



# MARCH 2018 MONTHLY REPORT

APRIL 12, 2018



## Fund Performance Update

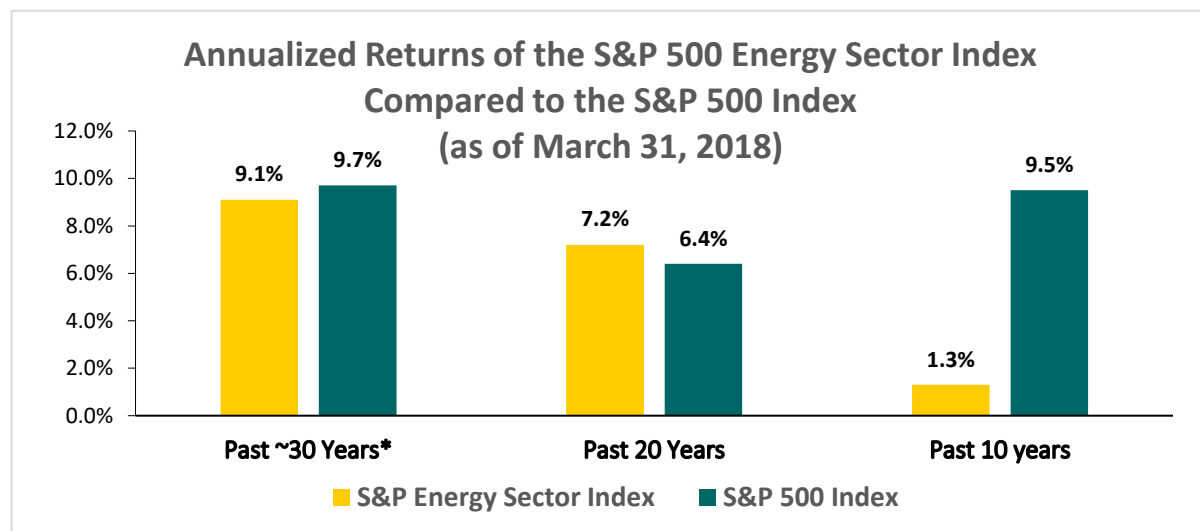
Equity markets continued to exhibit choppy trading and volatility in March. Concerns over trade disruptions due to growing protectionism and increased political turmoil in Washington weighed on U.S. equities; as a result, the broad market as represented by the S&P 500 Index declined during the first quarter of 2018.

### WHY IS NORTH GROWTH FOSSIL-FREE?

North Growth is and has always been focused on achieving superior, long term returns on our equity funds based on our “growth at a reasonable price” philosophy. Performance is our number one strength—according to Morningstar, as of March 31, 2018, the North Growth U.S. Equity Fund ranked first in the 20-year period among all Canadian-based, open-end U.S. equity funds.

Our fossil-free position is a core element of our disciplined, long term results-oriented approach to investing; it has evolved as fundamental to how we achieve our performance.

Contrary to popular misconception, being fossil-free does not sacrifice returns. As shown below, over the past approximate 30 years, the S&P 500 Energy Sector Index has actually underperformed the broader S&P 500. Over the past 20 years, taking into account the huge spike in oil prices during the early 2000s, the S&P Energy Index delivered marginally higher returns than equities in general. And finally, over the past ten years, energy investments have been notably inferior to the S&P 500.



\* Data available from Bloomberg Dec. 31, 1989 – Mar. 31, 2018

Source: Bloomberg

Going forward, as the world continues to transition towards decarbonization, we believe that carbon investments simply do not offer compelling, long term growth opportunities.

There are two aspects to North Growth being fossil-free. First and foremost, we do not own any oil and gas producers. We divested our position in Chesapeake Energy Corporation in July 2005, and both the U.S. Fund and Canadian Fund have been carbon-free for over ten years. Secondly, as we firmly believe non-carbon-based energy sources will capture the dominant share of global energy demand growth in the future, we actively seek investments directly in clean and renewable energy.

In the U.S. Fund: *First Solar*, a vertically-integrated thin film utility-scale solar panel and systems manufacturer, *SolarEdge Technologies*, a provider of solar power optimization and photovoltaic monitoring solutions, and *TPI Composites*, a designer and manufacturer of composite wind blades, provide exposure to the emerging renewable energy sector. Likewise, in the Canadian Fund: *Ballard Power Systems*, the leading provider of proton exchange membrane (PEM) fuel cell products, and *Hydrogenics*, a provider of hydrogen generation, energy storage and hydrogen power modules, represent the Fund's clean energy holdings.

Outside of such pure-play renewable energy names, many of the companies in the Funds are making substantial investments in clean energy or energy conservation initiatives. As an example, Apple recently announced that its global facilities, including all of its retail stores, offices, data centres and co-located facilities in 43 countries, are now powered with 100% clean energy.

The world's energy future is not in oil and gas, and hence North Growth is fossil-free. We believe clean investments will enhance long term returns.

## U.S. EQUITY FUND

In March, the North Growth U.S. Equity Fund declined 0.8%. The Fund outperformed the S&P 500 which fell 2.5% and the NASDAQ Composite which was down 2.8%. Conversely, the smaller capitalization indices, the S&P 400 MidCap and S&P 600 SmallCap, appreciated 0.9% and 2.0% respectively last month. As the Canadian currency weakened further, the Fund's Canadian-dollar monthly return was boosted to -0.1% versus the S&P 500's Canadian-dollar performance of -1.9%.

Year-to-date, after the first quarter of 2018, the U.S. Fund has gained 2.4%, outperforming all the indices we regularly follow except for the NASDAQ. In Canadian dollars, the Fund is up 5.2% versus the S&P 500 which increased 2.4%.

## CANADIAN EQUITY FUND

The North Growth Canadian Equity Fund declined 1.5% in March against the S&P/TSX Composite Index which depreciated 0.2%. Year-to-date, the Fund is down 1.6% versus the S&P/TSX Composite's return of -4.5%.

## North Growth U.S. Equity Fund

### SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED MARCH 31, 2018

	1 Month	3 Months	6 Months	YTD
<b>NGM U.S. Equity Fund \$CDN</b>	<b>-0.09</b>	<b>5.21</b>	<b>11.47</b>	<b>5.21</b>
S&P 500 in \$CDN	-1.89	2.00	9.35	2.00
<b>NGM U.S. Equity Fund \$U.S.</b>	<b>-0.75</b>	<b>2.36</b>	<b>7.89</b>	<b>2.36</b>
S&P 500 \$U.S.	-2.54	-0.76	5.84	-0.76
S&P 400 MidCap \$U.S.	0.93	-0.77	5.43	-0.77
S&P 600 SmallCap \$U.S.	2.04	0.57	4.55	-0.57
NASDAQ Composite \$U.S.	-2.79	2.59	9.34	2.59

### ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED MARCH 31, 2018

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
<b>NGM U.S. Equity Fund \$CDN</b>	<b>14.40</b>	<b>10.55</b>	<b>18.83</b>	<b>12.64</b>	<b>10.76</b>	<b>10.13</b>	<b>12.90</b>
S&P 500 \$CDN	10.52	11.44	18.84	12.02	9.15	5.95	9.92
<b>NGM U.S. Equity Fund \$U.S.</b>	<b>17.99</b>	<b>9.90</b>	<b>13.30</b>	<b>10.10</b>	<b>11.72</b>	<b>10.67</b>	<b>12.74</b>
S&P 500 \$U.S.	13.99	10.78	13.31	9.50	10.10	6.46	9.77
S&P 400 MidCap \$U.S.	10.97	8.96	11.97	10.90	12.29	9.96	12.27
S&P 600 SmallCap \$U.S.	12.68	10.76	13.56	11.35	12.76	9.18	11.74
NASDAQ Composite \$U.S.	20.91	14.36	18.16	13.33	12.97	7.96	*10.34

Source: Bloomberg "Total Return Analysis" as of April 2, 2018

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

Unit Price	\$ 48.66 CDN \$ 37.74 CDN
Total Assets in Fund	\$ 529.8 Million CDN

## North Growth Canadian Equity Fund

### SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED MARCH 31, 2018

	1 Month	3 Months	6 Months	YTD
<b>NGM Canadian Equity Fund</b>	<b>-1.47</b>	<b>-1.62</b>	<b>5.49</b>	<b>-1.62</b>
S&P / TSX \$CDN	-0.16	-4.52	-0.27	-4.52

### ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED MARCH 31, 2018

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	10 Yrs
<b>NGM Canadian Equity Fund</b>	<b>16.76</b>	<b>16.38</b>	<b>5.05</b>	<b>4.83</b>	<b>11.71</b>	<b>N/A</b>
S&P / TSX \$CDN	1.71	9.84	4.07	4.78	6.93	N/A

\* 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 \$ 20.24 CDN

Total Assets in Fund \$ 46.1 Million CDN

## North Growth Canadian Money Market Fund

### ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED MARCH 31, 2018

	*Current Yield	1 Year	3 Years	5 Years
<b>NGM Canadian Money Market Fund</b>	<b>1.22</b>	<b>0.83</b>	<b>0.62</b>	<b>0.71</b>
30 Day Treasury Bill	N/A	0.76	0.58	0.71

*\* 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 1.22% 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

### U.S. EQUITY FUND — HOLDINGS AS AT MARCH 31, 2018

Ranking	Security	% of Net Assets
1	Cisco Systems Inc.	6.62
2	Intel Corporation	5.02
3	Apple Inc.	4.73
4	Applied Materials Inc.	4.04
5	American Eagle Outfitters Inc.	3.55
6	SolarEdge Technologies Inc.	3.40
7	Microsoft Corporation	2.92
8	First Solar Inc.	2.70
9	Gilead Sciences Inc.	2.32
10	Abbott Laboratories	2.31
11	DSP Group Inc.	2.27
12	Boston Scientific Corporation	2.23
13	Itron Inc.	2.23
14	Amgen Inc.	2.21
15	Pfizer Inc.	2.18
16	Cerner Corporation	2.02
17	FedEx Corp.	2.00
18	Anthem Inc.	1.95
19	Jabil Inc.	1.95
20	Ciena Corp	1.82
21	Applied Optoelectronics Inc.	1.81
22	Zimmer Biomet Holdings Inc.	1.78
23	Electronic Arts Inc.	1.76
24	Varian Medical Systems Inc.	1.74
25	Celgene Corp	1.69
26	HP Inc.	1.62
27	Herman Miller Inc.	1.58
28	Mohawk Industries Inc.	1.58
29	Citrix Systems Inc.	1.56
30	Texas Instruments Inc.	1.44
31	Johnson Controls International plc	1.41
32	Finisar Corporation	1.17
33	Pier 1 Imports Inc.	1.14
34	Ulta Beauty Inc.	0.99
35	Varex imaging Corporation	0.97
36	LogMein Inc	0.68
37	Express Scripts Holding Co	0.53
38	Cheesecake Factory Inc.	0.48
39	TPI Composites Inc	0.45
40	Ethan Allen Interiors Inc.	0.42
41	Adient plc	0.28
<b>Total Equities</b>		<b>83.57</b>
<b>Cash</b>		<b>16.43</b>
<b>Total Assets</b>		<b>100.00</b>

## CANADIAN EQUITY FUND — HOLDINGS AS AT MARCH 31, 2018

Ranking	Security	% of Net Assets
1	Ballard Power Systems Inc.	11.50
2	Bombardier Inc., Class B	6.21
3	Heroux-Devtek Inc.	4.97
4	Open Text Corporation	4.94
5	Sierra Wireless Inc.	4.79
6	CAE Inc.	4.66
7	EXFO Inc.	4.41
8	Mitel Networks Corp.	4.29
9	Maxar Technologies Ltd	4.05
10	ATS Automation Tooling Systems Inc.	3.74
11	Magellan Aerospace Corp.	2.97
12	Celestica Inc.	2.89
13	Dorel Industries Inc., Class B	2.86
14	Novanta Inc.	2.62
15	Evertz Technologies Limited	2.62
16	WestJet Airlines Ltd.	2.57
17	Hydrogenics Corp.	2.55
18	TELUS Corporation	2.12
19	Knight Therapeutics Inc	1.01
20	Innergex Renewable Energy Inc	0.79
21	exactEarth Ltd.	0.56
22	Pixelworks Inc	0.37
	<b>Total Equities</b>	<b>77.50</b>
	<b>Cash</b>	<b>22.50</b>
	<b>Total Assets</b>	<b>100.00</b>

## 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:

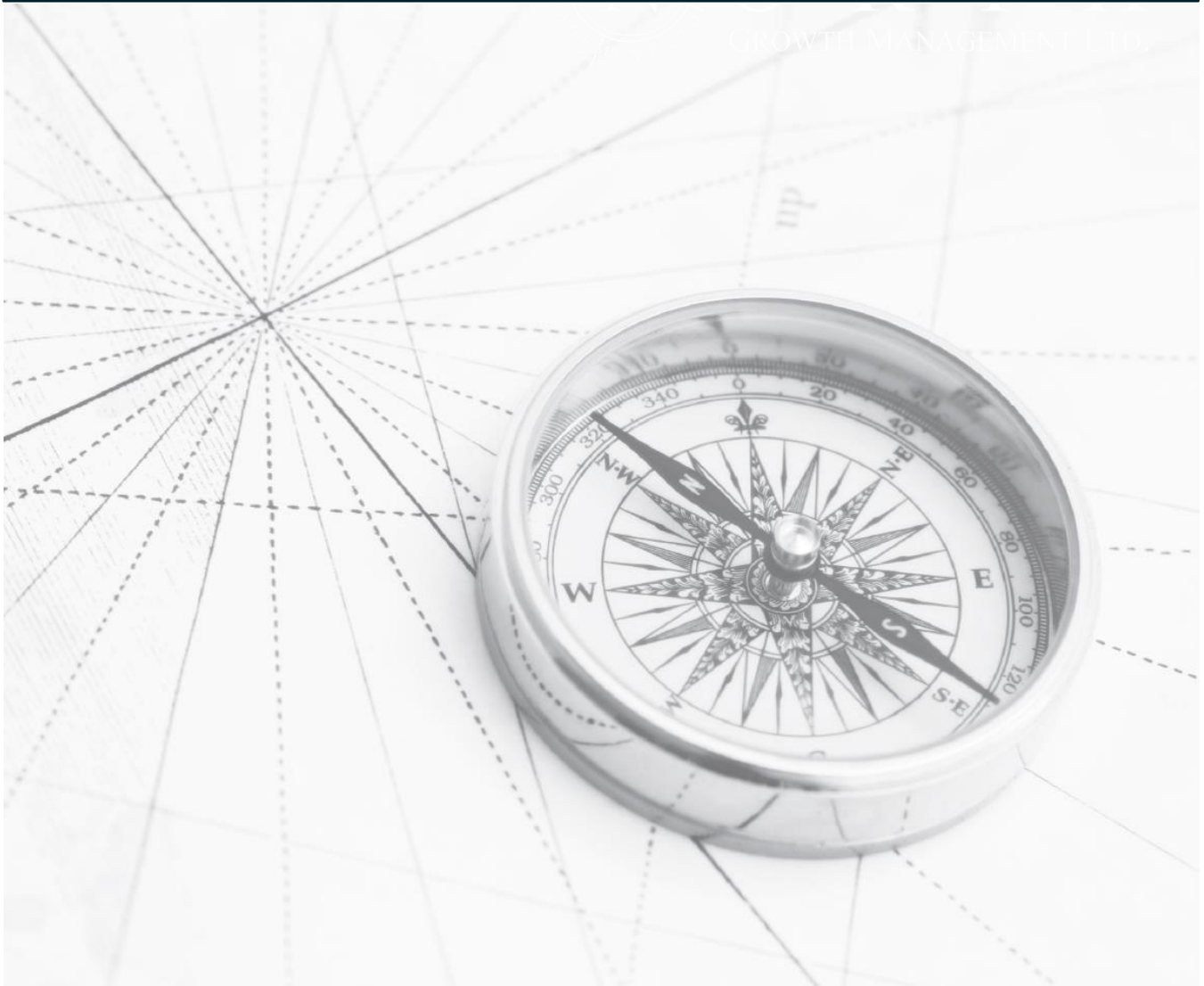
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### WHERE TO FIND NGM FUND PRICES

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.



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