

JULY 2017

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

August 11, 2017

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North Growth Funds

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Fund Performance Update

Since the end of July, we have been inundated by second quarter earnings reports. With the reporting season largely over, corporate earnings results have again been better than expected. And July was yet another month this year in which U.S. equity market indices gained to record highs.

No material change to our view

Activity in the financial markets, despite the heavy earnings news flow, has been unusually quiet. During the dog days of summer, trading volumes have remained severely depressed, and the CBOE (Chicago Board of Exchange) Volatility Index, otherwise known as VIX, hit a 24-year low on July 14th. We view the currently calm stock markets and low level of volatility, a notoriously imperfect gauge of risk in our opinion, as indication of increasing investor complacency.

As U.S. stocks continue to climb to new highs amid steep equity valuations, unprecedented political uncertainty and growing geopolitical risks, we maintain our cautious outlook for U.S. equities. We remain committed to actively managing the U.S. Fund's risk lower by reducing the average size of the portfolio holdings while increasing the number of holdings in the Fund. As always, our focus is on the analysis of individual stocks with disciplined adherence to our "growth at a reasonable price" investment philosophy.

U.S. Equity Fund

In July, the North Growth U.S. Equity Fund appreciated 2.1%. The Fund performed essentially in-line with the S&P 500 Index while beating the smaller capitalization S&P 400 MidCap and S&P 600 SmallCap Indices which gained 0.9% and 1.0% respectively, and lagging the NASDAQ Composite which advanced 3.4%. A stronger Canadian currency for the month reduced both the Fund's and the S&P 500's return to -1.8% in Canadian dollars.

Canadian Equity Fund

The North Growth Canadian Equity Fund declined 1.8% in July against the S&P/TSX Composite Index which was basically flat, down only 0.1%.

North Growth U.S. Equity Fund

Short Term Rates of Return (%) for the Period Ended July 31, 2017

	1 Month	3 Months	6 Months	YTD
NGM U.S. Equity Fund in \$CDN	-1.76	-5.87	5.76	4.73
S&P 500 in \$CDN	-1.81	-4.83	5.08	3.76
NGM U.S. Equity Fund \$U.S.	2.11	3.01	10.22	12.63
S&P 500 \$U.S.	2.06	4.14	9.51	11.59
S&P 400 MidCap \$U.S.	0.88	2.02	5.16	6.92
S&P 600 SmallCap \$U.S.	0.97	1.78	4.20	3.79
NASDAQ Composite \$U.S.	3.42	5.30	13.74	18.69

Annualized Rates of Return (%) for the Period Ended July 31, 2017

	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Since Inception
NGM U.S. Equity Fund \$CDN	7.22	12.94	19.03	9.29	9.74	10.05	12.57
S&P 500 \$CDN	10.97	15.99	19.92	9.45	7.37	6.33	9.71
NGM U.S. Equity Fund \$U.S.	12.12	7.96	13.93	7.58	11.48	10.59	12.55
S&P 500 \$U.S.	16.04	10.87	14.78	7.74	9.08	6.85	9.69
S&P 400 MidCap \$U.S.	14.69	10.44	15.13	9.13	11.22	10.46	12.28
S&P 600 SmallCap \$U.S.	17.66	11.76	15.87	9.11	11.58	9.56	11.66
NASDAQ Composite \$U.S.	24.50	14.70	18.22	10.85	12.20	8.12	10.16*

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

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

Unit Price: \$ 49.45 CDN
\$ 39.61 USD

Total Assets in Fund \$ 493.1 Million CDN

North Growth Canadian Equity Fund

Short Term Rates of Return (%) for the Period Ended July 31, 2017

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	-1.79	0.98	10.40	16.53
S&P / TSX \$CDN	-0.06	-2.13	-0.17	0.67

Annualized Rates of Return (%) for the Period Ended July 31, 2017

	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
NGM Canadian Equity Fund	15.89	6.45	2.97	9.55	14.19	N/A
S&P / TSX \$CDN	6.81	5.41	2.58	8.09	8.56	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: \$ 19.82 CDN

Total Assets in Fund \$ 41.1 Million CDN

North Growth Canadian Money Market Fund

Annualized Rates of Return (%) for the Period Ended July 31, 2017

	*Current Yield	1 Year	3 Years	5 Years
NGM Canadian Money Market Fund	0.66	0.51	0.59	0.70
30 Day Treasury Bill	N/A	0.53	0.58	0.72

** 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 0.66 % which is lower than many other mainstream money market funds and even short term GICs at top tier Canadian banks.

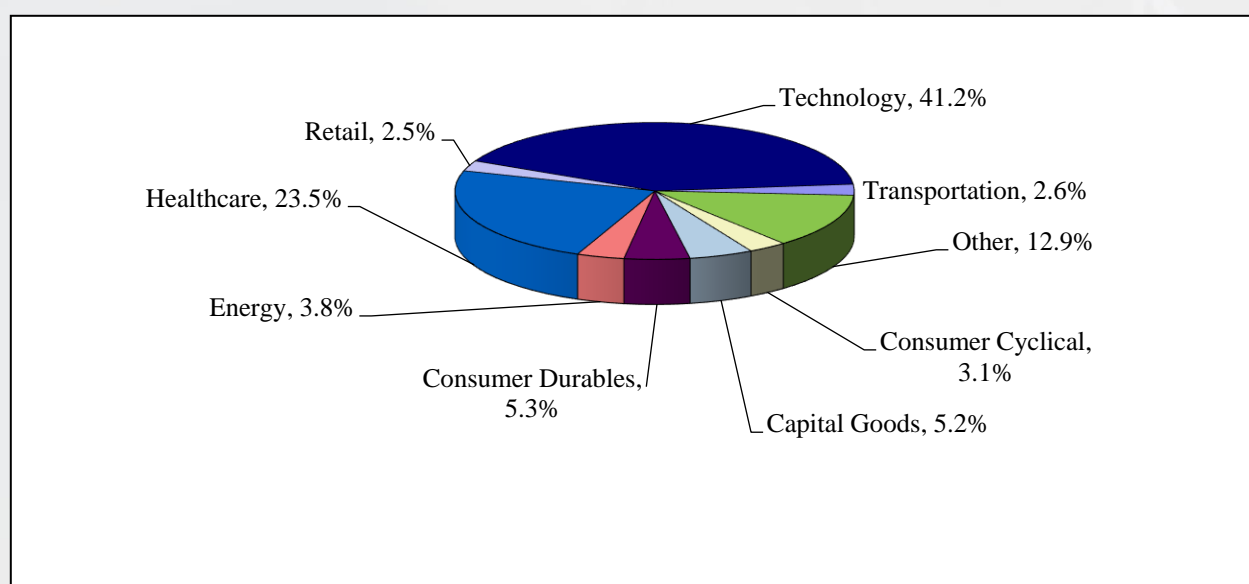
The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

Equity Fund Holdings and Composition

U.S. Equity Fund – Top 10 Holdings as at July 31, 2017

Ranking	Security	% of Net Assets
1.	Cisco Systems Inc.	6.50
2.	Apple Inc.	6.30
3.	Intel Corporation	4.51
4.	Applied Materials Inc.	4.12
5.	Microsoft Corporation	4.05
6.	American Eagle Outfitters Inc.	3.13
7.	Abbott Laboratories	2.89
8.	Boston Scientific Corporation	2.76
9.	Mohawk Industries Inc.	2.72
10.	Gilead Sciences Inc.	2.69
Top 10		39.67
Total Equities		87.12
Cash		12.88
Total Assets		100.00

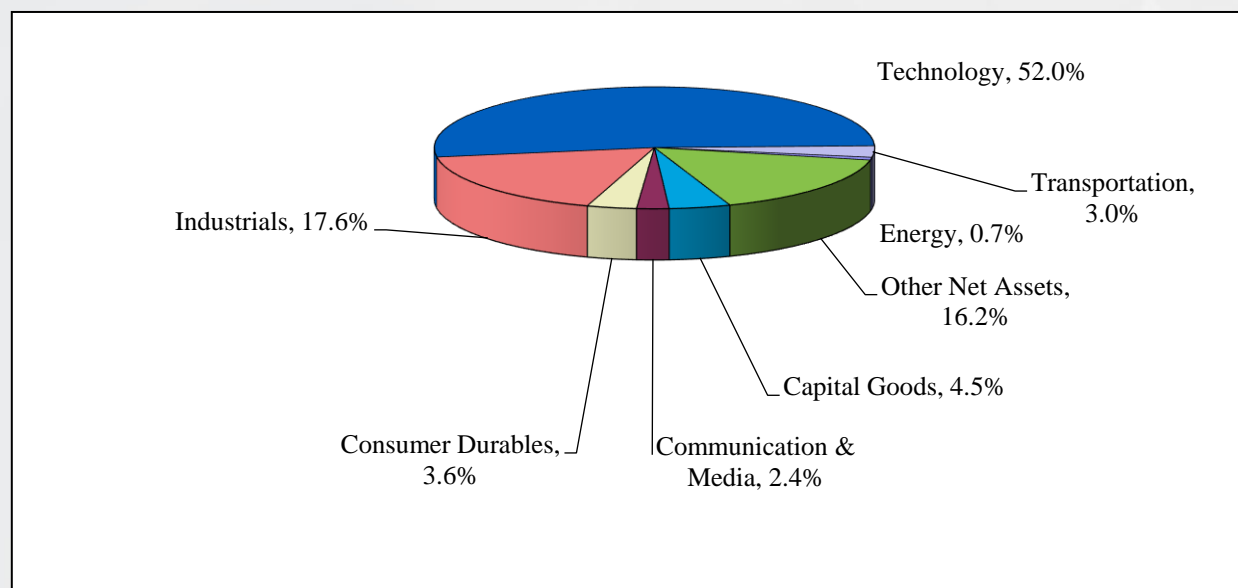
U.S. Equity Fund – Sector Mix as at July 31, 2017



Canadian Equity Fund – Top 10 Holdings as at July 31, 2017

Ranking	Security	% of Net Assets
1.	Ballard Power Systems Inc.	8.90
2.	Sierra Wireless Inc.	6.77
3.	Avigilon Corporation	5.14
4.	MacDonald Dettwiler and Associates Ltd.	5.00
5.	Heroux-Devtek Inc.	4.93
6.	Bombardier Inc., Class B	4.66
7.	CAE Inc.	4.61
8.	ATS Automation Tooling Systems Inc.	4.49
9.	Mitel Networks Corp.	4.28
10.	Open Text Corporation	4.14
Top 10		52.92
Total Equities		83.84
Cash		16.16
Total Assets		100.00

Canadian Equity Fund – Sector Mix as at July 31, 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.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>



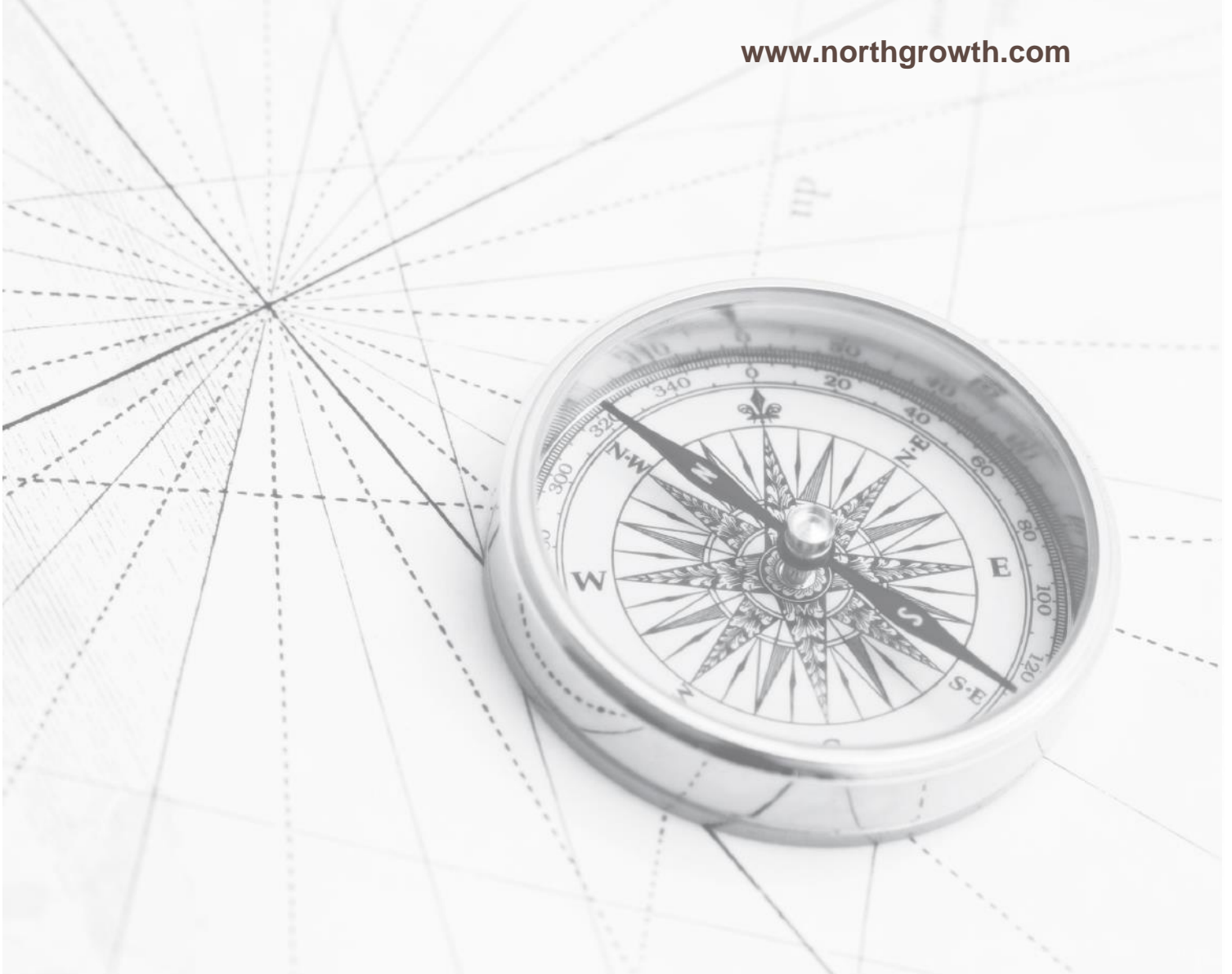
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