

U.S. Equity Fund

We continue to be encouraged by the ongoing broad market rotation in U.S. equities. In May, the S&P 500 Index gained 2.4%, outperforming its smaller capitalization counterparts. The S&P 400 MidCap Index was up 1.8% while the S&P 600 SmallCap barely appreciated for the month, rising 0.3%. The NASDAQ Composite delivered a positive return of 3.3%, driven largely by the value-oriented large cap, established technology constituents.

The North Growth U.S. Equity Fund gained 3.4% during May, beating all the indices we follow on a regular basis. The Fund remains very well-positioned to benefit from the market rotation that appears to be in the initial stages to a prolonged period of large capitalization market leadership. In May, the Canadian currency strengthened against the U.S. dollar, bringing the Fund's monthly return in Canadian dollars to 2.3% versus the S&P 500 which was up 1.3% in Canadian dollars.

Canadian Equity Fund

Canadian equities declined slightly in May as the S&P/TSX Composite fell 0.2%. The North Growth Canadian Equity Fund depreciated 0.9%, underperforming the Index after a remarkable first quarter of outperformance earlier this year.

Solid U.S. Economy

Despite a negative revision to the U.S. gross domestic product (GDP) statistic for the January-to-March time frame, the overwhelming majority of economic data points to a strengthening in the economy following the effects of adverse weather at the beginning of the year. The U.S. economy contracted at a 1% annualized rate in the first quarter due mainly to lower construction spending and less inventory accumulation by companies. The recent positive trends of improving consumer sentiment and retail sales, stronger manufacturing, and faster job growth indicate that the first quarter setback should prove temporary as pent-up demand is unleashed. According to the economists surveyed by Bloomberg at the beginning of May, the U.S. economy is projected to expand at a 3.5% rate in the second quarter.

U.S. bank loans, in a steady uptrend since 2011, are now increasing at a 10.0% annualized rate. Bank loan growth has accelerated markedly over the past 19 weeks. Concurrently, bank deposit growth has picked up to a 9.4% annualized rate. Both these indicators suggest a significant improvement in the health of the U.S. financial system.

The U.S. fiscal outlook also shows continued progress. The federal deficit is shrinking rapidly: in May, while federal receipts increased 9.0% year-over-year, outlays were down 4.7% year-over-year. Given the improving trends in federal receipts and spending, there is now even a possibility the United States could have a federal budget surplus by 2016.

Finally, the U.S. labour market has regained momentum after subdued hiring during the winter months. As of May 31st, the four-week moving average for new unemployment benefits claims fell to the lowest level since June 2007. Furthermore, payroll employment rose to a new high in May as the U.S. has replaced all of the jobs lost during the recession. Job growth has accelerated above 200,000 each month since the start of the year.

Our View

We maintain our constructive outlook for U.S. equities, especially with an improving macroeconomic backdrop. In particular, the ongoing broad market rotation towards relatively undervalued large cap stocks is extremely favourable for the U.S. Equity Fund as we have been anticipating the change in market leadership and have positioned the Fund accordingly.

NORTH GROWTH U.S. EQUITY FUND

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

	1 Month	3 Months	6 Months	YTD
NGM US Equity Fund \$CDN	2.26	3.00	11.04	10.01
S&P 500 \$CDN	1.25	1.79	9.87	7.00
NGM US Equity Fund \$US	3.37	5.20	8.76	7.92
S&P 500 \$US	2.35	3.97	7.62	4.97
S&P 400 MidCap \$US	1.78	0.55	6.42	3.23
S&P 600 SmallCap \$US	0.27	-1.85	0.00	-1.43
NASDAQ Composite \$US	3.29	-1.21	5.14	2.11

NORTH GROWTH U.S. EQUITY FUND

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

	1 Year	3 Years	5 Years	10 Years	20 Years	Since Inception
NGM US Equity Fund \$CDN	28.29	18.13	18.77	6.85	11.90	12.58
S&P 500 \$CDN	25.95	19.56	18.23	5.33	8.21	8.88
NGM US Equity Fund \$US	22.68	13.78	18.93	9.33	13.27	13.29
S&P 500 \$US	20.45	15.15	18.40	7.77	9.54	9.57
S&P 400 MidCap \$US	18.04	12.94	20.84	10.31	12.54	12.65
S&P 600 SmallCap \$US	19.71	14.33	21.20	10.03	11.29	11.79
NASDAQ Composite \$US	24.38	15.93	20.46	9.13	9.15*	9.67*

Source: Bloomberg "Total Return Analysis" as of June 2, 2014.

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

Unit Price: \$38.70 CDN
\$35.69 USD

Total Assets in Fund \$382.5 Million CDN

NORTH GROWTH CANADIAN EQUITY FUND

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

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	-0.89	3.08	17.98	14.08
S&P / TSX \$CDN	-0.16	3.51	10.61	8.45

NORTH GROWTH CANADIAN EQUITY FUND

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

	1 Year	3 Years	5 Years	10 Years
NGM Canadian Equity Fund	36.48	N/A	N/A	N/A
S&P / TSX \$CDN	18.99	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: \$ 20.81 CDN

Total Assets in Fund \$ 41.4 Million CDN

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

	*CURRENT YIELD	1 Year	3 Years	5 Years
NGM CDN Money Market Fund	0.87	0.86	0.85	0.67
30 Day T-Bill	N/A	0.92	0.91	0.73

** 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.

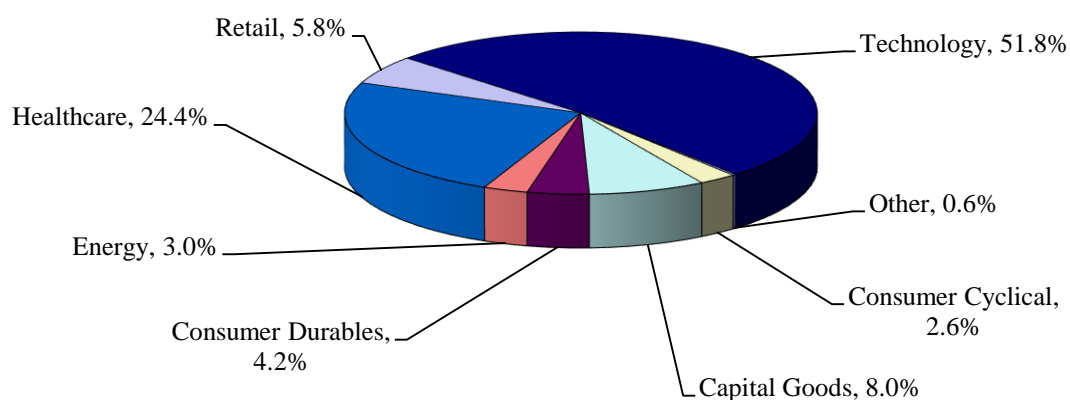
We manage the portfolio to ensure high liquidity and have no intention to extend maturities in order to chase a few basis points and we do not have any room to reduce our management fees because we already take a loss on the product. We still believe our money market fund has superior liquidity characteristics due to its very low average maturity but our current yield is 0.87% 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 May 31, 2014**

	%
Apple Inc.	9.92
Cisco Systems Inc.	9.17
GT Advanced Technologies Inc.	5.57
Intel Corporation	5.13
St. Jude Medical Inc.	4.50
Microsoft Corporation	4.33
WellPoint Inc.	4.16
Citrix Systems Inc.	3.71
Zimmer Holdings Inc.	3.25
Electronic Arts Inc.	<u>3.22</u>
Top 10	52.96
Total Equities	99.76
Cash	<u>0.24</u>
TOTAL ASSETS	100.00%

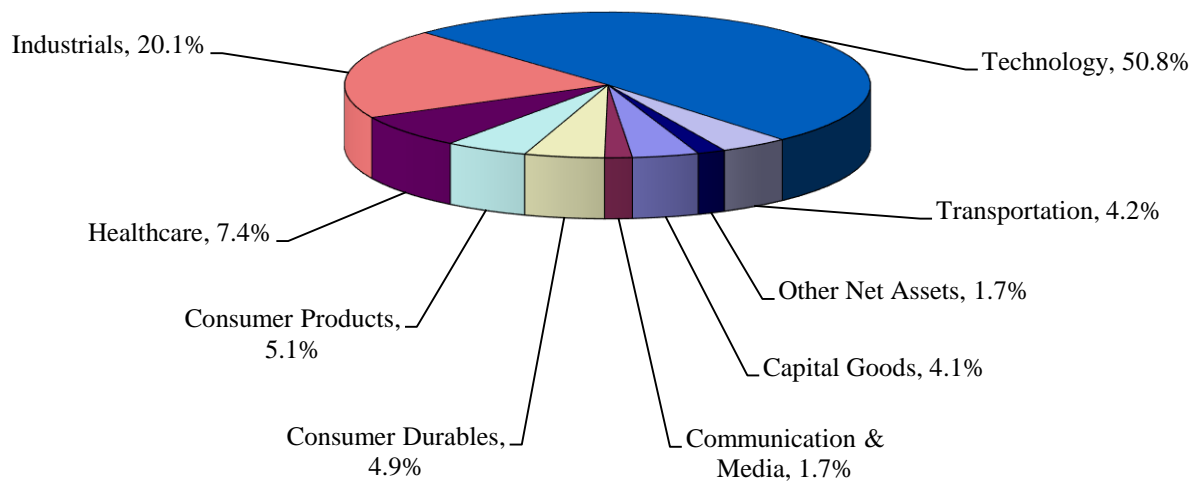
SECTOR MIX



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

	%
Sandvine Corporation	10.59
Ballard Power Systems Inc.	7.10
Celestica Inc.	5.93
Bombardier Inc., Class B	5.89
Open Text Corporation	5.38
Martinrea International Inc.	5.20
Dorel Industries Inc., Class B	4.90
COM DEV International Ltd.	4.50
CAE Inc.	4.36
WestJet Airlines Ltd.	<u>4.23</u>
Top 10	58.1
Total Equities	98.28
Cash	<u>1.72</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