

The nervously anticipated "Sell in May" market decline did not materialize this year as U.S. equities continued to climb last month, adding to the significant gains of all the major indices so far in 2013. The S&P 500 Index and S&P 400 MidCap indices both appreciated 2.3% while the S&P 600 SmallCap and NASDAQ Composite produced higher monthly returns of 4.4% and 4.0% respectively. The North Growth U.S. Equity Fund gained 5.8% in May, outperforming all the indices we regularly track. Due to a significant weakening of the Canadian dollar against its U.S. counterpart, the Fund was up 8.9% in Canadian dollars versus the S&P 500 which rose 5.3% in Canadian dollars.

Notably, the inclusion of the Fund's strong performance this May and the drop-off of the 8.0% decline in May last year boosted the Fund's one-year return to 23.7% from 7.5% at the end of April. In addition, the Fund is now ahead of all the indices we follow on a year-to-date basis. As of May 31st, the North Growth U.S. Equity Fund has appreciated 18.6% in 2013 compared to 15.4% for the S&P 500, 16.7% for the S&P 400 MidCap, and 16.4% for the S&P 600 SmallCap. The Fund's outperformance is noteworthy considering that the technology-centric NASDAQ Composite has been the weakest relative performer year-to-date with a gain of 15.1%.

In May, the report of Cisco's latest quarterly earnings was the most significant event for the Fund and perhaps for the overall tone of the equity market as well. Prior to Cisco's earnings release, the market sentiment on the stock was highly negative. The general consensus appeared to be that the premier networking company was stodgy, lacking innovation and operating in a slow-growth environment where smaller, more nimble competitors were capitalizing on emerging opportunities and taking market share.

As Cisco's competitors reported mediocre earnings results in April and reduced their near term profit projections, analysts' expectations for Cisco's report in May became exceedingly low. In fact, Cisco's sales and earnings meaningfully surpassed the consensus estimates. The tone of the company's conference call was unequivocally positive; John Chambers, Cisco's CEO, highlighted the company's strong order trends, execution, and competitive wins. In stark contrast to its peers, Cisco is facing improving business prospects, gaining share and is on track to continue delivering results that meet or beat expectations. The company has proven yet again that it is competitively well-positioned and strategically focused on maintaining the leadership position in network computing.

Subsequent to its earnings release on May 15th, Cisco's equity price has appreciated approximately 15% and analysts seem to be warming up to the name. Despite the gain in the share price, Cisco remains attractively valued at 14 times trailing earnings or 11 times

adjusted for the \$31.1 billion (equivalent to \$5.84 per share) of net cash on its balance sheet. Additionally, the stock is yielding 2.8% with the company's dividend payout in an upward trend since the beginning of 2012. Cisco's latest quarter may be the catalyst for a dramatic change in sentiment for not only its own stock but also other large-cap technology bellwethers that are also financially strong and trading at low valuations relative to their historic norms and the market.

Cisco is illustrative of our approach to investing—focusing on corporate fundamentals, taking a long term view, and applying “growth at a reasonable price” valuation criteria. We do not share the market perception that many of the macro technology names, such as Cisco, Intel, and Microsoft, have lost their growth characteristics or have become irrelevant in the dynamic industry. Such companies have delivered solid earnings growth over the past several years in a challenging global economic environment. Their excessively low valuations and financial strength limit the downside risk to the share prices while simultaneously, the prospects of continued profit growth and expanding price/earnings (P/E) multiples when the market sentiment improves offer significant upside potential to the equities.

We are encouraged with the short term performance of the U.S. Equity Fund. However, we believe, as always, investors should focus on the long term results. The 20-year annualized rates of return—12.4% for the Fund versus 8.8% for the S&P 500 Index—give a decent range of reasonable expectations for equity returns over the long run. Within the extended time frame, inevitably, there are periods in which performance will be below the average and likewise periods in which returns will be above the long term run rate.

Yours truly,

A handwritten signature in black ink, appearing to read "Erica Lau". The signature is fluid and cursive, with a large initial "E" and a trailing flourish.

Erica Lau, CFA

NORTH GROWTH U.S. EQUITY FUND

Short Term Rates of Return (%) for Periods Ending May 31, 2013

	1 Month	3 Months	6 Months	YTD
NGM US Equity Fund \$CDN	8.90	12.00	25.68	23.63
S&P 500 \$CDN	5.32	8.79	21.49	20.23
NGM US Equity Fund \$US	5.82	11.41	20.45	18.64
S&P 500 \$US	2.34	8.22	16.43	15.37
S&P 400 MidCap \$US	2.26	7.82	19.29	16.74
S&P 600 SmallCap \$US	4.35	8.48	20.20	16.36
NASDAQ Composite \$US	4.01	9.72	15.76	15.05

NORTH GROWTH U.S. EQUITY FUND

Annualized Rates of Return (%) for Periods Ending May 31, 2013

	1 Year	3 Years	5 Years	10 Years	15 Years	20years
NGM US Equity Fund \$CDN	24.13	13.25	8.31	6.61	8.06	11.27
S&P 500 \$CDN	27.76	16.31	6.34	4.63	2.27	7.65
NGM US Equity Fund \$US	23.66	13.80	7.38	9.61	10.54	12.40
S&P 500 \$US	27.27	16.87	5.43	7.58	4.61	8.75
S&P 400 MidCap \$US	29.95	17.50	7.74	11.09	9.71	11.83
S&P 600 SmallCap \$US	30.60	17.43	8.26	11.07	8.40	10.61*
NASDAQ Composite \$US	24.20	16.69	7.72	9.18	5.38	8.30*

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

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

Unit Price: \$31.40 CDN
\$30.28

Total Assets in Fund \$300.4 Million CDN

NORTH GROWTH CANADIAN EQUITY FUND

Short Term Rates of Return (%) for Periods Ending May 31, 2013

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	N/A*	N/A*	N/A*	N/A*
S&P / TSX \$CDN	1.77	-0.53	4.99	2.99

NORTH GROWTH CANADIAN EQUITY FUND

Annualized Rates of Return (%) for Periods Ending May 31, 2013

	1 Year	3 Years	5 Years	10 Years
NGM Canadian Equity Fund	N/A*	N/A*	N/A*	N/A*
S&P / TSX \$CDN	13.34	5.40	-0.05	9.05

**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: \$ 16.11 CDN

Total Assets in Fund \$ 28.5 Million CDN

NORTH GROWTH CANADIAN MONEY MARKET FUND
Annualized Rates of Returns (%) for Periods Ending May 31, 2013

	*CURRENT YIELD	1 Year	3 Years	5 Years
NGM CDN Money Market Fund	0.87	0.87	0.79	0.84
30 Day T-Bill	N/A	0.93	0.85	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 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.

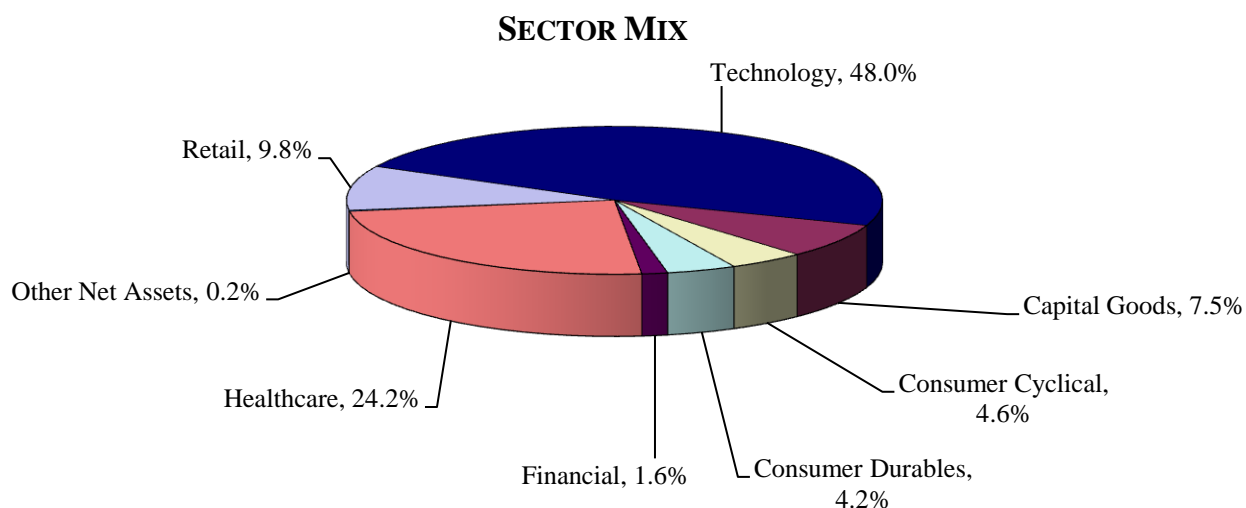
The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

U.S. EQUITY FUND
TOP 10 HOLDINGS
As of May 31, 2013

	%
Cisco Systems Inc.	10.94
Apple Inc.	8.58
Intel Corporation	5.56
Microsoft Corporation	4.72
Pier 1 Imports Inc.	4.65
St. Jude Medical Inc.	4.47
Bristol-Myers Squibb Company	3.96
WellPoint Inc.	3.73
Texas Instruments Inc.	3.72
American Eagle Outfitters Inc.	<u>3.63</u>

Top 10	53.96
Total Equities	99.77
Cash	<u>0.23</u>

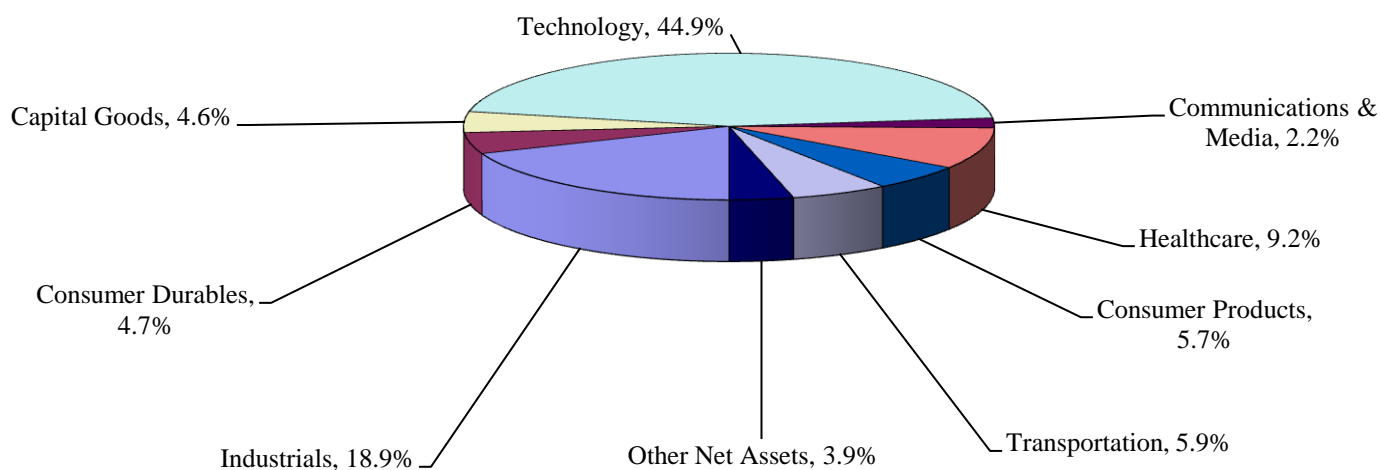
TOTAL ASSETS **100.00%**



CANADIAN EQUITY FUND
TOP 10 HOLDINGS
As of May 31, 2013

	%
Sandvine Corporation	8.69
Bombardier Inc., Class B.	8.34
Celestica Inc.	6.72
Sierra Wireless Inc.	6.22
WestJet Airlines Ltd.	5.89
COM DEV International Ltd.	4.91
Dorel Industries Inc., Class B	4.71
CAE Inc.	4.62
ATS Automation Tooling Systems Ltd.	4.59
Open Text Corporation	<u>4.51</u>
Top 10	59.20
Total Equities	96.09
Cash	<u>3.91</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 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:

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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