



ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2018

NORTH GROWTH U.S. EQUITY ADVISOR FUND

Annual Management Report of Fund Performance
for the period ended December 31, 2018

This annual management report of fund performance contains financial highlights, but does not contain the financial statements of the investment fund. You can obtain a copy of the audited annual financial statements at your request, and at no cost, by calling collect 1-604-688-5440, by writing to us at North Growth Management Ltd., Suite 830 One Bentall Centre, 505 Burrard Street, Box 56, Vancouver, BC V7X 1M4 or by visiting our website at www.northgrowth.com or SEDAR at www.sedar.com.

Security holders may also contact us by using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure. The Fund's Simplified Prospectus, Annual Information Form and Fund Facts are similarly available.

A Note on Forward-Looking Statements

This report may contain forward-looking statements that reflect our current expectations or forecasts of future events. Forward-looking statements are inherently subject to, among other things, risks, uncertainties and assumptions that could cause actual events, results, performance or prospects to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and assumptions include, without limitation, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, the volatility of global equity and capital markets, business competition, technological change, changes in government regulations, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events and the risks detailed from time to time in the Fund's simplified prospectus. The foregoing list of important risks, uncertainties and assumptions is not exhaustive. Please consider these and other factors carefully and do not place undue reliance on forward-looking statements. The forward-looking information contained in this report is current only as of the date of this report. The Manager of the Fund does not undertake, and specifically disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

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North Growth U.S. Equity Advisor Fund

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Management Discussion of Fund Performance

Investment Objective and Strategies

The investment objective of the North Growth U.S. Equity Advisor Fund (the “Fund”) is to provide long-term capital growth by investing in common shares of United States-based corporations in line with our carbon free mandate. In order to achieve this objective, we invest in companies that are undervalued in relation to their expected growth potential. In assessing which companies fit within our “growth at a reasonable price” strategy, we look for superior growth trends, companies within industries that should provide a positive environment for future growth, companies that are dominant within an industry or that have a niche within an industry, and companies with management teams that are likely to guide their companies to superior growth.

Risk

There were no material changes to the Fund over the year that affected its overall level of risk. This Fund is ideally suited for investors looking for long-term capital appreciation through investment in equity securities of U.S. corporations. Investors should have a medium to high tolerance for risk and a minimum investment horizon of five years.

The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus. The Fund classifies risk using the methodology prescribed in *National Instrument 81-102 – Investment Funds*.

Results of Operations

During the twelve-month period ending December 31, 2018, when expressed in U.S. Dollars, the Series F units of the Fund fell 5.59% and the Series D units fell 5.87%. The difference in performance between the Series F units and the Series D units is attributed to the 0.30% trailer commissions paid on the Series D units of the Fund. Both series of the Fund trailed the S&P 500 Index, which declined 4.38%. In Canadian dollar terms, the Series F units of the Fund gained 2.67% and the Series D units gained 2.36% versus the total return for the S&P 500 Index of 3.98%.

Since late 2016, we have been growing increasingly cautious on U.S. equities as market valuations continued to climb to near record levels despite unprecedented levels of trade and geopolitical risks. While strong corporate earnings helped moderate market multiples somewhat, we maintained our guarded outlook as market breadth continued to narrow around a small number of large cap, technology companies. The Fund continued to manage the Fund’s risk profile by emphasizing the “reasonable price”, or value aspect of our “growth at a reasonable price” investment philosophy. Accordingly, we reduced the weights in positions where we felt valuations had become too expensive and in some of our larger-sized holdings. The number of holdings increased by one during the year although a number of new companies were added to the Fund in place of other eliminated positions. Our cash balance fell slightly year over year as a result of some opportunistic purchases late in the year but is considerably higher than the level two years ago. With the higher turnover within the Fund, a significant amount of capital gains was realized during the year which resulted in a higher than historical distribution. The distributions, paid on December 14th, were \$2.34 per unit (consisting of approximately \$2.18 of capital gains and \$0.15 of income) for the Series F units and \$2.24 per unit (consisting of approximately \$2.18 of capital gains and \$0.05 of income) for the Series D units.

Results of Operations (continued)

Please refer to the North Growth U.S. Equity Advisor Fund Prospectus and AIF for more detailed information about Series D and Series F units of the Fund. You may obtain a copy of these documents, at your request, and at no cost, from your dealer. They are also available on the North Growth website at www.northgrowth.com, or on SEDAR at www.sedar.com.

Recent Developments

Following a year of steady market advances and strong returns, volatility significantly increased in 2018. U.S. equities, which rallied in the first three quarters of the year on the strength of corporate earnings, fell precipitously in the fourth quarter as overhanging concerns of higher interest rates, trade tensions and geopolitical risks wreaked havoc on investor sentiment. The sharp year end sell-off resulted in one of the worst annual performances since the financial crisis ten year ago. For the 1-year period ending December 31, 2018, the S&P 500 Index declined 4.4%, the NASDAQ Composite lost 2.8% and the S&P 400 MidCap and S&P 600 SmallCap Indices fell 11.1% and 8.5%, respectively.

During 2018, we initiated a number of new positions including: TPI Composites, Ulta Beauty, Skechers U.S.A., Motorola Solutions, Coherent, II-VI, Masco, Fortune Brands Home and Security and Best Buy. TPI Composites, which manufactures composite wind blades for the wind energy market, stands to benefit from trends towards outsourced blade manufacturing. In the retail space, we added Ulta Beauty, Skechers U.S.A. and Best Buy. Ulta Beauty operates a chain of beauty stores that offers cosmetics, fragrance, skin and hair care products and salon services while Skechers is a specialty footwear retailer that sells its products through distributors and company owned stores worldwide. Best Buy is a specialty retailer that offers consumer electronics, services and related solutions. We feel that these retail names have strong growth potential and are attractively valued companies. Motorola Solutions is a provider of public safety and mission-critical communication infrastructure, devices and services. The company has demonstrated recent growth momentum and, with its recent strategic acquisition of Avigilon – a former core holding within the North Growth Canadian Equity Fund – we believe the company possesses strong growth potential. Coherent, a manufacturer of commercial laser-based products and solutions, stands to benefit from the burgeoning OLED market. Masco and Fortune Brands Home & Security are both well managed companies exposed to the home improvement and new construction markets.

We exited our positions in Ethan Allen, Pier 1 Imports, Applied Optoelectronics, Adient, Mohawk Industries, Cheesecake Factory, Oclaro and Express Scripts. The optical networking space is undergoing a fair amount of consolidation that has impacted some of our holdings. We exited our position from Oclaro following Lumentum's announcement to buy the company; proceeds were redeployed to the Fund's other existing optical-related holdings. Finisar also announced that it was being acquired by II-VI, a leader in engineered materials and optoelectronic components. On the heels of that announcement, we established a position in II-VI as we like the complementary nature of their businesses and growth potential. In early 2019, we sold our position in Finisar, using part of the proceeds to build our position in II-VI. Outside of the optical space, we sold our position in Express Scripts, following its acquisition by Cigna. We made the decision to not own Cigna as our preferred exposure in the managed care space is through Anthem; funds from the sale were used to build cash for other potential purchases. In early January, Bristol Myers Squibb announced its intention to acquire Celgene, a holding within the Fund. Our positions in Ethan Allen, Pier 1 Imports and Adient were eliminated as the competitive and operational challenges facing their businesses may take longer to resolve than originally expected.

Recent Developments (continued)

Cheesecake Factory, Applied Optoelectronics and Mohawk Industries also face some near-term headwinds but remain good operators. We sold our positions in these companies and took advantage of other similarly-valued names that offered higher-visible growth prospects.

After serving as North Growth Management's Independent Review Committee's Chair since its inception over nine years ago, Peter Jarvis resigned at the end of 2018. He is replaced in this role by Jill Leversage, an independent advisor and board member with over thirty years of senior executive experience in the investment banking industry at Highland West Capital, TD Securities and RBC Capital Markets.

Related Party Transactions

North Growth Management Ltd. is the manager and portfolio advisor of the Fund. It provides investment and portfolio management services to the Fund and is responsible for the overall operations of the Fund. The Fund pays management fees to the Manager for services provided (see *Management Fee*).

During the year ended December 31, 2018, the Manager neither purchased nor redeemed units of the Fund (2017 – none).

As at December 31, 2018, affiliates, officers and directors of the Manager owned 58.67% (December 31, 2017 – 59.85%) of the units of the Fund.

On December 31, 2018, the Fund carried an outstanding payable to the Manager for management fees in the amount of \$38,955 (December 31, 2017 – \$39,333).

Statements of Cash Flows

There are no embedded balances in the Statement of Cash Flows for the year ended December 31, 2018 (2017 – \$1,000 foreign exchange loss embedded in Net realized gains).

Financial Highlights

Series F

For the year ended December 31, 2018, and for the comparative years ended December 31, 2014 through 2017

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past 5 years.

The Fund's Net Assets Per Unit ¹	December 31,				
	2018	2017	2016	2015	2014
Net Assets, beginning of year	\$31.72	\$29.39	\$28.96	\$24.22	\$20.12
Increase from operations:					
Total revenue	0.40	0.62	0.50	0.39	0.30
Total expenses	(0.25)	(0.26)	(0.26)	(0.29)	(0.29)
Realized gains for the year	3.35	5.79	1.89	1.03	1.11
Unrealized (losses) gains for the year	(2.60)	(1.27)	(1.04)	3.86	3.17
Total increase from operations ²	0.90	4.88	1.09	4.98	4.29
Distributions:					
From dividends	(0.15)	(0.39)	(0.26)	(0.08)	(0.03)
From capital gains	(2.18)	(2.23)	(0.39)	(0.17)	(0.18)
Total Annual Distributions ³	(2.34)	(2.62)	(0.64)	(0.25)	(0.21)
Net assets at December 31 of year shown	30.25	\$31.72	\$29.39	\$28.96	\$24.22

1. This information is derived from the Fund's audited annual financial statements.. Due to potential rounding differences, the sum of the individual components of the disclosed information does not necessarily amount to the Net Assets, End of Year balance.
2. Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from investment operations is based on the weighted average number of units outstanding over the financial year.
3. Distributions were paid in cash or reinvested in additional units of the Fund.

Financial Highlights (continued)

Ratios and Supplemental Data	2018	2017	2016	2015	2014
Total net asset value (000's) ⁴	\$56,983	\$57,363	\$50,385	\$47,946	\$38,189
Number of units outstanding (000's) ⁴	1,884	1,808	1,714	1,655	1,577
Management expense ratio January – June ⁵	0.70%	0.90%	0.90%	1.20%	1.20%
Management expense ratio July – December	0.70%	0.70%	0.90%	0.90%	1.20%
Management expense ratio before waivers and absorptions ⁶	0.72%	0.83%	1.01%	1.07%	1.23%
Trading expense ratio ⁷	0.09%	0.07%	0.05%	0.03%	0.04%
Portfolio turnover rate ⁸	25.80%	18.39%	18.55%	9.68%	15.12%
Net asset value per unit	\$30.25	\$31.72	\$29.39	\$28.96	\$24.22

4. This information is provided as at December 31 of the year shown.
5. Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year.
6. The Manager pays all fees related to the IRC; the *Management expense ratio before waivers and absorptions* represents what the MER would be if the Fund paid the IRC fees.
7. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the year.
8. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Financial Highlights (continued)

Series D

For the year ended December 31, 2018, and for the comparative years ended December 31, 2014 through 2017

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past 5 years.

The Fund's Net Assets Per Unit ¹	December 31,				
	2018	2017	2016	2015	2014
Net Assets, beginning of year	\$31.83	\$29.46	\$29.04	\$24.27	\$20.11
Increase from operations					
Total revenue	0.40	0.62	0.51	0.39	0.30
Total expenses	(0.35)	(0.36)	(0.35)	(0.40)	(0.39)
Realized gains for the year	3.35	5.79	1.89	1.03	1.10
Unrealized (losses) gains for the year	(2.60)	(1.27)	(1.04)	3.86	3.17
Total increase from operations ²	0.80	4.78	1.01	4.88	4.18
Distributions:					
From dividends	(0.05)	(0.27)	(0.17)	-	-
From capital gains	(2.18)	(2.23)	(0.39)	(0.12)	(0.03)
Total Annual Distributions ³	(2.23)	(2.50)	(0.56)	(0.12)	(0.03)
Net assets at December 31 of year shown	30.35	\$31.83	\$29.46	\$29.04	\$24.27

1. This information is derived from the Fund's audited annual financial statements. Due to potential rounding differences, the sum of the individual components of the disclosed information does not necessarily amount to the Net Assets, End of Year balance.
2. Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from investment operations is based on the weighted average number of units outstanding over the financial year.
3. Distributions were paid in cash or reinvested in additional units of the Fund.

Financial Highlights (continued)

Ratios and Supplemental Data	2018	2017	2016	2015	2014
Total net asset value (000's) ⁴	\$8,106	\$7,040	\$9,506	\$9,847	\$7,525
Number of units outstanding (000's) ⁴	267	221	323	340	310
Management expense ratio, January – June ⁵	1.00%	1.20%	1.20%	1.70%	1.70%
Management expense ratio, July – December	1.00%	1.00%	1.20%	1.20%	1.70%
Management expense ratio before waivers and absorptions ⁶	1.02%	1.15%	1.25%	1.47%	1.73%
Trading expense ratio ⁷	0.09%	0.07%	0.05%	0.03%	0.04%
Portfolio turnover rate ⁸	25.80%	18.39%	18.55%	9.68%	15.12%
Closing net asset value per unit	\$30.35	\$31.83	\$29.46	\$29.04	\$24.27

4. This information is provided as at December 31 of the year shown.
5. Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year.
6. The Manager pays all fees related to the IRC; the *Management expense ratio before waivers and absorptions* represents what the MER would be if the Fund paid the IRC fees.
7. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the year.
8. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

Management Fee

North Growth Management Ltd. is the portfolio advisor and manager of the Fund and receives a management fee from the Fund for these services. The Fund has two series: Series D and Series F. The management fee for both series is 0.70% of assets under management, calculated daily and paid monthly based on the daily net asset value of each series.

The Manager pays all operating costs of the Fund from its management fee, except for brokerage fees, interest charges, if any, and trailer fees. It is not reimbursed for these costs.

The Fund is distributed by registered dealers. Series D pays a trailing commission of 0.30%. Series F units are available through dealers who are generally compensated by their clients on a fee-for-service basis.

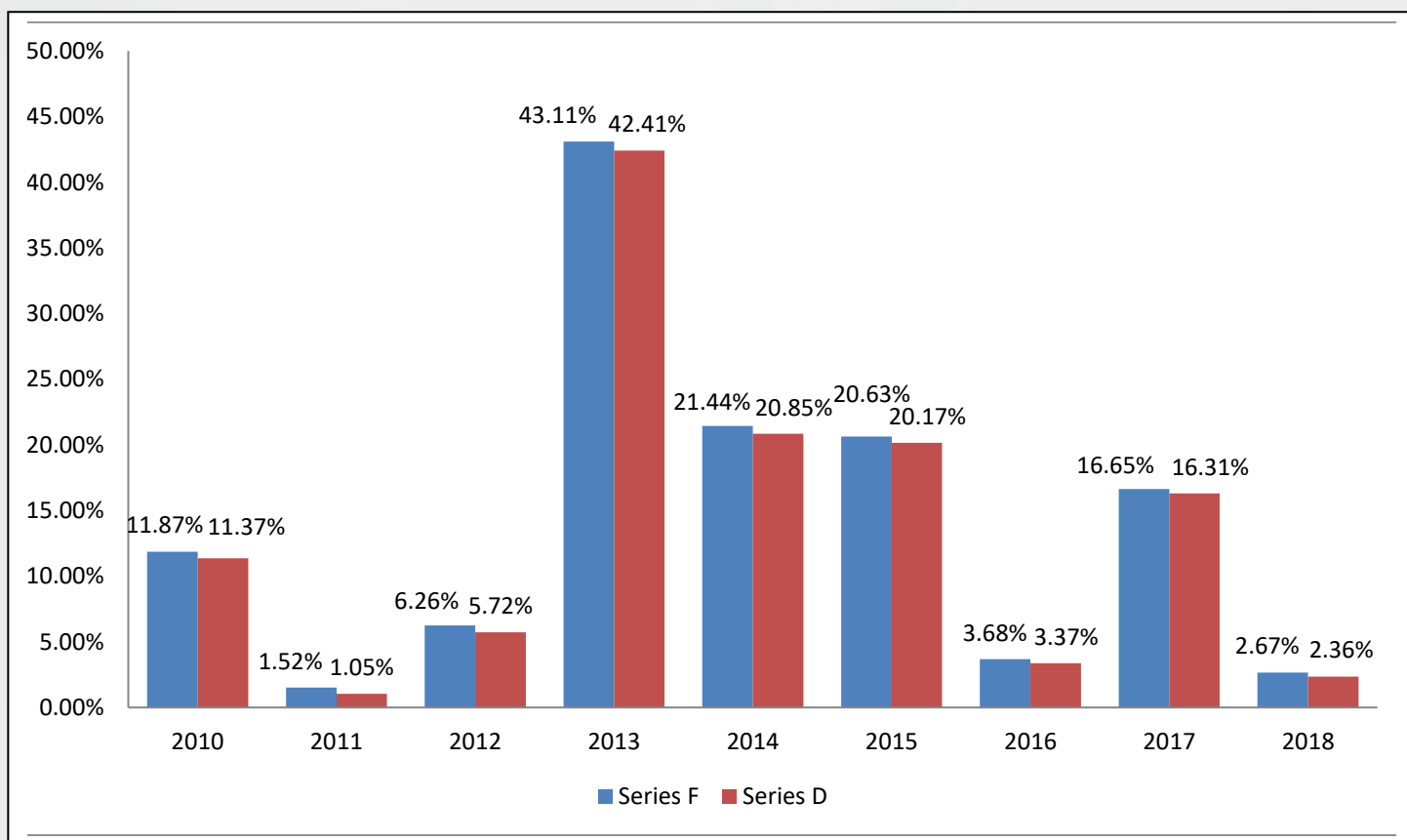
Past Performance

The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. Past performance does not necessarily indicate how the Fund will perform in the future.

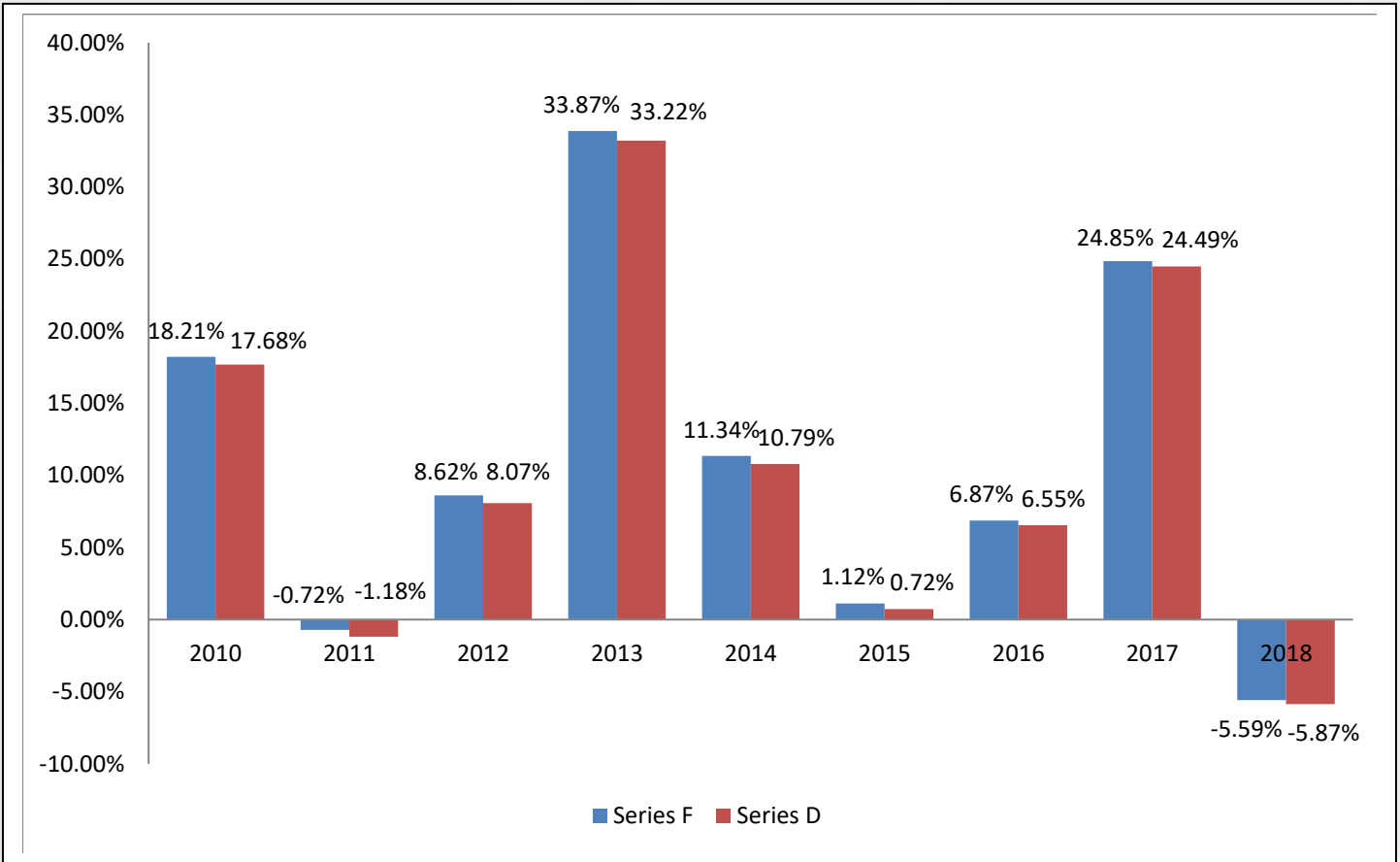
Annual and Year-by-Year Returns

The bar charts indicate the Fund's performance for each of the years shown. The bar charts show in percentage terms how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year in Canadian dollars and in U.S. dollars.

Summary of Performance Expressed in Canadian Dollars



Summary of Performance Expressed in United States Dollars



Past Performance (Continued)

Annual Compound Returns and Annual Return

The S&P 500 Total Return Index is widely regarded as the best single gauge of the large cap U.S. equities market. It is comprised of 500 leading companies in leading industries of the U.S. economy, capturing approximately 75% coverage of U.S. equities.

The table below shows the annual return for each series, and the annual compound rate of return of each series for the years indicated compared to the S&P 500 Total Return Index in Canadian dollar terms.

	Year Ended December 31, 2018	Past 3 Years	Past 5 Years	*Since Inception
Series F	2.67%	7.48%	12.71%	13.79%
Series D	2.36%	7.16%	12.31%	13.32%
S&P 500 \$CDN	3.98%	8.73%	14.03%	15.10%

* For the purpose of calculating returns, the inception date used is *October 23, 2009*.

The table below shows the annual return for each series, and the annual compound rate of return of each series for the years indicated compared to the S&P 500 Total Return Index in U.S. dollar terms.

	Year Ended December 31, 2018	Past 3 Years	Past 5 Years	*Since Inception
Series F	-5.59%	8.00%	7.24%	10.62%
Series D	-5.87%	7.68%	6.86%	10.16%
S&P 500 \$U.S.	-4.38%	9.26%	8.49%	11.89%

* For the purpose of calculating returns, the inception date used is *October 23, 2009*.

Summary of Investment Portfolio as at December 31, 2018

The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund. It is updated quarterly, within 60 days of quarter end, and is available as indicated on the front cover of this report.

Top 25 Holdings

Ranking	Security	% of Net Assets
1.	Cisco Systems Inc.	5.92
2.	Intel Corporation	4.33
3.	First Solar Inc.	3.67
4.	Apple Inc.	3.61
5.	SolarEdge Technologies Inc.	3.22
6.	American Eagle Outfitters Inc.	3.07
7.	Applied Materials Inc.	2.82
8.	Amgen Inc.	2.78
9.	Celgene Corporation	2.71
10.	Abbott Laboratories	2.58
11.	Ciena Corporation	2.52
12.	Boston Scientific Corporation	2.50
13.	Gilead Sciences Inc.	2.41
14.	Jabil Inc.	2.41
15.	HP Inc.	2.29
16.	Pfizer Inc.	2.25
17.	Finisar Corporation	2.17
18.	Zimmer Biomet Holdings Inc.	2.16
19.	DSP Group Inc.	2.16
20.	Anthem Inc.	1.90
21.	FedEx Corporation	1.89
22.	Itron Inc.	1.87
23.	Motorola Solutions Inc	1.86
24.	Johnson Controls International plc	1.83
25.	Cerner Corporation	1.83

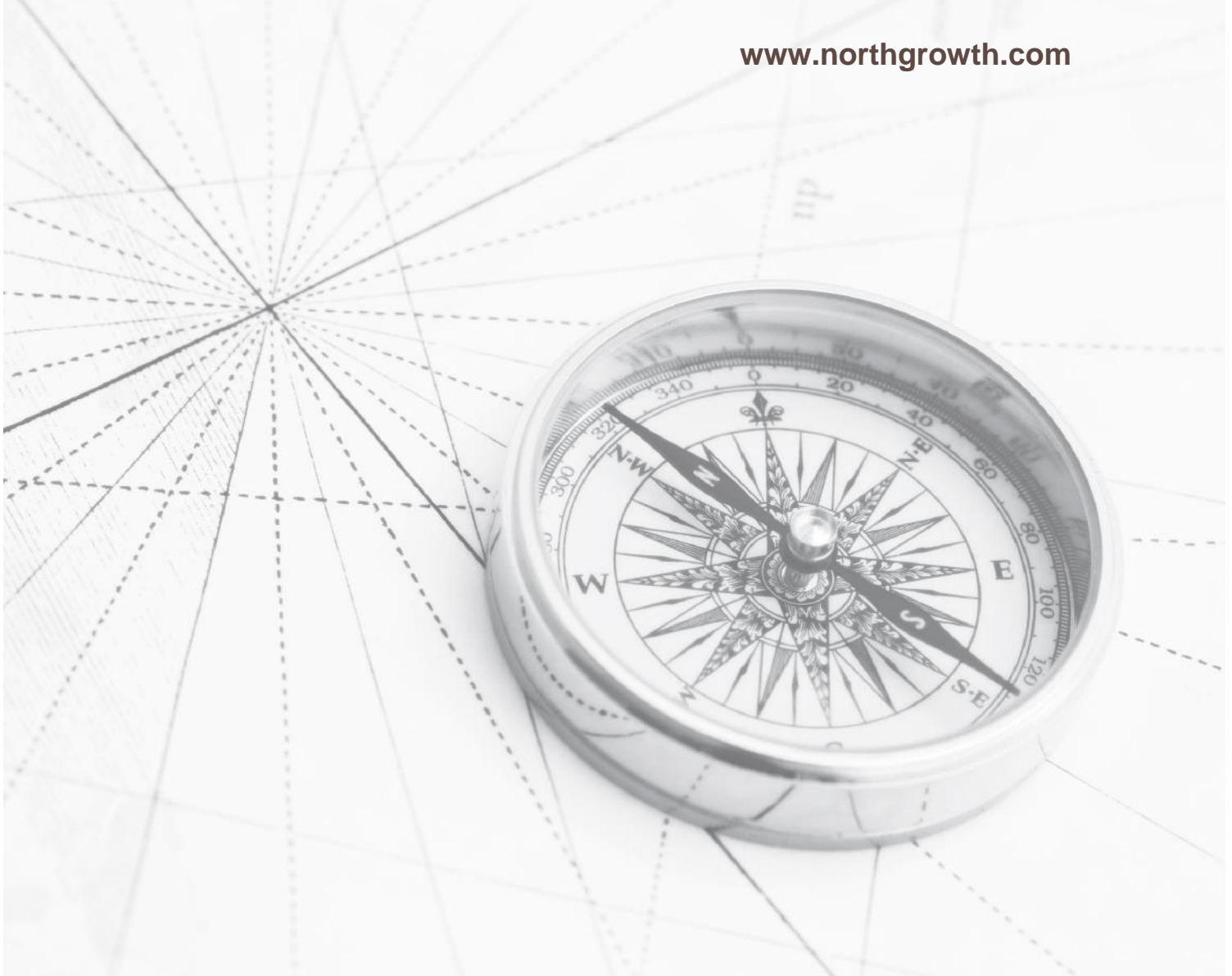
Sector Allocation

Sector	% of Net Assets
Technology	40.48
Healthcare	21.10
Energy	8.68
Consumer Cyclical	4.32
Capital Goods	3.70
Consumer Durables	3.60
Transportation	1.89
Retail	1.79
Equities Total	85.56
Other Net Assets	14.44
Portfolio Total	100.00



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