

U.S. Equity Fund Performance

U.S. equities declined in August amid investor expectations of a tapering of monetary stimulus, or the Federal Reserve reducing its debt purchases, later this year and worries over current developments in Syria. The S&P 500 Index fell 2.9% for the month, slightly better than the S&P 400 MidCap which lost 3.8% yet lagging behind the S&P 600 SmallCap which was down 2.4%. Of the indices we follow, the NASDAQ performed the best in August, declining only 0.8%. The North Growth U.S. Equity Fund depreciated 3.4%, underperforming all the mentioned indices except for the S&P 400. A significant weakening of the Canadian currency resulted in the Fund being down only 0.9% in Canadian dollars versus the S&P 500 which fell 0.5% in Canadian dollars.

Canadian Equity Fund

Canadian equities, as represented by the S&P/TSX Composite Index, rose 1.6% for the month as investors started to believe the worst is over for commodities. The North Growth Canadian Equity Fund declined 0.9% which is very similar to performance of the North Growth U.S. Equity Fund in Canadian dollars as noted above. We do not share investors' optimism that commodity sectors have shed their downside risk. We are however heartened by encouraging economic data, further discussed below, which supports our continued bullish stance for equities.

U.S. Fed Tapering and Geopolitical Tensions

August is traditionally a dull month for the equity markets and this past month was slower than typical. Trading volume on the New York Stock Exchange hit a five-year low; transactions in August 2013 were approximately 30% below the average volume for the month during the past five years.

Predominantly, investors appeared to micro-analyze each economic release shaping expectations of the rate at which the Federal Reserve would be cutting its quantitative easing program later this year. On balance, recent U.S economic data that includes a higher-than-expected GDP growth rate of 2.5% in the second quarter and continued gains in employment and home prices, suggests the United States is weathering the sequestration and poised to pick up momentum in the second half of 2013.

The encouraging U.S. economic data, along with early signs that foreign economies are stabilizing, has led to the consensus view that the Fed will wind-down its debt purchases gradually—or “Taper-Lite” in economic speak—around the tune of \$10 billion per month, from \$85 billion to \$75 billion, starting in late September. This should not come as a surprise and really isn’t news. The key for investors is that the U.S. economy is growing moderately, will likely accelerate and the Fed will continue supporting economic growth as necessary.

Since the final week of August, the markets have been dealing with news of possible U.S. military action in Syria. The situation is clearly fluid and still evolving. While the fear and uncertainty over a U.S.-led strike on Syria may cause some near-term extreme market volatility, it has no significant bearing on the long-term fundamental values of equities.

The last word

As we indicated in the June and July monthly reports, 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 our new direct clients continues to be \$150,000 which may 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 August 31, 2013

	1 Month	3 Months	6 Months	YTD
NGM US Equity Fund \$CDN	-0.92	2.35	14.63	26.54
S&P 500 \$CDN	-0.46	2.25	11.23	22.93
NGM US Equity Fund \$US	-3.35	0.78	12.28	19.56
S&P 500 \$US	-2.90	0.67	8.95	16.15
S&P 400 MidCap \$US	-3.75	0.33	8.18	17.13
S&P 600 SmallCap \$US	-2.44	4.09	12.91	21.12
NASDAQ Composite \$US	-0.82	4.26	14.39	19.95

NORTH GROWTH U.S. EQUITY FUND

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

	1 Year	3 Years	5 Years	10 Years	15 Years	20years
NGM US Equity Fund \$CDN	26.08	16.11	8.85	5.50	9.64	11.08
S&P 500 \$CDN	27.15	17.90	7.14	4.22	2.78	7.37
NGM US Equity Fund \$US	18.02	16.60	9.04	8.43	12.59	12.34
S&P 500 \$US	19.02	18.40	7.32	7.12	5.55	8.59
S&P 400 MidCap \$US	23.92	19.68	9.43	10.11	11.50	11.60
S&P 600 SmallCap \$US	26.84	22.60	9.51	10.14	10.82	10.46
NASDAQ Composite \$US	18.97	20.86	9.96	8.25	6.88	8.19*

Source: Bloomberg "Total Return Analysis" as of Sept. 3, 2013.

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

Unit Price: \$32.14 CDN
\$30.52

Total Assets in Fund \$306.8 Million CDN

NORTH GROWTH CANADIAN EQUITY FUND
Short Term Rates of Return (%) for Periods Ending August 31, 2013

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	-0.91	3.67	10.74	25.03
S&P / TSX \$CDN	1.55	0.85	0.31	3.86

NORTH GROWTH CANADIAN EQUITY FUND
Annualized Rates of Return (%) for Periods Ending August 31, 2013

	1 Year	3 Years	5 Years	10 Years
NGM Canadian Equity Fund	32.81	N/A*	N/A*	N/A*
S&P / TSX \$CDN	9.49	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: \$ 16.70 CDN

Total Assets in Fund \$ 29.1 Million CDN

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

	*CURRENT YIELD	1 Year	3 Years	5 Years
NGM CDN Money Market Fund	0.73	0.87	0.84	0.75
30 Day T-Bill	N/A	0.95	0.90	0.79

** 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.*

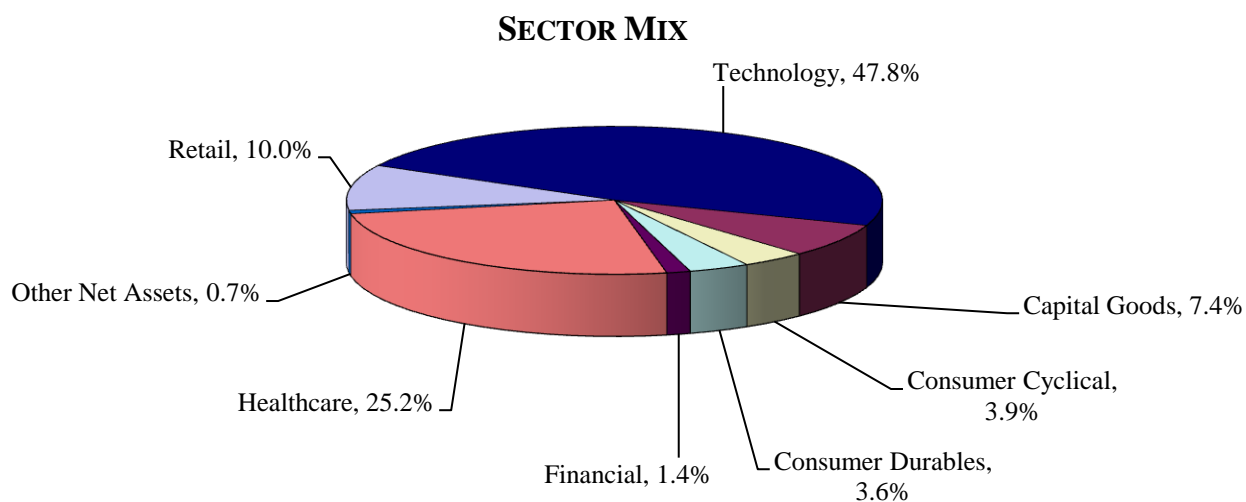
We take a very simple approach to managing the North Growth Canadian Money Market Fund. We invest in a portfolio of high quality short term bonds. The average maturity of the portfolio never is greater than 30 days. Historically the Fund has generated very competitive yields with this simple approach 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 0.73% 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 August 31, 2013

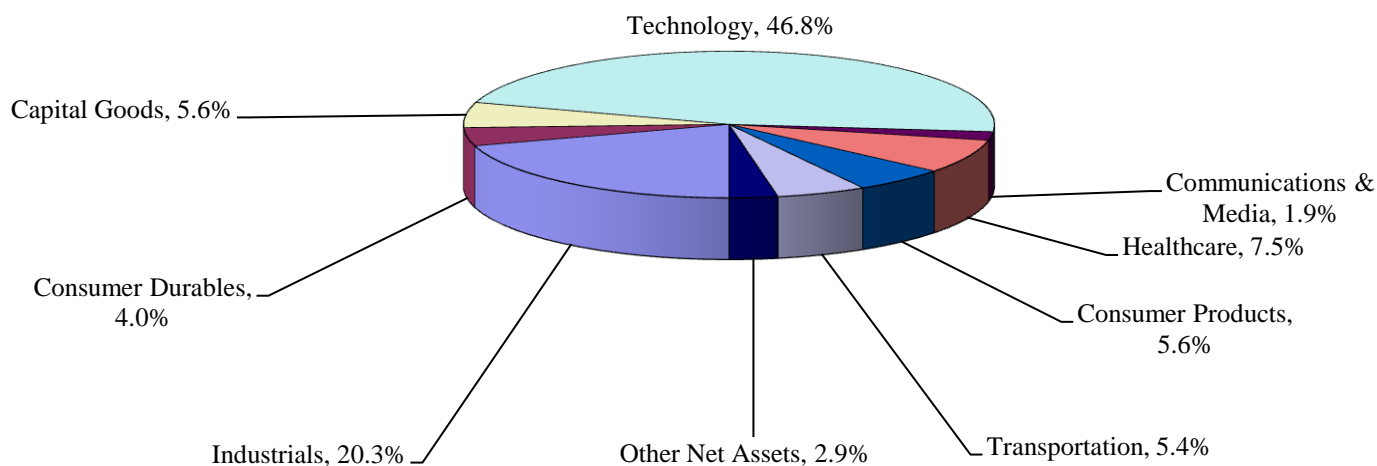
	%
Cisco Systems Inc.	10.52
Apple Inc.	9.25
Intel Corporation	5.00
St. Jude Medical Inc.	4.50
Microsoft Corporation	4.28
Pier 1 Imports Inc.	4.11
WellPoint Inc.	3.96
Citrix Systems Inc.	3.76
Texas Instruments Inc.	3.63
Bristol-Myers Squibb Company	<u>3.57</u>
Top 10	52.58
Total Equities	99.26
Cash	<u>0.74</u>
TOTAL ASSETS	100.00%



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

	%
Bombardier Inc., Class B	8.31
Sandvine Corporation	7.92
Celestica Inc.	7.70
Sierra Wireless Inc.	6.71
ATS Automation Tooling Systems Ltd.	5.56
COM DEV International Ltd.	5.45
WestJet Airlines Ltd	5.44
Open Text Corporation	4.85
CAE Inc.	4.75
MacDonald, Dettwiler and Associates Ltd.	<u>4.66</u>
Top 10	61.35
Total Equities	97.05
Cash	<u>2.95</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