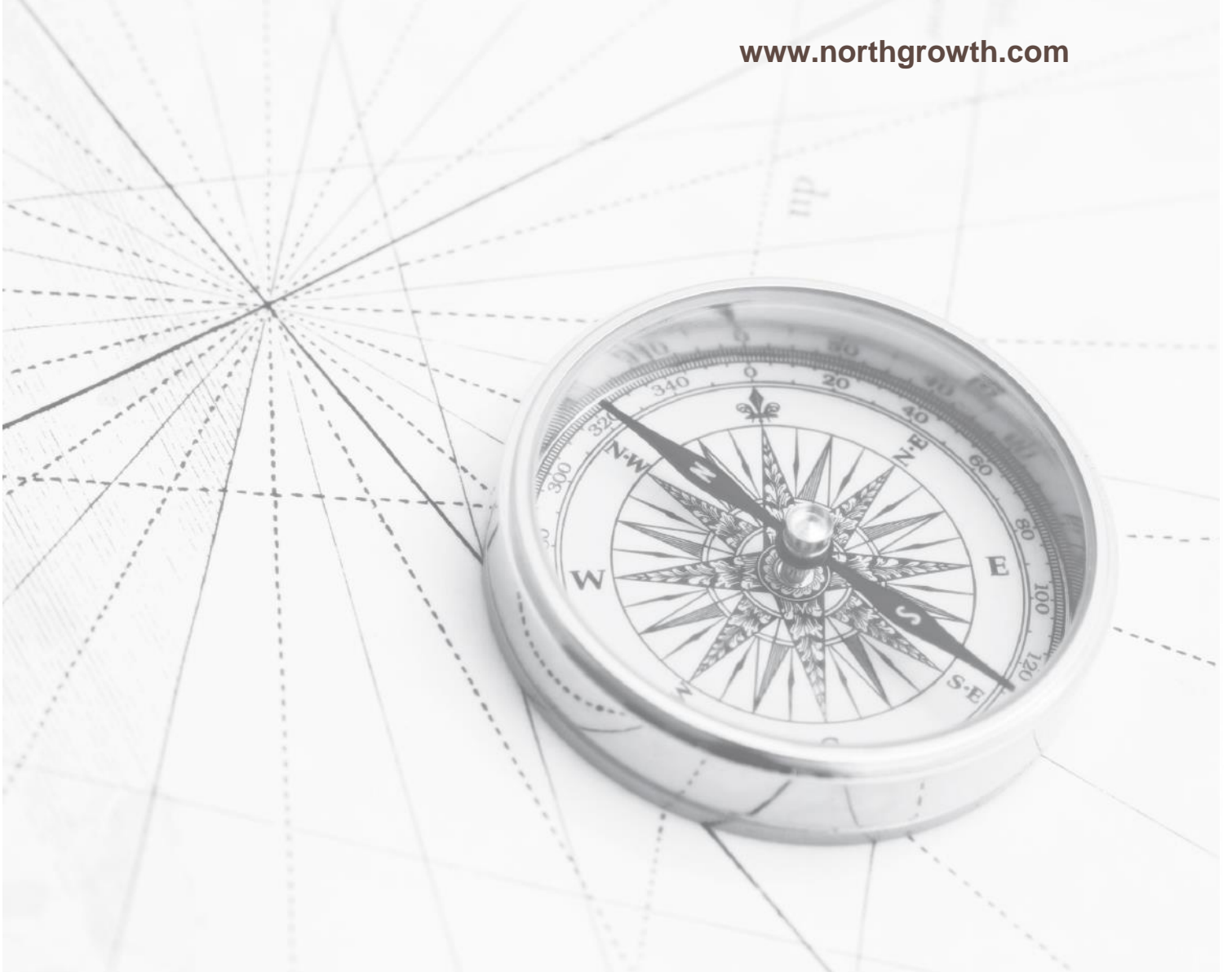
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