

APRIL 2018 MONTHLY REPORT

MAY 15, 2018

Fund Performance Update

April was a busy month for us as earnings reporting season got into full swing. Despite strong, generally better-than-expected first quarter corporate earnings reports, U.S. and Canadian equities barely advanced during the month as investors focused on certain negatives such as continued geopolitical tensions, potential trade restrictions and tariffs as well as rising interest rates.

FROM AVIGILON TO MOTOROLA

A core holding in the North Growth Canadian Equity Fund, Vancouver-based Avigilon announced on February 1st that it would be acquired by Motorola Solutions for approximately \$1.2 billion (US \$1 billion). The all-cash value of the transaction was \$27.00 per Avigilon share and implied an 18% premium to the company's last trading price of \$22.85.

We were one of the very few shareholders of Avigilon stock who voted against the deal—solely due to the transaction price, which we viewed as inadequately low given the promising growth prospects for the Canadian maker of security cameras, access control systems and video analytics and intelligence software. We never questioned the strategic rationale for Motorola's purchase of Avigilon. In fact, Avigilon's expertise with video surveillance makes it an invaluable asset to Motorola, substantially increasing the addressable market size and capabilities of Motorola's offerings for first responders. Considering the importance and sensible fit of the acquisition, we think Avigilon should have sold itself at a higher price.

As a result of the tie-up between the companies, we sharpened our research on Motorola Solutions and determined that with Avigilon it presents an appealing investment opportunity that adheres to our "growth at a reasonable price" criteria. Following the close of the transaction in late March, we added Motorola to the North Growth U.S. Equity Fund in April.

Motorola was one of the U.S. Fund's holdings that reported solid earnings for the first quarter of 2018 last month. With revenue growth of 14% year-over-year, Motorola's EPS (earnings per share) increased 55% and beat analysts' estimates by 26% leading the company to raise its sales and profit guidance for the year. The demand environment is positive for Motorola's land-mobile-radio (LMR) and control centre solutions, as evidenced by the healthy growth in backlog for both the company's products and services. The smart acquisition of Avigilon helps sustain Motorola's product sales momentum, and we believe the strategic nature of the deal may not yet be fully understood by the Street.

U.S. EQUITY FUND

In April, the North Growth U.S. Equity Fund remained essentially flat, gaining a mere 0.1%. While the Fund's return lagged those of the S&P 500 and S&P 600 SmallCap Indices which advanced 0.4% and 1.0% respectively, it performed in line with the NASDAQ Composite and beat the S&P 400 MidCap which declined 0.3%. As the Canadian currency strengthened slightly last month against its U.S. counterpart, in Canadian dollars, the Fund was down 0.4% versus the S&P 500 which depreciated 0.1%.

CANADIAN EQUITY FUND

The North Growth Canadian Equity Fund gained 0.3% in April whereas the S&P/TSX Composite appreciated 1.8%. Year-to-date, the Fund is down 1.3% versus the S&P/TSX Composite's return of -2.8%.

North Growth U.S. Equity Fund

SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED APRIL 30, 2018

| | 1 Month | 3 Months | 6 Months | YTD |
|------------------------------------|--------------|--------------|-------------|-------------|
| NGM U.S. Equity Fund \$CDN | -0.38 | 3.64 | 4.72 | 4.81 |
| S&P 500 in \$CDN | -0.07 | -1.61 | 3.36 | 1.93 |
| NGM U.S. Equity Fund \$U.S. | 0.07 | -0.75 | 5.18 | 2.43 |
| S&P 500 \$U.S. | 0.38 | -5.77 | 3.82 | -0.38 |
| S&P 400 MidCap \$U.S. | -0.26 | -3.80 | 2.83 | -1.03 |
| S&P 600 SmallCap \$U.S. | 1.03 | -0.90 | 4.63 | 1.60 |
| NASDAQ Composite \$U.S. | 0.07 | -4.40 | 5.61 | 2.68 |

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED APRIL 30, 2018

| | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs | 15 Yrs | 20 Yrs | Since Inception |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------|
| NGM U.S. Equity Fund \$CDN | 9.33 | 12.34 | 18.69 | 12.38 | 10.27 | 10.00 | 12.83 |
| S&P 500 \$CDN | 6.42 | 12.88 | 18.57 | 11.69 | 8.75 | 5.85 | 9.89 |
| NGM U.S. Equity Fund \$U.S. | 16.36 | 10.04 | 13.08 | 9.69 | 11.09 | 10.60 | 12.70 |
| S&P 500 \$U.S. | 13.27 | 10.57 | 12.96 | 9.02 | 9.55 | 6.42 | 9.75 |
| S&P 400 MidCap \$U.S. | 9.77 | 9.41 | 11.77 | 10.05 | 11.74 | 9.85 | 12.22 |
| S&P 600 SmallCap \$U.S. | 12.82 | 12.02 | 13.85 | 11.03 | 12.25 | 9.21 | 11.75 |
| NASDAQ Composite \$U.S. | 18.17 | 14.04 | 17.72 | 12.68 | 12.31 | 7.87 | *10.31 |

Source: Bloomberg "Total Return Analysis" as of May 1, 2018

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

The inception of the Fund: October 13, 1992.

| | |
|----------------------|------------------------------|
| Unit Price | \$ 48.47 CDN \$ 37.76 CDN |
| Total Assets in Fund | \$ 526.5 Million CDN |

North Growth Canadian Equity Fund

SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED APRIL 30, 2018

| | 1 Month | 3 Months | 6 Months | YTD |
|---------------------------------|-------------|-------------|--------------|--------------|
| NGM Canadian Equity Fund | 0.34 | 1.23 | -1.79 | -1.29 |
| S&P / TSX \$CDN | 1.82 | -1.41 | -1.15 | -2.78 |

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED APRIL 30, 2018

| | 1 Yr | 2 Yrs | 3 Yrs | 4 Yrs | 5 Yrs | 10 Yrs |
|---------------------------------|--------------|--------------|-------------|-------------|--------------|-------------|
| NGM Canadian Equity Fund | 11.14 | 15.19 | 5.34 | 4.76 | 11.65 | *N/A |
| S&P / TSX \$CDN | 3.11 | 8.85 | 3.87 | 4.62 | 7.76 | 4.19 |

** The Canadian Equity Fund became a reporting issuer on June 15, 2012. It is not permitted to publish performance data prior to this date it became a reporting issuer.*

Unit Price \$ 20.31CDN

Total Assets in Fund \$ 46.4 Million CDN

North Growth Canadian Money Market Fund

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED APRIL 30, 2018

| | *Current Yield | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs | 15 Yrs |
|---------------------------------------|----------------|-------------|-------------|-------------|-------------|-------------|
| NGM Canadian Money Market Fund | 1.28 | 0.89 | 0.63 | 0.72 | 0.80 | 1.57 |
| 30 Day Treasury Bill | N/A | 0.81 | 0.60 | 0.71 | 0.80 | 1.59 |

** 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 1.28% which is lower than many other mainstream money market funds and even short term GICs at top tier Canadian banks.

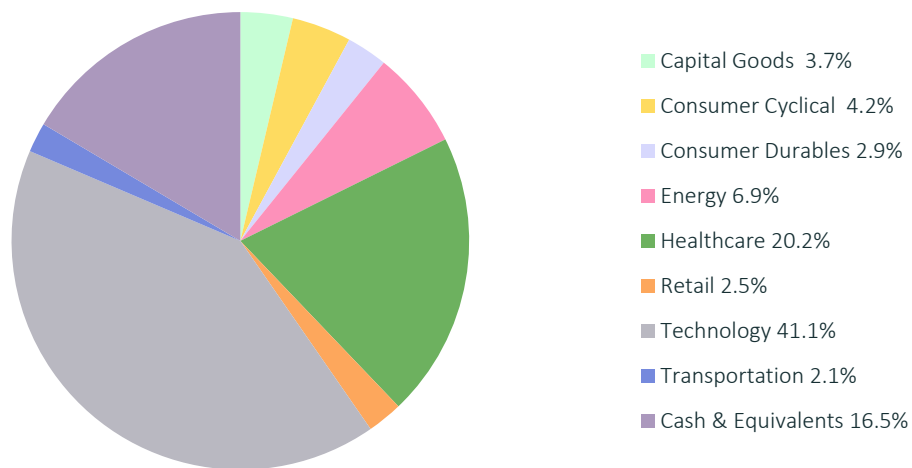
The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

Equity Fund Holdings and Composition

U.S. EQUITY FUND — TOP 10 HOLDINGS AS AT APRIL 30, 2018

| Ranking | Security | % of Net Assets |
|-----------------------|--------------------------------|-----------------|
| 1 | Cisco Systems Inc. | 6.23 |
| 2 | Intel Corporation | 4.74 |
| 3 | Apple Inc. | 4.43 |
| 4 | American Eagle Outfitters Inc. | 3.69 |
| 5 | Applied Materials Inc. | 3.39 |
| 6 | SolarEdge Technologies Inc. | 3.12 |
| 7 | Microsoft Corporation | 2.75 |
| 8 | First Solar Inc. | 2.70 |
| 9 | Boston Scientific Corporation | 2.35 |
| 10 | Applied Optoelectronics Inc. | 2.31 |
| Top 10 | | 35.71 |
| Total Equities | | 83.53 |
| Cash | | 16.47 |
| Total Assets | | 100.00 |

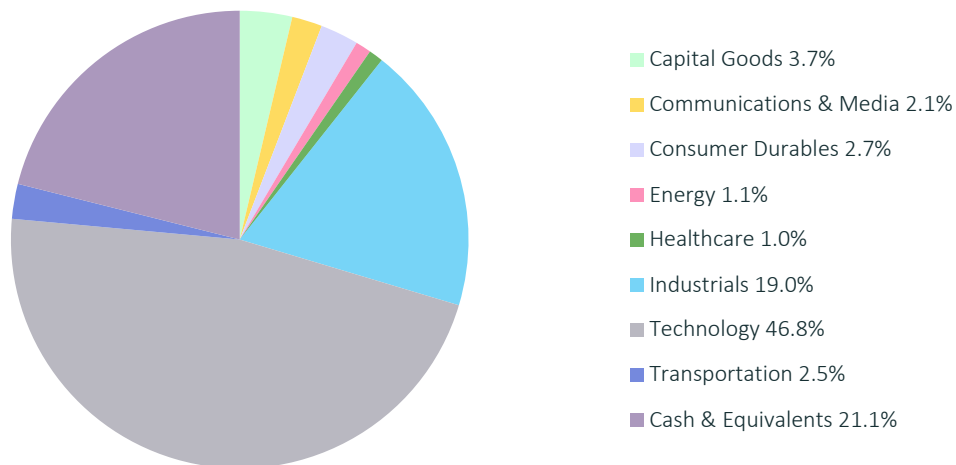
U.S. EQUITY FUND — SECTOR MIX AS AT APRIL 30, 2018



CANADIAN EQUITY FUND — TOP 10 HOLDINGS AS AT APRIL 30, 2018

| Ranking | Security | % of Net Assets |
|-----------------------|-------------------------------------|-----------------|
| 1 | Ballard Power Systems Inc. | 10.48 |
| 2 | Bombardier Inc., Class B | 6.53 |
| 3 | Mitel Networks Corp. | 5.12 |
| 4 | Sierra Wireless Inc. | 4.98 |
| 5 | Open Text Corporation | 4.96 |
| 6 | Heroux-Devtek Inc. | 4.84 |
| 7 | CAE Inc. | 4.69 |
| 8 | Maxar Technologies Ltd. | 4.55 |
| 9 | EXFO Inc. | 3.86 |
| 10 | ATS Automation Tooling Systems Inc. | 3.70 |
| Top 10 | | 53.71 |
| Total Equities | | 78.91 |
| Cash | | 21.09 |
| Total Assets | | 100.00 |

CANADIAN EQUITY FUND — SECTOR MIX AS AT APRIL 30, 2018



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 & Treasury Services. For security reasons, instructions can only be accepted by mail or by fax to:

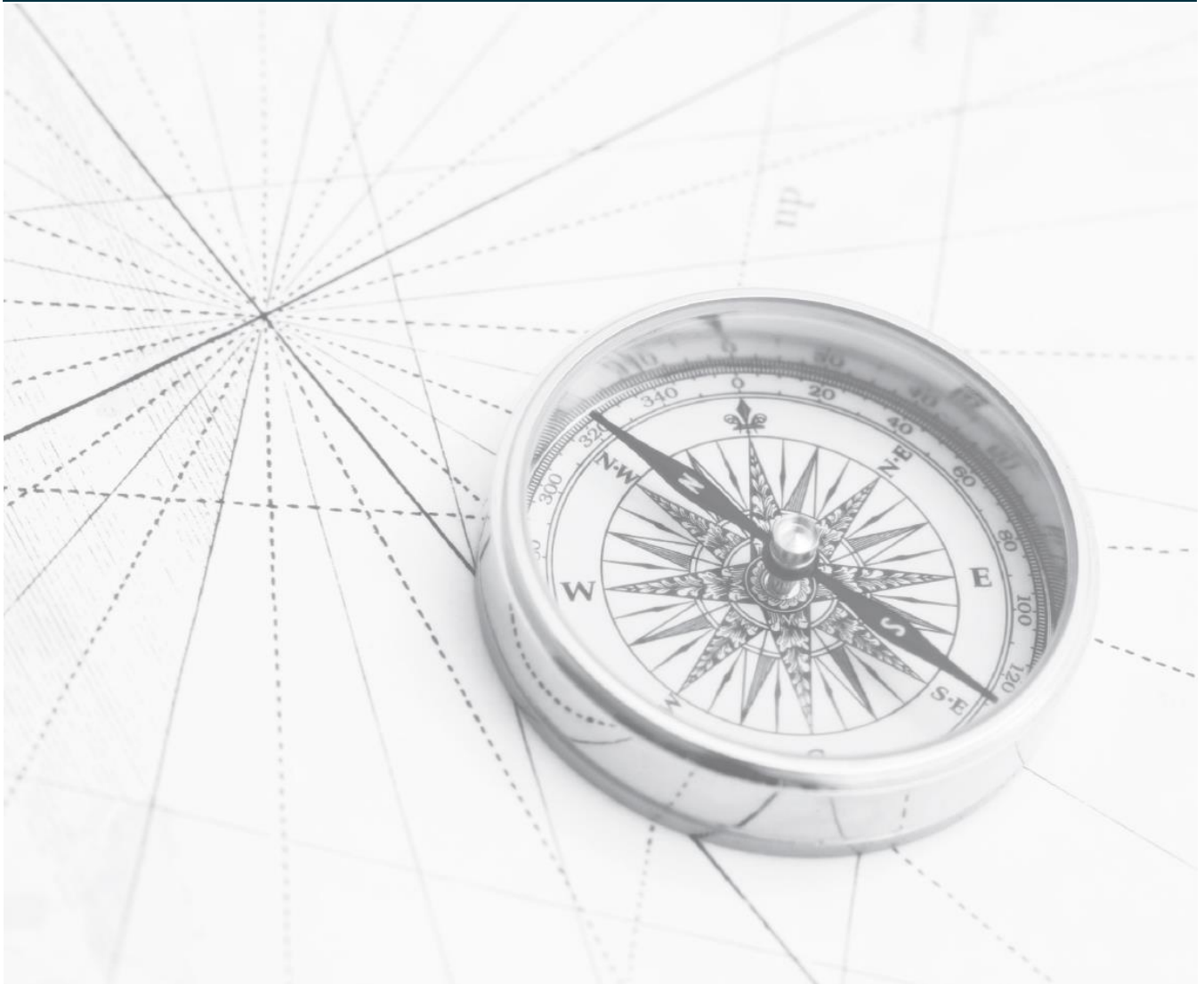
North Growth Management Ltd.

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.



Suite 830, One Bentall Centre
505 Burrard Street, Box 56
Vancouver, BC V7X 1M4

T: 604-688-5440
F: 604-688-5402
info@northgrowth.com

northgrowth.com