

NOVEMBER 2016

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

December 16, 2016

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North Growth Funds

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Fund Performance Update

U.S. Equity Fund

U.S. equities staged a post-election rally in November as all the major indices we track gained last month. We continue to believe that the election of Donald Trump presents much uncertainty and potential for increased volatility in global financial markets. The knee-jerk surge of U.S. stocks since November 8th is partly a reaction to the market weakness experienced during the weeks leading up to the election.

In November, the S&P 500 Index advanced 3.7% while the S&P 400 MidCap and S&P 600 SmallCap gained 8.0% and 12.6% respectively. The NASDAQ Composite appreciated 2.8%. For the month, the North Growth U.S. Equity Fund was up 1.6%, underperforming all the aforementioned indices. As the Canadian currency continued to weaken slightly against the U.S. dollar, the Fund's monthly return in Canadian dollars was 1.8% versus the S&P 500 which rose 3.8% in Canadian dollars last month.

Canadian Equity Fund

Likewise, Canadian equities gained in November with the S&P/TSX Composite climbing 2.2%. The North Growth Canadian Equity Fund returned 3.3%, outperforming the broad market for the month.

Ongoing positive macroeconomic backdrop, but...

After nearly seven years of a moderate expansion recovering from the Great Recession, the U.S. economy is in terrific shape and is poised to continue its growth trajectory which appears possibly to accelerate in the near term. The unemployment rate at 4.6% is the lowest level since 2007, while the addition of jobs each month continues to extend the longest streak of growth on record. Housing and financial conditions remain in steady improvement.

U.S. consumer net worth, which has been on a steep climb since 2009, increased 6.1% year-over-year in the third quarter, and is estimated to gain another 5.3% in the final three months of the year, bringing its total increase over the past decade to 45%. Companies continue to generate healthy levels of cash flow and maintain strong balance sheets; corporate cash reached a record high of \$2.1 trillion in the third quarter.

As widely anticipated, following its December 13th – 14th meeting, the U.S. Federal Reserve raised the target range for the federal funds rate by 0.25% to 0.50% to 0.75%, marking the first interest rate hike this year and the second in over a decade following its rate increase last December. The labour market has continued to strengthen, economic growth has picked up throughout the year, and signs of wage gains and inflation appear to be taking

hold. During the year, the Fed held off increasing rates on recurrent worries about slowing growth, weak inflation, political uncertainty and turbulence overseas.

Monetary conditions in the U.S. and around the globe remain accommodative. We view the gradual removal of monetary stimulus by the Fed as confirmation the U.S. economy is in solid shape.

Against a favourable macroeconomic backdrop, corporate fundamentals generally remain strong and equity valuations, although no longer cheap, are reasonable. With the exception of energy and commodity-related companies, many U.S. corporations continue to report record-high, growing earnings while increasing their dividend payouts and share repurchases. Such companies comprise the U.S. Fund.

The current, positive macroeconomic framework is one we have been highlighting over the past several years. However, the predominant risk now facing the U.S. economy is the unpredictable, incoming presidency of Donald Trump. The president-elect's economic proposals which include massive fiscal spending and dramatically lower taxes would lead to greater deficits and a dangerously high level of U.S. debt. Additionally, heightened geopolitical risks, potential trade wars and fears of mass deportations along with increasing racial tensions could upend American society and have real, negative economic consequences.

Throughout history the United States has encountered numerous challenges and proven amazingly resilient. It is about to confront yet another major headwind.

Fund Distributions

This year, Thursday, December 15th was the distribution date for both the North Growth U.S. Equity Fund and the North Growth Canadian Equity Fund. The distribution for the U.S. Fund is approximately 4.9% of the current unit price or \$2.47 per unit (consisting of \$0.36 income and \$2.11 capital gains). For the Canadian Fund, the distribution is around 6.8% of the current unit price or \$1.22 per unit (all capital gains).

Unitholders of the North Growth Funds can expect to receive their T-3 tax slips by mail near the end of January.

Happy Holidays!

All of us at North Growth wish you and yours a very happy holiday season! Merry Christmas and all the best for 2017!

North Growth U.S. Equity Fund

Short Term Rates of Return (%) for the Period Ended November 30, 2016

	1 Month	3 Months	6 Months	YTD
NGM U.S. Equity Fund in \$CDN	1.77	-0.30	4.39	1.87
S&P 500 in \$CDN	3.84	4.26	8.59	6.53
NGM U.S. Equity Fund \$U.S.	1.63	-2.63	1.91	4.99
S&P 500 \$U.S.	3.70	1.83	6.01	9.79
S&P 400 MidCap \$U.S.	8.01	4.45	9.93	18.15
S&P 600 SmallCap \$U.S.	12.55	8.20	15.96	22.43
NASDAQ Composite \$U.S.	2.80	2.45	8.27	7.65

Annualized Rates of Return (%) for the Period Ended November 30, 2016

	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Since Inception
NGM U.S. Equity Fund \$CDN	4.28	14.75	18.01	8.36	8.66	10.94	12.63
S&P 500 \$CDN	8.67	17.94	20.91	8.63	5.50	7.43	9.73
NGM U.S. Equity Fund \$U.S.	3.69	6.11	11.71	6.62	9.81	10.98	12.27
S&P 500 \$U.S.	8.06	9.07	14.45	6.89	6.62	7.47	9.38
S&P 400 MidCap \$U.S.	13.23	9.36	14.74	8.87	9.94	11.18	12.22
S&P 600 SmallCap \$U.S.	16.57	8.79	16.13	8.67	10.41	10.18	11.67
NASDAQ Composite \$U.S.	5.61	10.85	16.77	9.39	8.13	8.27	9.65*

Source: Bloomberg "Total Return Analysis" as of Dec. 1, 2016.

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

Unit Price: \$ 48.75 CDN
\$ 36.30 USD

Total Assets in Fund \$ 485.8 Million CDN

North Growth Canadian Equity Fund

Short Term Rates of Return (%) for the Period Ended November 30, 2016

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	3.30	1.60	1.75	4.05
S&P / TSX \$CDN	2.19	4.08	8.80	19.10

Annualized Rates of Return (%) for the Period Ended November 30, 2016

	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
NGM Canadian Equity Fund	6.52	-1.77	4.10	13.44	N/A	N/A
S&P / TSX \$CDN	15.45	4.27	7.18	8.59	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: \$ 18.42 CDN

Total Assets in Fund \$ 38.4 Million CDN

North Growth Canadian Money Market Fund

Annualized Rates of Return (%) for the Period Ended November 30, 2016

	*Current Yield	1 Year	3 Years	5 Years
NGM Canadian Money Market Fund	0.48	0.51	0.66	0.74
30 Day Treasury Bill	N/A	0.45	0.66	0.77

** 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 0.48% which is lower than many other mainstream money market funds and even short term GICs at top tier Canadian banks.

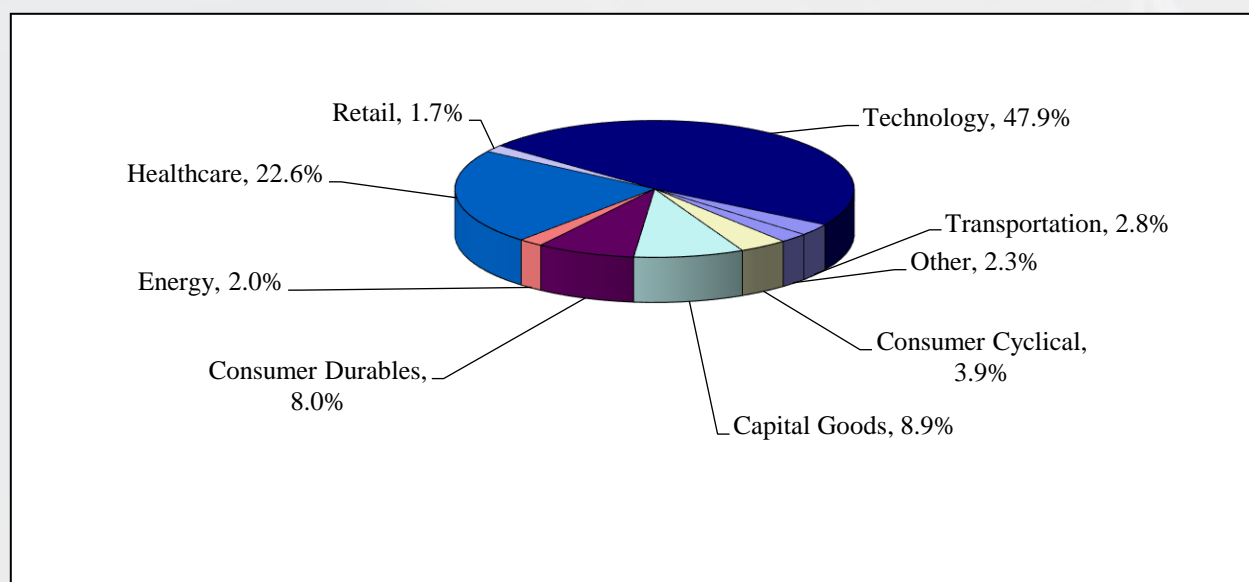
The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

Equity Fund Holdings and Composition

U.S. Equity Fund – Top 10 Holdings as at November 30, 2016

Ranking	Security	% of Net Assets
1.	Cisco Systems Inc.	9.30
2.	Apple Inc.	7.87
3.	Intel Corporation	5.25
4.	Applied Materials Inc.	4.95
5.	Microsoft Corporation	4.54
6.	Anthem Inc.	4.43
7.	General Electric Company	4.22
8.	Citrix Systems Inc.	3.92
9.	American Eagle Outfitters Inc.	3.89
10.	Zimmer Biomet Holdings Inc.	3.61
Top 10		51.98
Total Equities		97.70
Cash		2.30
Total Assets		100.00

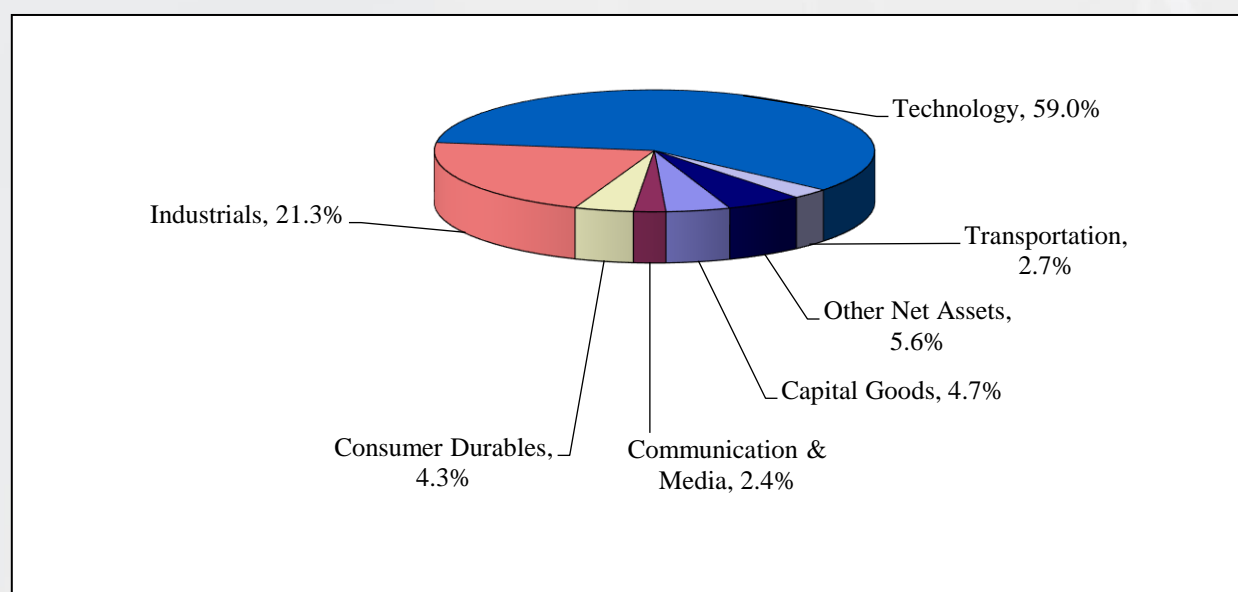
U.S. Equity Fund – Sector Mix as at November 30, 2016



Canadian Equity Fund – Top 10 Holdings as at November 30, 2016

Ranking	Security	% of Net Assets
1.	Sandvine Corporation	8.47
2.	Open Text Corporation	6.44
3.	Heroux-Devtek Inc.	6.26
4.	Ballard Power Systems Inc.	5.67
5.	CAE Inc.	5.66
6.	Celestica Inc.	5.56
7.	EXFO Inc.	5.42
8.	Mitel Networks Corp.	5.39
9.	Avigilon Corporation	5.04
10.	Sierra Wireless Inc.	4.88
Top 10		58.79
Total Equities		94.43
Cash		5.57
Total Assets		100.00

Canadian Equity Fund – Sector Mix as at November 30, 2016



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 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

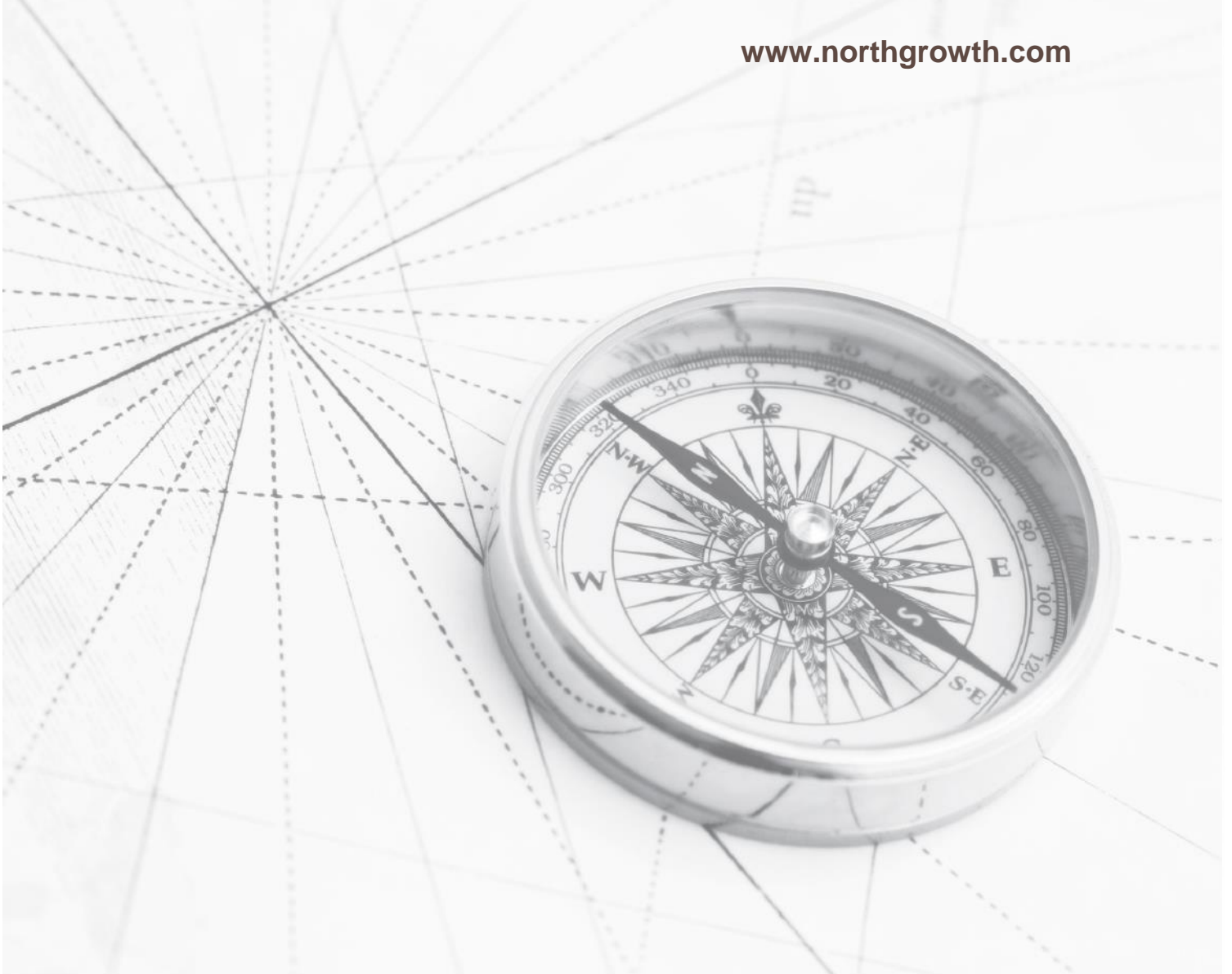
<http://www.theglobeandmail.com/globe-investor/funds-and-etfs/funds/summary/?id=53072&cid=4008>



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