

OCTOBER 2015

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

November 16, 2015

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North Growth Funds

Table of Contents

Fund Performance Update	2
U.S. Equity Fund	2
Canadian Equity Fund	2
Third Quarter Earnings.....	3
Tax Information Update.....	3
North Growth U.S. Equity Fund	4
Short Term Rates of Return	4
Annualized Rates of Return	4
North Growth Canadian Equity Fund	5
Short Term Rates of Return	5
Annualized Rates of Return	5
North Growth Canadian Money Market Fund.....	6
Annualized Rates of Return	6
Equity Fund Holdings and Composition.....	7
U.S. Equity Fund – Top 10 Holdings	7
U.S. Equity Fund – Sector Mix.....	7
Canadian Equity Fund – Top 10 Holdings	8
Canadian Equity Fund – Sector Mix.....	8
Investing With Us	9
Investing With North Growth Management:	9
Conducting Transactions	9
Where to Find NGM Fund Prices	9

Fund Performance Update

U.S. Equity Fund

During October U.S. equities rebounded sharply, supported by solid third quarter earnings reports. Shares of larger capitalization companies outperformed their smaller counterparts as the S&P 500 gained 8.4% for the month, ahead of the S&P 400 MidCap and S&P 600 SmallCap Indices which delivered monthly returns of 5.6% and 6.1% respectively. The NASDAQ Composite appreciated 9.5%, aided by large cap technology names. The North Growth U.S. Equity Fund advanced 10.8% last month, beating all the indices we follow. In Canadian dollars, the Fund gained 8.6% versus the S&P 500 which was up 6.2%.

While short term results make headlines, long term results are what matter for equity investors. For 153 consecutive months, since October 2002, ten years from its inception, the Fund consistently outperformed the S&P 500 Index on a running ten-year compound average annual return basis. In July of this year, this streak was broken with the Fund's annualized average ten-year return falling slightly behind that of the Index. In light of this, we are especially pleased that as of October 31st, the North Growth U.S. Equity Fund is again ahead of the S&P 500 for the ten-year period ending October 31, 2015.

Canadian Equity Fund

Overall, Canadian equities also delivered solid results in October. The S&P/TSX Composite's 2.0% gain for the month is not very representative of the gains posted by most sectors as the Index was held back by the outsized impact of the near-50% decline of Valeant Pharmaceuticals. The North Growth Canadian Equity Fund gained 6.3% for the month.

Valeant has been a long term holding of the North Growth Canadian Equity Fund. We have realized over \$2 million in net gains from this investment. We began assertively managing the portfolio exposure to around 7% subsequent to the 2010 merger between Valeant and Biovail. Over the next few years, as the stock continued to soar, we steadily managed the weight downward. Valeant's aggressive and controversial attempt to acquire Allergan last year led us to reduce our exposure to approximately 2% late last year. We sold approximately 40% of our remaining holdings in March of this year, taking the position back below 2%. The remaining 3,300 shares (or 3.6% of our maximum holdings back in 2005) held by the Fund have an average cost of \$26.29 and currently represent approximately 1% of the portfolio. Valeant is guilty of aggressive business tactics but we do not believe the fraud allegations made by a short seller are valid. We continue to evaluate the situation and do not intend to add to the position unless we are satisfied with the company's ability to service its substantial debt obligations.

Third Quarter Earnings

We have been pleased with the results of virtually all the companies in the portfolio to date. So far, 87% of the U.S. Fund's holdings have reported, and profits on a weighted-average basis in the latest quarter increased 26.9% over a year ago against estimates of 7.8% growth. Excluding the anomalous 293% gain in the earnings of First Solar, profits of the Fund's companies are on track to grow 13.1% versus expectations of 4.0%.

In particular, we are heartened by the results of many of the large cap technology names in the portfolio such as Apple and Microsoft, in addition to our large cap pharmaceutical/biotechnology holdings including Gilead Sciences and Amgen. Such companies continue to deliver solid earnings growth, generate healthy cash flows and maintain robust balance sheets while at the same time increasing their returns of excess capital to shareholders. Importantly, many of these large cap holdings trade at attractive valuations with price/earnings (P/E) multiples near or below the S&P 500 Index average.

For the market in general, the majority of corporate earnings reports for the July-to-September period has been better than expected. At the end of September, earnings for the third quarter were expected to decline 5.2% year-over-year. According to FactSet, earnings are now on track to decrease 2.2%. The fall in the S&P 500 Index earnings is attributed to only the energy and materials sectors, while the remaining eight sectors of the S&P 500 have reported earnings growth and provide the bulk of the upside earnings surprises this quarter.

As of November 6th, 444 companies of the S&P 500 Index have reported earnings for the third quarter of 2015. With almost 90% of the results in, 74% of the reporting companies have exceeded analysts' profit forecasts while 46% have beaten revenue estimates.

We remain constructive in our outlook for U.S. equities and continue to focus our efforts on individual stock analysis, adhering as always to our long term "growth at a reasonable price" philosophy.

Tax Information Update

The December 15th distribution date is approaching, yet even with just a month to go it is important to emphasize that our guidance is an estimate that could still change materially. At this time, we estimate the distribution for the North Growth U.S. Equity Fund to be around \$1.70 per unit. There is an upside bias to this estimate as a result of the announced acquisition of Rite Aid by Walgreens Boots Alliance on October 27th. Should we decide to sell the shares of Rite Aid in the Fund before December 15th, realizing the capital gains associated with the holding, the distribution would be higher.

Currently, we do not anticipate paying a distribution for the North Growth Canadian Equity Fund.

North Growth U.S. Equity Fund

Short Term Rates of Return (%) for the Period Ended October 30, 2015

	1 Month	3 Months	6 Months	YTD
NGM U.S. Equity Fund in \$CDN	8.59	0.42	8.30	16.45
S&P 500 in \$CDN	6.24	-0.67	9.21	15.75
NGM U.S. Equity Fund \$U.S.	10.83	0.46	-0.07	3.32
S&P 500 \$U.S.	8.44	-0.63	0.77	2.70
S&P 400 MidCap \$U.S.	5.63	-3.47	-2.92	0.72
S&P 600 SmallCap \$U.S.	6.10	-2.92	-1.26	0.27
NASDAQ Composite \$U.S.	9.45	-1.15	2.88	7.79

Annualized Rates of Return (%) for the Period Ended October 30, 2015

	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Since Inception
NGM U.S. Equity Fund \$CDN	24.01	27.47	17.95	9.08	9.04	12.54	12.99
S&P 500 \$CDN	22.04	27.10	20.15	8.95	3.50	8.44	9.70
NGM U.S. Equity Fund \$U.S.	6.90	16.54	12.24	7.97	10.15	12.70	12.75
S&P 500 \$U.S.	5.20	16.20	14.33	7.85	4.55	8.59	9.46
S&P 400 MidCap \$U.S.	3.42	15.51	13.41	9.09	8.50	11.61	12.16
S&P 600 SmallCap \$U.S.	2.85	16.06	14.44	8.64	9.13	10.49	11.38
NASDAQ Composite \$U.S.	10.59	20.96	16.51	10.31	3.75	9.13	9.88*

Source: Bloomberg "Total Return Analysis" as of Nov. 2, 2015.

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

Unit Price: \$ 47.79 CDN

\$ 36.55 USD

Total Assets in Fund \$ 479.3 Million CDN

North Growth Canadian Equity Fund

Short Term Rates of Return (%) for the Period Ended October 30, 2015

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	6.34	-6.66	-12.53	-13.08
S&P / TSX \$CDN	1.96	-5.76	-9.78	-5.25

Annualized Rates of Return (%) for the Period Ended October 30, 2015

	1 Year	2 Years	3 Years	5 Years	10 Years
NGM Canadian Equity Fund	-5.56	3.71	15.97	N/A	N/A
S&P / TSX \$CDN	-4.62	3.62	6.02	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: \$ 17.51 CDN

Total Assets in Fund \$ 37.1 Million CDN

North Growth Canadian Money Market Fund

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

	*Current Yield	1 Year	3 Years	5 Years
NGM Canadian Money Market Fund	0.42	0.64	0.79	0.81
30 Day Treasury Bill	N/A	0.67	0.83	0.86

** 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 0.42% which is lower than many other mainstream money market funds and even short term GICs at top tier Canadian banks.

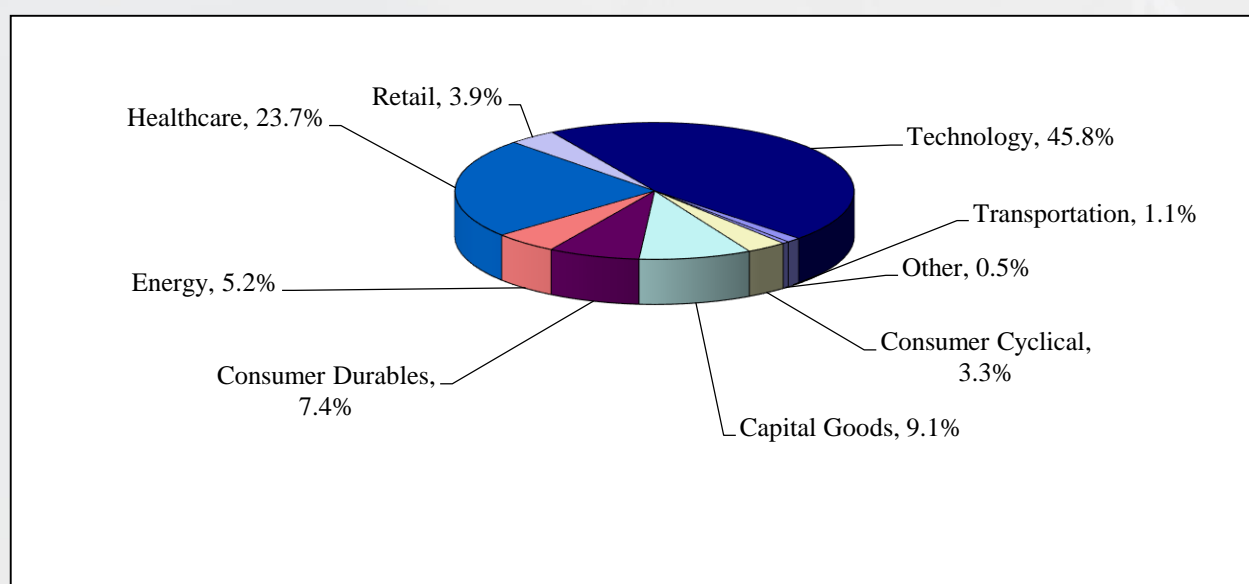
The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

Equity Fund Holdings and Composition

U.S. Equity Fund – Top 10 Holdings as at October 30, 2015

Ranking	Security	% of Net Assets
1.	Cisco Systems Inc.	9.98
2.	Apple Inc.	8.88
3.	First Solar Inc.	5.19
4.	Intel Corporation	5.05
5.	Microsoft Corporation	4.85
6.	Anthem Inc.	4.27
7.	St. Jude Medical Inc.	4.11
8.	General Electric Company	3.91
9.	Gilead Sciences Inc.	3.68
10.	Citrix Systems Inc.	3.51
Top 10		53.43
Total Equities		99.47
Cash		0.53
Total Assets		100.00

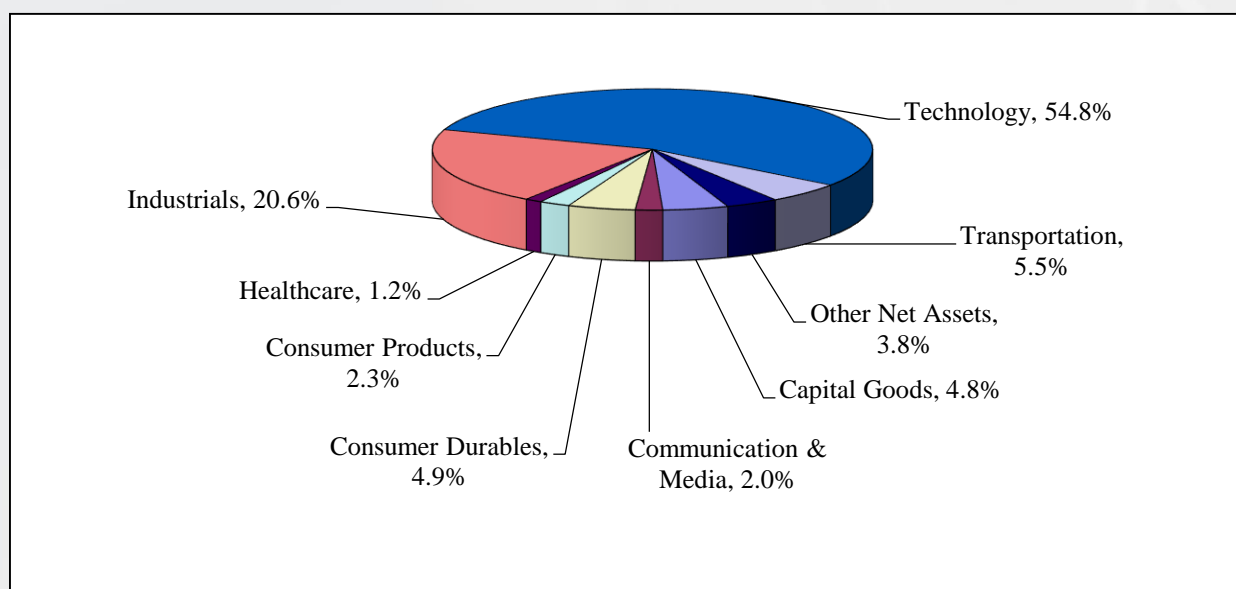
U.S. Equity Fund – Sector Mix as at October 30, 2015



Canadian Equity Fund – Top 10 Holdings as at October 30, 2015

Ranking	Security	% of Net Assets
1.	Sandvine Corporation	8.18
2.	COM DEV International Ltd.	7.78
3.	Open Text Corporation	6.12
4.	Avigilon Corporation	5.89
5.	Westjet Airlines Ltd.	5.55
6.	CAE Inc.	5.15
7.	Martinrea International Inc.	5.03
8.	Heroux-Devtek Inc.	5.02
9.	Dorel Industries, Inc. Class B	4.94
10.	ATS Automation Tooling Systems Inc.	4.80
Top 10		58.46
Total Equities		96.16
Cash		3.84
Total Assets		100.00

Canadian Equity Fund – Sector Mix as at October 30, 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.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

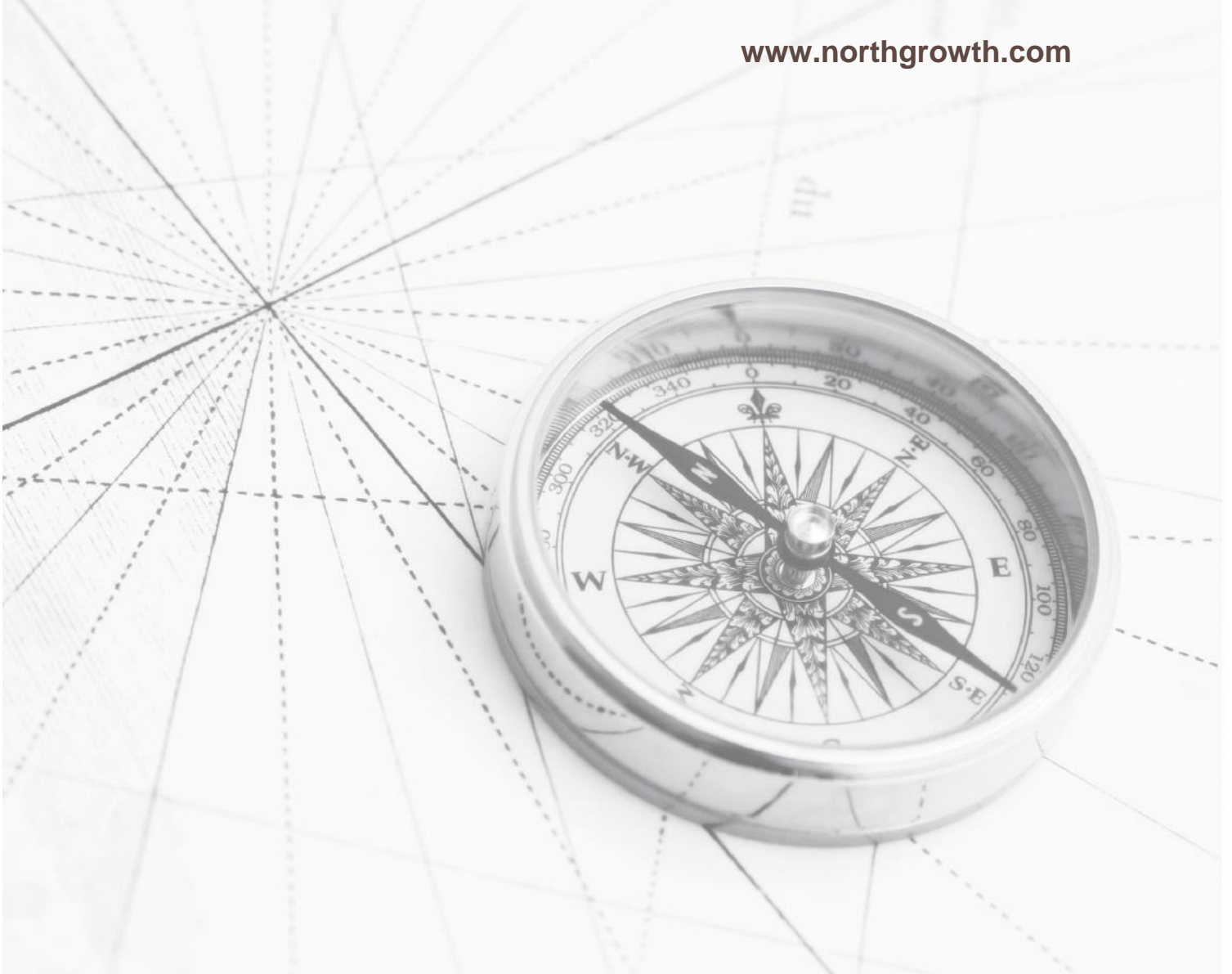
<http://www.theglobeandmail.com/globe-investor/funds-and-etfs/funds/summary/?id=53072&cid=4008>



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