

MARCH 2015

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

April 10, 2015

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North Growth Funds

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Fund Performance Update

U.S. Equity Fund

U.S. equities completed a choppy trading quarter in March as the S&P 500 and NASDAQ Composite Indices fell 1.6% and 1.2% respectively during the month while the S&P 400 MidCap and S&P 600 SmallCap posted monthly gains of 1.3% and 1.6% respectively. The North Growth U.S. Equity Fund declined 1.1% in March, performing in the middle of the pack. The U.S. dollar continued to strengthen by over 1% for the month, consequently bringing the return for the Fund in Canadian dollars to +0.20% versus the Canadian-dollar monthly return for the S&P 500 of -0.30%.

Year-to-date, all the U.S. stock market indices we track are up. The S&P 500 and NASDAQ registered their ninth straight quarterly advance, delivering returns of 1.0% and 3.9% respectively for the quarter. The nine consecutive quarters of gains represent the S&P 500 Index's longest stretch of quarterly appreciation since 1998 and the NASDAQ's longest upward quarterly streak ever. The Fund's year-to-date return of 3.7% puts it well above the performance of the S&P 500 while slightly lagging the NASDAQ and underperforming the stronger S&P 400 MidCap and S&P 600 SmallCap Indices that advanced 5.3% and 4.0% respectively during the quarter. The strong U.S. currency since the beginning of the year boosts the Fund's return to 13.3% in Canadian dollars versus the S&P 500 which is up 10.2% year-to-date in Canadian dollars.

Canadian Equity Fund

The North Growth Canadian Equity Fund declined 3.2% in March while the S&P/TSX Composite Index depreciated 1.9% for the month. Year-to-date, Canadian equities have largely ignored concerns of slowing growth for the Canadian economy as the S&P/TSX Composite is up 2.5%. The Fund, by contrast, has remained relatively flat, down just 0.1% during the first quarter.

A lot of noise...

During the past several months, the U.S. equity markets have been lacking in conviction. Worries over falling energy prices, the impact of a strong U.S. currency on corporate earnings, and developments concerning the Middle East including talks between Iran and six world powers on a nuclear deal have weighed on investor sentiment.

Adding to the uncertainty has been intense speculation about the timing of the start of interest rate hikes by the Federal Reserve. In this interim period between quarterly earnings reports, a time when news flow is typically light, individual economic data points have received unwarranted scrutiny. Although recent economic reports—such as consumer spending, manufacturing, and durable goods orders—point to a slower expansion in the U.S. economy since the start of the year, employment figures have shown remarkable strength.

The robust outlook for the labour market stoked fears that the Fed would raise interest rates beginning in June. So when, on April 3rd, the March jobs report indicated that U.S. employers added just 126,000 workers last month, a marked slowdown in hiring, equities reacted somewhat positively. The financial media has been quick to venture that the anomalous jobs report may be enough for the Fed to hold off raising rates beyond mid-year, proclaiming that “bad news is good news”.

...no meaningful change to our outlook

Despite the ebb and flow of economic news the data continues to support the U.S. economy being in a moderate expansion with the labour market gaining momentum. Whether interest rates start going up in June or a few months later is inconsequential and a futile debate. Valuations of equities on balance remain reasonable and company fundamentals healthy.

So far this year, investor sentiment has been lackluster even as the market indices have been pushing up against new highs. As of April 9th, year-to-date net mutual fund flows in the U.S. indicate \$23 billion coming out of equity funds while \$48 billion have been put into bond funds.

We maintain our constructive outlook for U.S. equities. While we remain fully invested and are content with the holdings in the Fund, we are also actively seeking to fine-tune the portfolio when presented with relative opportunities.

North Growth U.S. Equity Fund

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

	1 Month	3 Months	6 Months	YTD
NGM U.S. Equity Fund in \$CDN	0.20	13.25	19.69	13.25
S&P 500 in \$CDN	-0.30	10.22	19.80	10.22
NGM U.S. Equity Fund \$U.S.	-1.09	3.73	5.83	3.73
S&P 500 \$U.S.	-1.58	0.95	5.93	0.95
S&P 400 MidCap \$U.S.	1.32	5.31	12.00	5.31
S&P 600 SmallCap \$U.S.	1.60	3.96	14.20	3.96
NASDAQ Composite \$U.S.	-1.16	3.85	9.83	3.85

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

	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Since Inception
NGM U.S. Equity Fund \$CDN	27.15	22.62	18.15	8.79	10.06	12.73	13.21
S&P 500 \$CDN	29.16	25.74	19.63	8.51	3.22	8.85	9.72
NGM U.S. Equity Fund \$U.S.	10.98	13.24	13.05	8.29	11.06	13.29	13.12
S&P 500 \$U.S.	12.73	16.11	14.47	8.01	4.15	9.39	9.63
S&P 400 MidCap \$U.S.	12.19	17.03	15.72	10.32	9.16	12.71	12.72
S&P 600 SmallCap \$U.S.	8.72	17.30	16.25	9.68	9.75	11.58	11.87
NASDAQ Composite \$U.S.	18.25	18.23	16.83	10.59	1.41	10.25	10.00*

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

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

Unit Price: \$ 46.48 CDN
\$ 36.70 USD

Total Assets in Fund \$ 469.3 Million CDN

North Growth Canadian Equity Fund

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

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	-3.16	-0.14	8.47	-0.14
S&P / TSX \$CDN	-1.88	2.53	1.08	2.53

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

	1 Year	2 Years	3 Years	5 Years	10 Years
NGM Canadian Equity Fund	4.16	22.51	N/A	N/A	N/A
S&P / TSX \$CDN	6.93	11.36	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: \$ 20.12 CDN

Total Assets in Fund \$ 42.2 Million CDN

North Growth Canadian Money Market Fund

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

	*Current Yield	1 Year	3 Years	5 Years
NGM Canadian Money Market Fund	0.63	0.86	0.86	0.80
30 Day Treasury Bill	N/A	0.88	0.92	0.85

** 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 0.63% 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 – Holdings as at March 31, 2015

Ranking	Security	% of Net Assets
1.	Apple Inc.	9.66
2.	Cisco Systems Inc.	9.42
3.	Anthem Inc.	4.68
4.	Intel Corporation	4.62
5.	St. June Medical Inc.	4.17
6.	First Solar Inc.	3.71
7.	Microsoft Corporation	3.71
8.	Citrix Systems Inc.	3.65
9.	Zimmer Holdings Inc.	3.48
10.	Cerner Corporation	3.32
11.	Gilead Sciences Inc.	3.31
12.	Texas Instruments Inc.	3.13
13.	Rite Aid Corporation	3.02
14.	Electronic Arts Inc.	2.91
15.	Pfizer Inc.	2.88
16.	Amgen Inc.	2.62
17.	Ethan Allen Interiors Inc.	2.48
18.	General Electric Company	2.48
19.	Qualcomm Inc.	2.40
20.	Varian Medical Systems Inc.	2.27
21.	Johnson Controls Inc.	2.26
22.	Precision Castparts Corp.	2.17
23.	Herman Miller Inc.	2.13
24.	DSP Group Inc.	2.09
25.	Pier 1 Imports Inc.	2.06
26.	American Eagle Outfitters Inc.	1.67
27.	Applied Materials Inc.	1.58
28.	Gap Inc.	1.46
29.	Jacobs Engineering Group Inc.	1.34
30.	Mohawk Industries Inc.	1.19
31.	Itron Inc.	1.10
32.	Bristol-Myers Squibb Company	0.96
33.	Endocyte Inc.	0.16
Total Equities		98.09
Cash		1.91
Total Assets		100.00

Canadian Equity Fund –Holdings as at March 31, 2015

Ranking	Security	% of Net Assets
1.	Sandvine Corporation	10.05
2.	Avigilon Corporation	7.45
3.	Open Text Corporation	6.50
4.	WestJet Airlines Ltd.	5.98
5.	Celestica Inc.	5.36
6.	COM DEV International Ltd.	5.22
7.	Martinrea International Inc.	5.02
8.	Ballard Power Systems Inc.	4.72
9.	Dorel Industries Inc., Class B	4.60
10.	CAE Inc.	4.54
11.	EXFO Inc.	4.54
12.	Bombardier Inc., Class B	3.92
13.	MacDonald Dettwiler and Associates Ltd.	3.88
14.	ATS Automation Tooling Systems Inc.	3.69
15.	Jean Coutu Group (PJC) Inc., Class A	3.66
16.	Mitel Networks Corp.	2.56
17.	Heroux –Devtek Inc.	2.49
18.	Sierra Wireless Inc.	2.37
19.	Stantec Inc.	2.30
20.	Valeant Pharmaceuticals International, Inc.	1.96
21.	TELUS Corporation	1.69
22.	IMRIS Inc.	1.57
23.	GSI Group Inc.	1.53
24.	Oncolytics Biotech Inc.	0.33
25.	ViXS Systems Inc.	0.11
Total Equities		96.04
Cash		3.96
Total Assets		100.00

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 at the following links:

North Growth U.S. Equity Fund

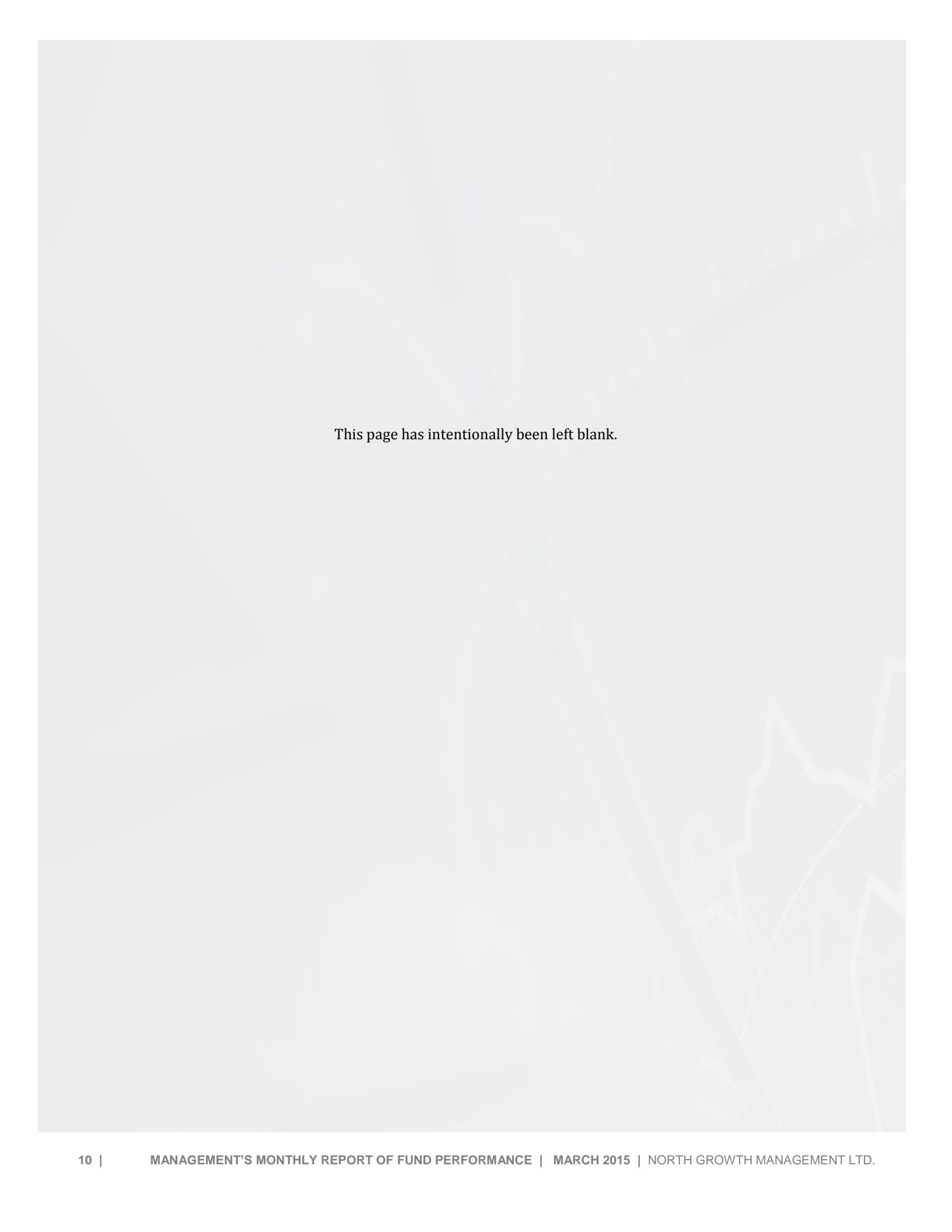
<http://www.theglobeandmail.com/globe-investor/funds-and-etfs/funds/summary/?id=52033&cid=4008>

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>

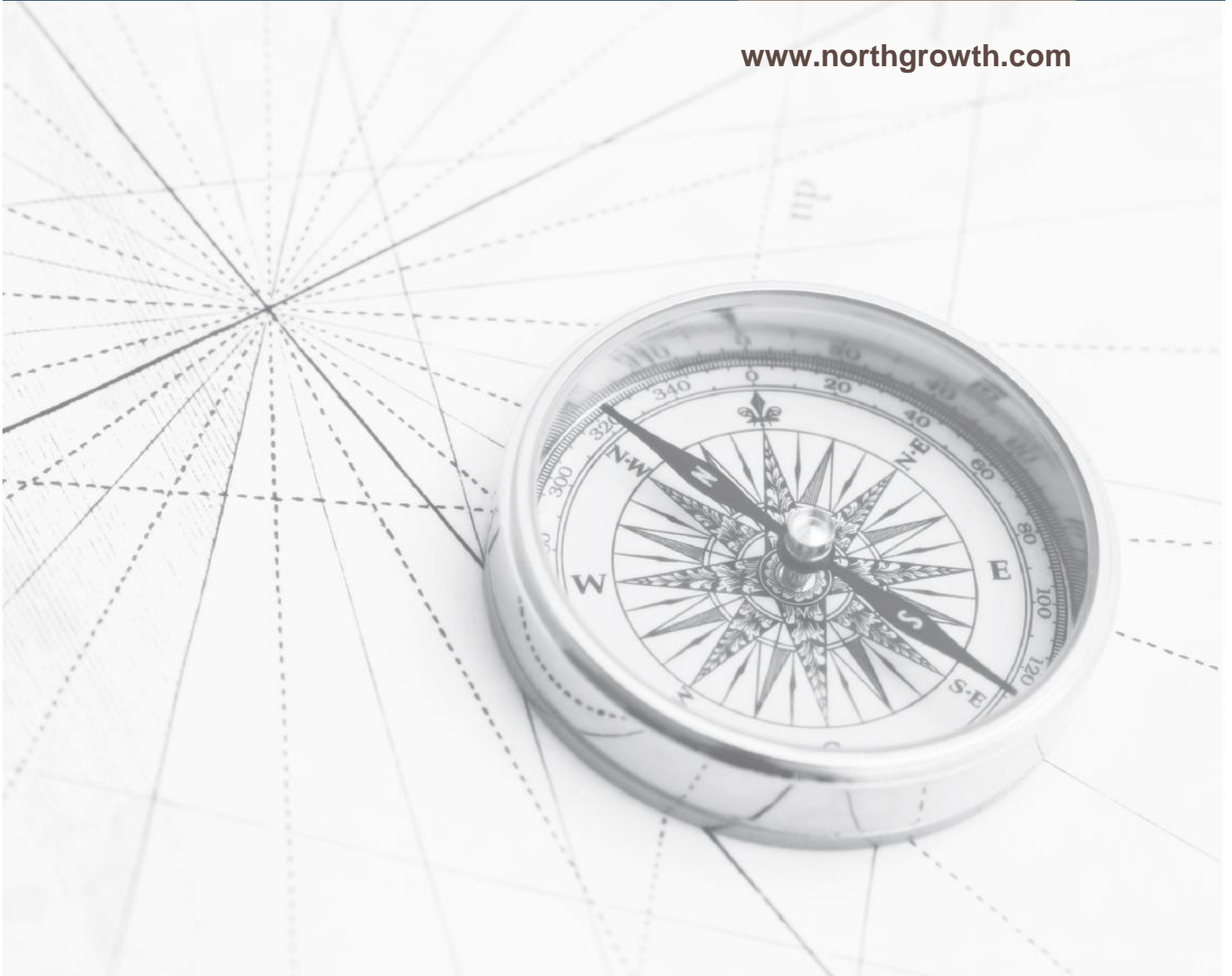


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