

Generally better-than-expected corporate earnings reports and favourable U.S. economic data countered the “Sell in May” market mantra as U.S. equities continued to drift higher in April. The S&P 500 Index rose 1.9% as did the NASDAQ Composite while the S&P 400 MidCap gained 0.6% and the S&P 600 SmallCap declined 0.3%. The North Growth U.S. Equity Fund appreciated 1.1% during the month, lagging behind the S&P 500 and NASDAQ indices but outperforming the mid- and small-cap stocks represented by the S&P 400 and S&P 600. The continued strengthening in the Canadian dollar since March reduced the Fund’s monthly return in Canadian dollars to 0.2% versus the S&P 500 Index which was up 1.1% in Canadian dollars.

First quarter corporate earnings were, for the majority, better-than-forecast. According to data compiled by Bloomberg, around 72% of the S&P 500 companies that have released results since the beginning of the earnings season have exceeded profit expectations. Earnings on average grew 2.2% year-over-year, beating projections of a 3.0% decline by 5.2%. For the 79% of the North Growth U.S. Equity Fund’s holdings that have reported so far, profits on a weighted-average basis increased 20% over a year ago, topping estimates of 16% growth. We have been pleased with the results of virtually all the companies in the portfolio.

In addition to solid corporate earnings, economic data since April has been likewise better-than-anticipated, indicating that a "U.S. growth problem" in the summer is not a foregone conclusion. Credit outstanding at U.S. households and nonfinancial businesses continues to recover in a steady upward trend as the credit crunch in the United States is easing. Large U.S. companies are taking advantage of low interest rates to borrow capital in the bond markets while banks continue to increase their lending to commercial and industrial firms. According to data from the Federal Reserve, loans grew at an 11% annualized rate in the first quarter, the sixth double-digit percentage increase in seven quarters.

Consumer credit also has been picking up. Fed data shows that residential home loans from banks expanded at an annualized rate of 1.4% in the first quarter following a contraction in the final months of 2012. Home-equity loans are coming back, and many Americans are availing from low mortgage rates to refinance their home loans. Rising house prices, rendered by the accelerating improvement of the U.S. housing market in recent months, are likely to encourage a further loosening of credit particularly for consumers.

More good news for the consumer can be found in the labour market which has been perhaps the largest source of upside in the U.S. economic situation lately. For the most recent week ended May 4<sup>th</sup>, applications for initial unemployment insurance payments decreased to 323,000, the least since January 2008. The four-week moving average of jobless claims, a less-volatile measure, fell to the lowest level since November 2007; for the first time, the average over the past month was the lowest since before the recession began. In April, U.S. employers added 165,000 jobs and the unemployment rate declined slightly to 7.5%, a four-year low. The stronger-than-expected job growth last month and recent jobless claims statistics provide reassurance that the U.S. employment market is indeed on the mend.

In spite of the higher taxes and government spending cuts that took effect earlier in the year, the economic outlook for the United States remains bright as the underlying conditions supporting growth have been gradually improving. As a result of greater tax receipts and lower government outlays, the U.S. federal deficit has shrunk significantly; the deficit has narrowed from -10.4% of GDP to -5.5% over the past three years. The U.S. posted its widest budget surplus in five years in April, and the Treasury will pay down debt for the first time in six years.

Against a positive macroeconomic backdrop, corporate earnings continue to be strong and equity valuations still attractive. We remain focused on identifying “growth at a reasonable price” opportunities while the North Growth U.S. Equity Fund stays fully invested.

Yours truly,

A handwritten signature in black ink that reads "Erica Lau". The signature is written in a cursive, flowing style.

Erica Lau, CFA

## NORTH GROWTH U.S. EQUITY FUND

## Short Term Rates of Return (%) for Periods Ending April 30, 2013

	1 Month	3 Months	6 Months	YTD
<b>NGM US Equity Fund \$CDN</b>	<b>0.21</b>	<b>8.10</b>	<b>15.10</b>	<b>13.53</b>
S&P 500 \$CDN	1.08	8.28	15.40	14.16
<b>NGM US Equity Fund \$US</b>	<b>1.06</b>	<b>7.01</b>	<b>14.13</b>	<b>12.11</b>
S&P 500 \$US	1.93	7.18	14.42	12.74
S&P 400 MidCap \$US	0.63	6.48	19.23	14.16
S&P 600 SmallCap \$US	-0.27	5.42	16.35	11.51
NASDAQ Composite \$US	1.93	6.27	12.84	10.61

## NORTH GROWTH U.S. EQUITY FUND

## Annualized Rates of Return (%) for Periods Ending April 30, 2013

	1 Year	3 Years	5 Years	10 Years	15 Years	20years
<b>NGM US Equity Fund \$CDN</b>	<b>9.62</b>	<b>8.74</b>	<b>6.40</b>	<b>6.29</b>	<b>7.24</b>	<b>11.02</b>
S&P 500 \$CDN	19.21	12.49	5.22	4.15	1.92	7.51
<b>NGM US Equity Fund \$US</b>	<b>7.49</b>	<b>9.04</b>	<b>6.40</b>	<b>10.11</b>	<b>9.78</b>	<b>12.32</b>
S&P 500 \$US	16.89	12.80	5.21	7.88	4.33	8.77
S&P 400 MidCap \$US	18.84	13.76	8.37	11.73	9.21	11.95
S&P 600 SmallCap \$US	17.31	12.92	8.28	11.46	7.70	10.65*
NASDAQ Composite \$US	11.01	11.95	7.86	9.54	4.67	8.41*

Source: Bloomberg "Total Return Analysis" as of May 1, 2013.

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

**Unit Price: \$28.83 CDN**  
**\$28.62**

**Total Assets in Fund \$278.0 Million CDN**

## NORTH GROWTH CANADIAN EQUITY FUND

## Short Term Rates of Return (%) for Periods Ending April 30, 2013

	1 Month	3 Months	6 Months	YTD
<b>NGM Canadian Equity Fund</b>	<b>N/A*</b>	<b>N/A*</b>	<b>N/A*</b>	<b>N/A*</b>
S&P / TSX \$CDN	-2.07	-1.03	1.85	1.20

## NORTH GROWTH CANADIAN EQUITY FUND

## Annualized Rates of Return (%) for Periods Ending April 30, 2013

	1 Year	3 Years	5 Years	10 Years
<b>NGM Canadian Equity Fund</b>	<b>N/A*</b>	<b>N/A*</b>	<b>N/A*</b>	<b>N/A*</b>
S&P / TSX \$CDN	4.53	3.56	0.73	9.32

*\*The Canadian Equity Fund became a reporting issuer on June 15, 2012. It will be permitted to publish performance information again one year from that date.*

**Series N Unit Price: \$ 15.40 CDN**

**Total Assets in Fund \$ 27.6 Million CDN**

**NORTH GROWTH CANADIAN MONEY MARKET FUND**  
**Annualized Rates of Returns (%) for Periods Ending April 30, 2013**

	*CURRENT YIELD	1 Year	3 Years	5 Years
<b>NGM CDN Money Market Fund</b>	<b>0.87</b>	<b>0.86</b>	<b>0.77</b>	<b>0.88</b>
30 Day T-Bill	N/A	0.93	0.82	0.89

*\* 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.*

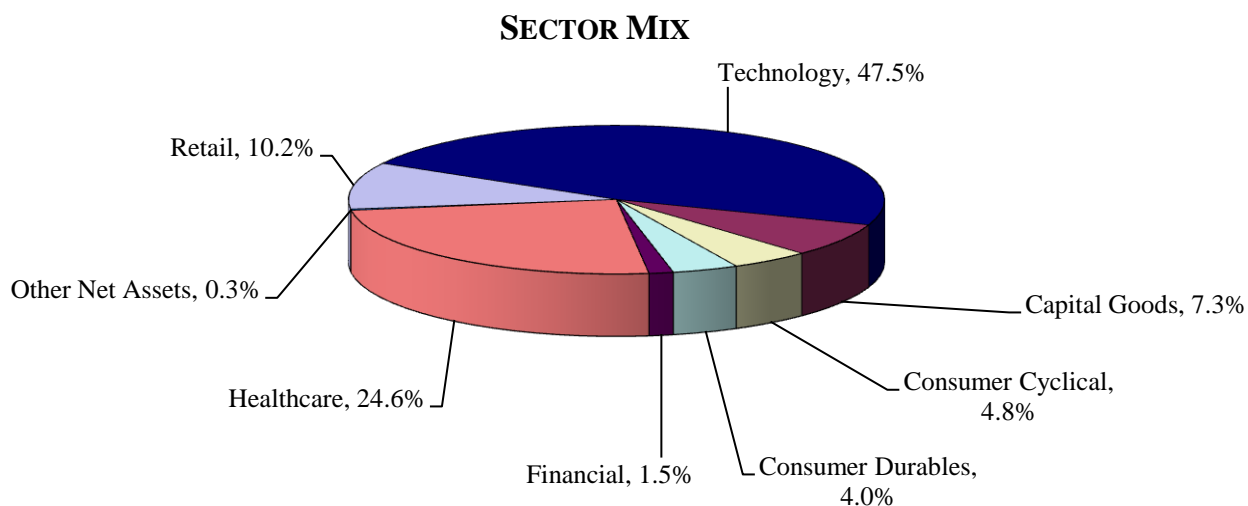
We take a very simple approach to managing the North Growth Canadian Money Market Fund. We invest in a portfolio of high quality short term bonds. The average maturity of the portfolio never is greater than 30 days. Historically the Fund has generated very competitive yields with this simple approach 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 April 30, 2013**

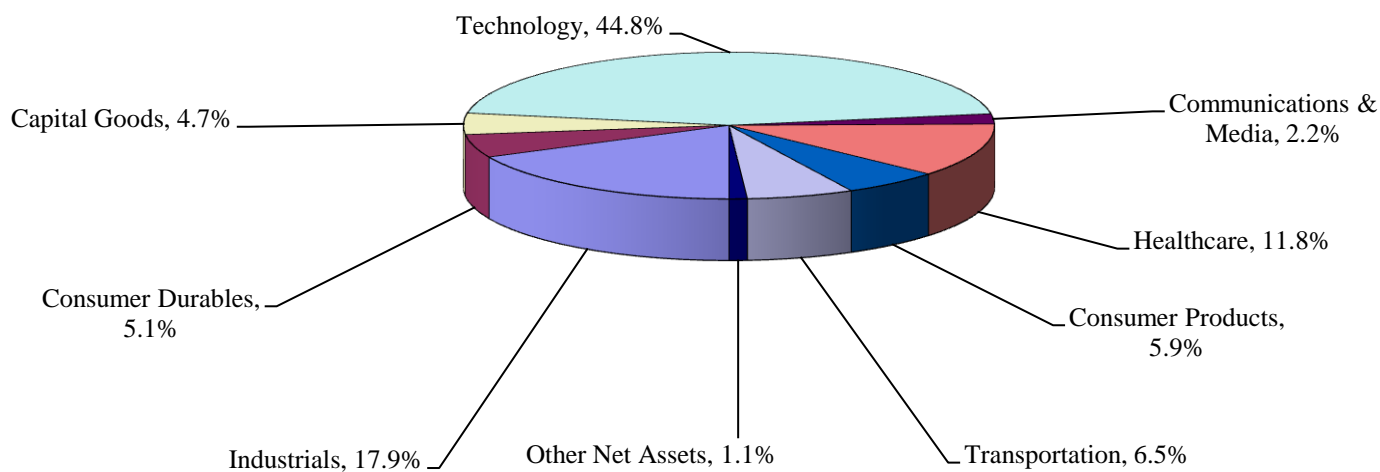
	%
Cisco Systems Inc.	9.97
Apple Inc.	8.87
Intel Corporation	5.76
Pier 1 Imports Inc.	4.88
Microsoft Corporation	4.82
Bristol-Myers Squibb Company	4.51
St. Jude Medical Inc.	4.48
Texas Instruments Inc.	3.94
American Eagle Outfitters Inc.	3.74
Wellpoint Inc.	<u>3.71</u>
<b>Top 10</b>	54.68
<b>Total Equities</b>	99.72
Cash	<u>0.28</u>
<b>TOTAL ASSETS</b>	<b>100.00%</b>



**CANADIAN EQUITY FUND  
TOP 10 HOLDINGS  
As of April 30, 2013**

	<b>%</b>
Sandvine Corporation	9.02
Bombardier Inc., Class B.	7.33
Celestica Inc.	6.80
WestJet Airlines Ltd.	6.45
Valeant Pharmaceuticals International, Inc.	6.10
Sierra Wireless Inc.	6.06
Dorel Industries Inc., Class B	5.13
COM DEV International Ltd.	5.05
MacDonald Dettwiler and Associates Ltd.	4.93
CAE Inc.	<u>4.85</u>
<b>Top 10</b>	61.72
<b>Total Equities</b>	9
Cash	<u>1.09</u>
<b>TOTAL ASSETS</b>	<b>100.00%</b>

**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 4 p.m. Eastern time or 1 p.m. 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](http://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](http://www.globefund.com)