

U.S. Equity Fund Performance

Following a pause in June, U.S. equities continued to rally in July as a stronger than expected earnings season propelled the major indices to new highs for the year. The S&P 500 Index gained 5.1% last month, while the S&P 400 MidCap and S&P 600 SmallCap indices were up 6.2% and 6.8% respectively. The NASDAQ Composite advanced 6.6%. The North Growth U.S. Equity Fund appreciated 6.0% in July, outperforming the S&P 500 but slightly below the other indices we track. Due to a halt of the slide in the Canadian dollar, the Fund gained 3.5% in Canadian dollars versus the S&P 500's monthly return of 2.6% in Canadian dollars.

Canadian Equity Fund

After outperforming the S&P/TSX Composite Index for each of the first six months of the year, the North Growth Canadian Equity Fund underperformed in July, posting an increase of 2.2% compared to 3.2% for the Index. Year-to-date, the Fund is up 26.2% compared to 2.3% for the Index and for the last year the Fund is up 34.8% compared to 10.5% for the Index. Some investors may scratch their heads at the magnitude of outperformance but simply looking at the returns of the U.S. Equity Fund and the U.S. Indices will show that we have been in a period of strong equity performance and it is the S&P/TSX that is the outlier. The Canadian Equity Fund continues to have no exposure to natural resources or financials and it has some characteristics similar to the U.S. Equity Fund. In short, the performance has been due to what we own as much as it has been due to what we do not own. We are excited about the Fund's potential because we feel we have found a great basket of companies that fit well with our "Growth at a Reasonable Price" investment philosophy.

Second Quarter Earnings

For the most part, corporate earnings reports for the April-to-June period were better than expected, continuing on the favourable trend that has been in place for the past several years. As of the end of July, 393 companies of the S&P 500 have reported earnings for the second quarter. With 79% of the S&P 500 Index results in, 73% of the reporting companies have beaten analysts' earnings estimates while 55% have surpassed revenue forecasts. At the sector level, the Materials, Health Care and Information Technology sectors have had the highest percentages of companies reporting profits above expectations to date. According to ISI Group, earnings and revenues in the second quarter are on track to increase 8% and 5% respectively year-over-year.

Around three quarters of the North Growth U.S. Equity Fund's holdings have reported so far, and profits on a weighted-average basis increased 22% over a year ago against estimates of 4.1% contraction. We have been pleased with the results of virtually all the companies in the portfolio to date. The Fund's largest holding, Cisco Systems, will be reporting next week. Given the constructive tone and management commentary of the previous quarter, we expect that this latest quarter will meet expectations and more likely surpass analysts' forecasts.

The last word

Despite the strong market rally year-to-date, investor sentiment towards U.S. equities remains cautious. Trading volumes remain at depressed levels and while net flows into equity mutual funds have turned positive this year, we have yet to see a major rotational reversal from bonds to stocks. The market continues to climb a "wall of worry". Our constructive outlook for U.S. equities remains unchanged, supported by strong corporate earnings, reasonable valuations, and a favourable macroeconomic environment.

As a reminder, we are on a campaign to increase the number of unitholders in the Canadian Fund. For a limited time, we are permitting existing direct clients who are B.C. residents or Accredited Investors to invest at a \$5,000 minimum. The minimum investment for new direct clients continues to be \$150,000 which can be split between our Funds based on the availability of prospectus exemptions.

NORTH GROWTH U.S. EQUITY FUND

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

	1 Month	3 Months	6 Months	YTD
NGM US Equity Fund \$CDN	3.52	12.50	21.61	27.71
S&P 500 \$CDN	2.63	8.18	17.14	23.50
NGM US Equity Fund \$US	6.00	10.34	18.07	23.70
S&P 500 \$US	5.09	6.10	13.73	19.62
S&P 400 MidCap \$US	6.20	6.59	13.49	21.69
S&P 600 SmallCap \$US	6.84	11.33	17.36	24.14
NASDAQ Composite \$US	6.64	9.34	16.20	20.94

NORTH GROWTH U.S. EQUITY FUND

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

	1 Year	3 Years	5 Years	10 Years	15 Years	20years
NGM US Equity Fund \$CDN	32.55	15.53	10.77	6.04	8.46	11.48
S&P 500 \$CDN	28.03	17.70	8.33	4.33	2.00	7.74
NGM US Equity Fund \$US	29.42	15.57	10.70	9.41	11.29	12.73
S&P 500 \$US	25.00	17.74	8.26	7.64	4.66	8.95
S&P 400 MidCap \$US	33.00	19.18	10.64	11.02	10.26	12.04
S&P 600 SmallCap \$US	34.77	20.46	10.96	10.94	9.43	10.88
NASDAQ Composite \$US	25.40	18.63	10.57	8.81	5.37	8.53*

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

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

Unit Price: \$32.43 CDN
\$31.58

Total Assets in Fund \$310.2 Million CDN

NORTH GROWTH CANADIAN EQUITY FUND

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

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	2.22	9.44	15.73	26.18
S&P / TSX \$CDN	3.19	1.07	0.03	2.28

NORTH GROWTH CANADIAN EQUITY FUND

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

	1 Year	3 Years	5 Years	10 Years
NGM Canadian Equity Fund	34.77	N/A*	N/A*	N/A*
S&P / TSX \$CDN	10.45	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: \$ 16.85 CDN

Total Assets in Fund \$ 29.4 Million CDN

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

	*CURRENT YIELD	1 Year	3 Years	5 Years
NGM CDN Money Market Fund	0.87	0.87	0.83	0.78
30 Day T-Bill	N/A	0.95	0.89	0.81

** 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 July 31, 2013

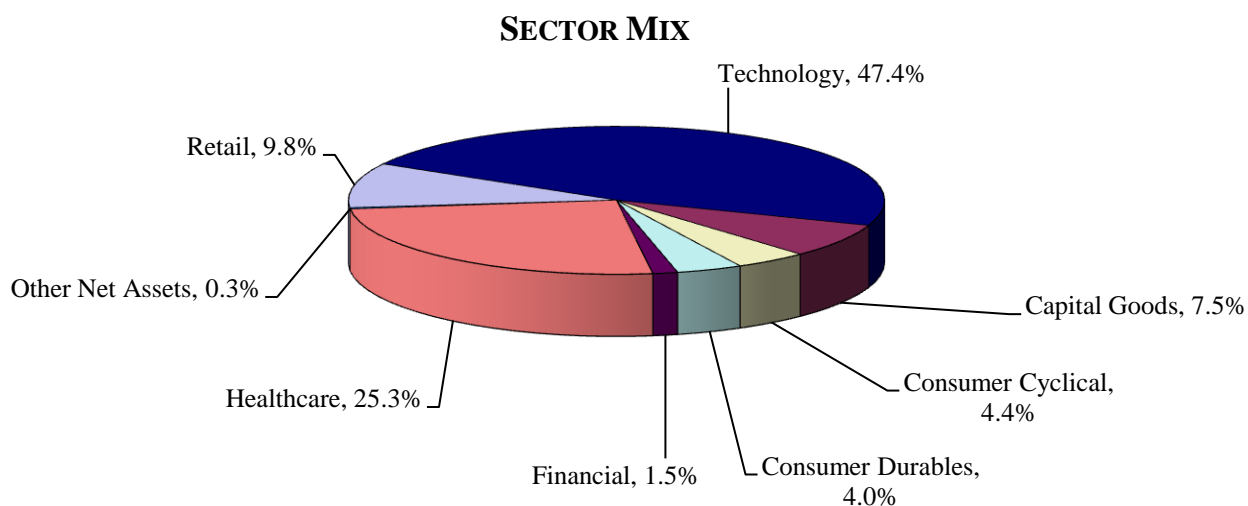
	%
Cisco Systems Inc.	11.14
Apple Inc.	8.29
Intel Corporation	5.12
St. Jude Medical Inc.	4.64
Pier 1 Imports Inc.	4.25
Microsoft Corporation	4.04
WellPoint Inc.	3.98
Citrix Systems Inc.	3.69
Texas Instruments Inc.	3.59
Bristol-Myers Squibb Company	<u>3.57</u>

Top 10 52.31

Total Equities 99.72

Cash 0.28

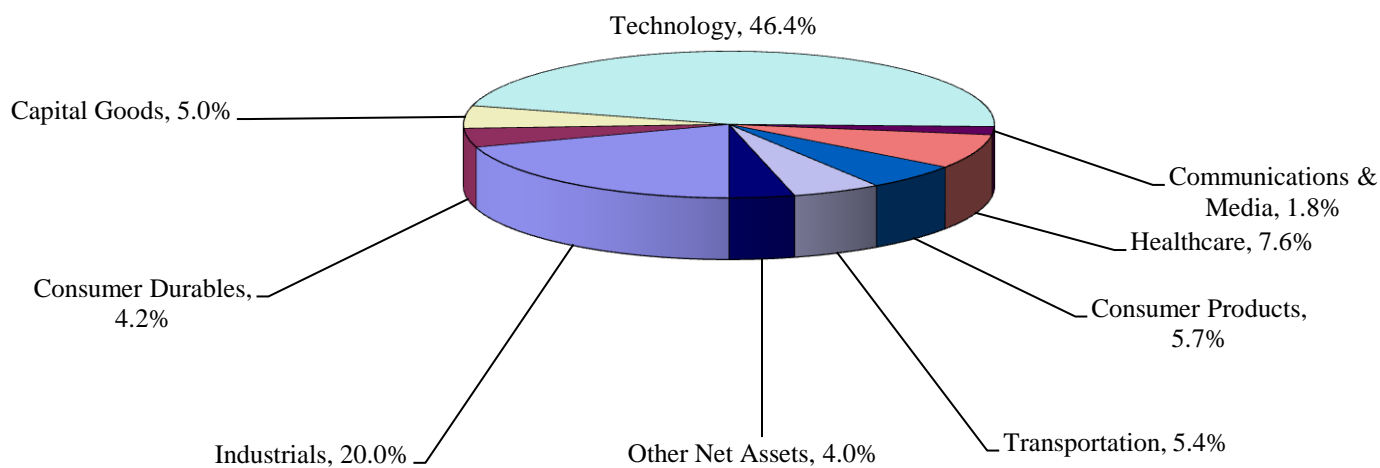
TOTAL ASSETS **100.00%**



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

	%
Bombardier Inc., Class B	8.52
Sandvine Corporation	8.00
Celestica Inc.	7.40
Sierra Wireless Inc.	6.77
WestJet Airlines Ltd.	5.38
ATS Automation Tooling Systems Ltd.	4.97
COM DEV International Ltd.	4.93
CAE Inc.	4.88
Open Text Corporation	4.49
MacDonald, Dettwiler and Associates Ltd.	<u>4.36</u>
Top 10	59.70
Total Equities	96.03
Cash	<u>3.97</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:

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