

FEBRUARY 2019 MONTHLY REPORT

MAR. 15, 2019

Fund Performance Update

U.S. equities continued to march higher in February as the Federal Reserve's pause on interest rate hikes and hopeful signs that the U.S. and China are closer to a trade agreement continued to propel the strong stock rally that began 2019.

FOURTH QUARTER EARNINGS

The earnings reporting season for the fourth quarter of 2018 is now largely behind us. As anticipated, while corporate profits generally came in above expectations, growth decelerated during the final quarter of 2018. Furthermore, the percentage of companies issuing negative earnings guidance was above average; accordingly, analysts currently expect a decline in S&P 500 earnings of 3.2% for the first quarter of 2019, with muted profit growth of 4.1% during the coming year.

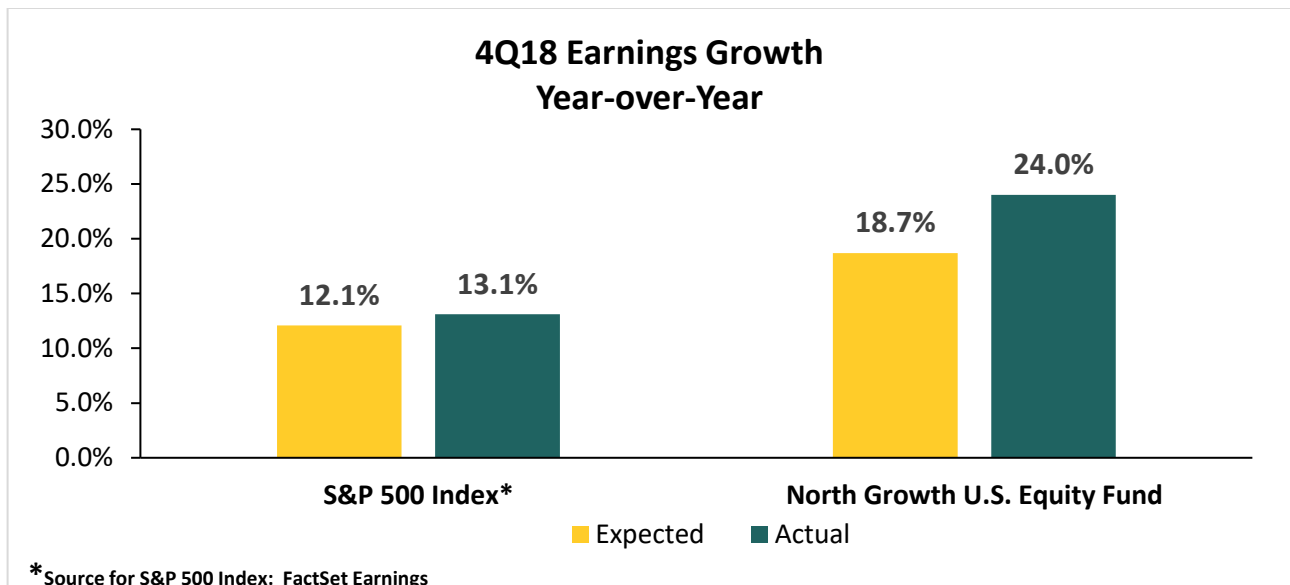
The North Growth U.S. Equity Fund had a relatively decent reporting period overall. We have been pleased with virtually all the results of the companies in the Fund to date.

With nearly 90% of the portfolio having reported so far, profits on a weighted-average basis in the September-to-December quarter increased 24.0% over a year ago versus raised estimates of 18.7% growth. And 71% of the portfolio's earnings results have exceeded or met analysts' estimates.

For the market in general, earnings during the latest quarter increased 13.1% year-over-year while sales grew 5.8%. The Energy sector again reported the highest earnings growth out of all eleven S&P 500 sectors at 93.5% in the fourth quarter.

According to FactSet, with 96% of the companies in the S&P 500 having reported earnings as of March 1st, 69% of the reporting companies delivered positive earnings surprises while 61% beat sales estimates. Notably, the percentage of companies that have reported profits above estimates is below the market's 1-year and 5-year averages. At the sector level, the Information Technology sector has had the highest percentage of companies reporting earnings above estimates.

The U.S. Fund's earnings growth profile continues to be consistently solid and broad-based, and in the latest quarter, the earnings growth rate of the Fund was above that of the S&P 500 Index.



OUR VIEW

We maintain our cautious outlook for U.S. equities. In the midst of an extended economic expansion and bull market, economic and corporate earnings growth are slowing down significantly. Even with the optimistic assumption that companies' profits will rebound beginning in the second quarter this year, equity multiples remain at the higher end of the historical range of price/earnings (P/E) ratios on a forward 12-month basis. Currently, the forward 12-month P/E multiple of the S&P 500 Index is 16.6, above the 10-year average of 14.7.

As always, we believe stock selection is the key to long term outperformance, and remain steadfastly focused on the analysis of individual stocks that adhere to our "growth at a reasonable price" investment philosophy.

U.S. EQUITY FUND

In February, the North Growth U.S. Equity Fund advanced 3.4%. The Fund outperformed the S&P 500 which gained 3.2%, yet lagged the other indices we regularly follow: the NASDAQ Composite which was up 3.6% and the smaller capitalization S&P 400 MidCap and S&P 600 SmallCap which appreciated 4.2% and 4.4% respectively. A slightly weaker Canadian currency increased the Fund's February return to 3.6% in Canadian dollars versus the S&P 500's 3.4% Canadian-dollar monthly return.

CANADIAN EQUITY FUND

Canadian equities continued to climb in February, with the S&P/TSX Composite gaining 3.2% for the month. The North Growth Canadian Equity Fund also continued to rebound, advancing 5.3% for the month.

North Growth U.S. Equity Fund

SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED FEBRUARY 28, 2019

| | 1 Month | 3 Months | 6 Months | YTD |
|------------------------------------|-------------|-------------|--------------|--------------|
| NGM U.S. Equity Fund \$CDN | 3.56 | 2.05 | -2.48 | 8.27 |
| S&P 500 in \$CDN | 3.41 | 0.41 | -2.20 | 7.62 |
| NGM U.S. Equity Fund \$U.S. | 3.37 | 3.08 | -3.33 | 12.16 |
| S&P 500 \$U.S. | 3.21 | 1.42 | -3.04 | 11.48 |
| S&P 400 MidCap \$U.S. | 4.24 | 2.11 | -5.79 | 15.14 |
| S&P 600 SmallCap \$U.S. | 4.35 | 1.52 | -10.68 | 15.45 |
| NASDAQ Composite \$U.S. | 3.60 | 3.06 | -6.58 | 13.74 |

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED FEBRUARY 28, 2019

| | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs | 15 Yrs | 20 Yrs | Since Inception |
|------------------------------------|-------------|--------------|--------------|--------------|-------------|--------------|-----------------|
| NGM U.S. Equity Fund \$CDN | 5.86 | 13.33 | 13.06 | 17.27 | 8.59 | 10.91 | 12.67 |
| S&P 500 \$CDN | 7.62 | 14.24 | 14.57 | 17.08 | 8.22 | 5.43 | 9.95 |
| NGM U.S. Equity Fund \$U.S. | 2.96 | 14.36 | 9.21 | 16.87 | 8.69 | 11.67 | 12.43 |
| S&P 500 \$U.S. | 4.68 | 15.28 | 10.67 | 16.67 | 8.32 | 6.15 | 9.71 |
| S&P 400 MidCap \$U.S. | 4.14 | 14.53 | 8.49 | 17.36 | 9.59 | 10.26 | 11.95 |
| S&P 600 SmallCap \$U.S. | 7.21 | 16.86 | 9.34 | 18.32 | 9.90 | 10.69 | 11.52 |
| NASDAQ Composite \$U.S. | 4.74 | 19.64 | 13.20 | 19.94 | 10.41 | 7.16 | *10.23 |

Source: Bloomberg "Total Return Analysis" as of Mar. 1, 2019

* 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 | \$ 43.96 CDN |
| | \$ 33.38 CDN |
| Total Assets in Fund | \$ 530.1 Million CDN |

North Growth Canadian Equity Fund

SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED FEBRUARY 28, 2019

| | 1 Month | 3 Months | 6 Months | YTD |
|---------------------------------|-------------|-------------|--------------|--------------|
| NGM Canadian Equity Fund | 5.32 | 7.35 | -7.82 | 14.89 |
| S&P / TSX \$CDN | 3.15 | 6.10 | -0.08 | 12.16 |

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED FEBRUARY 28, 2019

| | 1 Yr | 2 Yrs | 3 Yrs | 4 Yrs | 5 Yrs | 6 Yrs | 10 Yrs |
|---------------------------------|--------------|-------------|--------------|-------------|-------------|-------------|------------|
| NGM Canadian Equity Fund | -5.37 | 6.91 | 10.51 | 1.90 | 3.70 | 9.20 | n/a |
| S&P / TSX \$CDN | 6.86 | 5.03 | 10.78 | 4.31 | 5.48 | 6.91 | 10.21 |

* 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 \$ 18.66 CDN

Total Assets in Fund \$ 44.2 Million CDN

North Growth Canadian Money Market Fund

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED FEBRUARY 28, 2019

| | *Current Yield | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs | 15 Yrs |
|---------------------------------------|----------------|-------------|-------------|-------------|-------------|-------------|
| NGM Canadian Money Market Fund | 1.8 | 1.53 | 0.94 | 0.84 | 0.74 | 1.51 |
| 30 Day Treasury Bill | N/A | 1.38 | 0.86 | 0.80 | 0.75 | 1.52 |

** 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 1.8% which is lower than many other mainstream money market funds and even short term GICs at top tier Canadian banks.

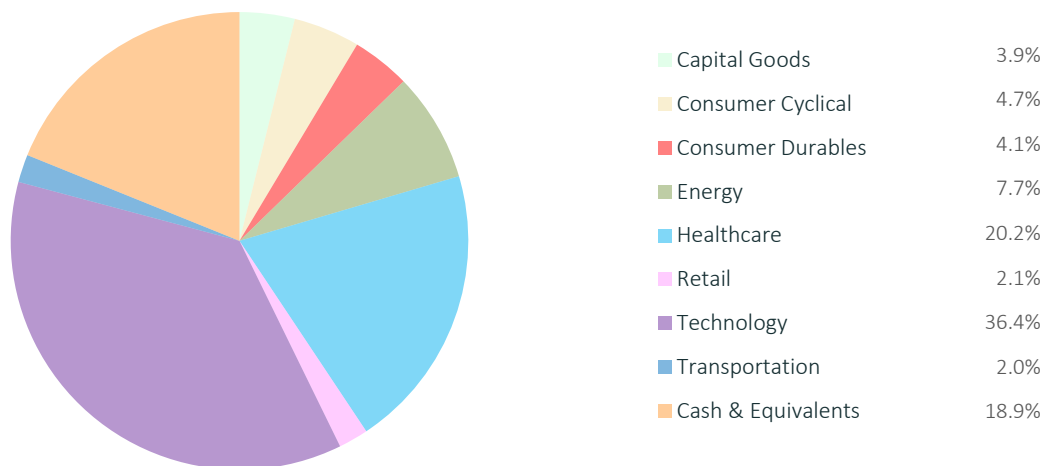
The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

Equity Fund Holdings and Composition

U.S. EQUITY FUND — TOP 10 HOLDINGS AS AT FEBRUARY 28, 2019

| Ranking | Security | % of Net Assets |
|-----------------------|--------------------------------|-----------------|
| 1 | Cisco Systems Inc. | 5.51 |
| 2 | First Solar Inc. | 4.21 |
| 3 | Intel Corporation | 3.63 |
| 4 | Celgene Corp | 3.26 |
| 5 | Ciena Corp | 3.06 |
| 6 | Applied Materials Inc. | 3.05 |
| 7 | American Eagle Outfitters Inc. | 2.99 |
| 8 | Amgen Inc. | 2.52 |
| 9 | Jabil Inc. | 2.52 |
| 10 | Zimmer Biomet Holdings Inc. | 2.36 |
| Top 10 | | 33.11 |
| Total Equities | | 81.11 |
| Cash | | 18.89 |
| Total Assets | | 100.00 |

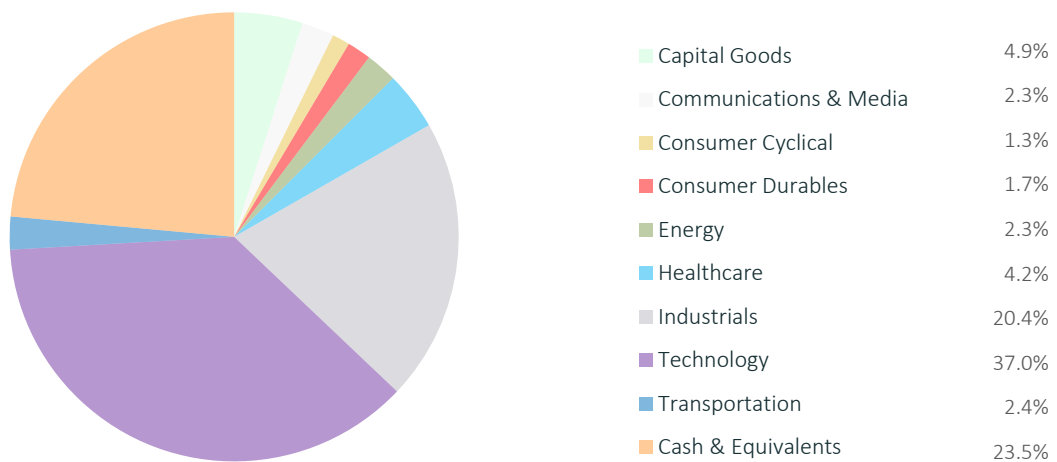
U.S. EQUITY FUND — SECTOR MIX AS AT FEBRUARY 28, 2019



CANADIAN EQUITY FUND — TOP 10 HOLDINGS AS AT FEBRUARY 28, 2019

| Ranking | Security | % of Net Assets |
|-----------------------|-------------------------------------|-----------------|
| 1 | Ballard Power Systems Inc. | 10.81 |
| 2 | Bombardier Inc., Class B | 6.41 |
| 3 | Open Text Corporation | 5.73 |
| 4 | CAE Inc. | 5.63 |
| 5 | Heroux-Devtek Inc. | 5.55 |
| 6 | ATS Automation Tooling Systems Inc. | 4.93 |
| 7 | Sierra Wireless Inc. | 4.28 |
| 8 | Hydrogenics Corp. | 4.08 |
| 9 | EXFO Inc. | 3.82 |
| 10 | Magellan Aerospace Corp. | 2.77 |
| Top 10 | | 54.01 |
| Total Equities | | 76.45 |
| Cash | | 23.55 |
| Total Assets | | 100.00 |

CANADIAN EQUITY FUND — SECTOR MIX AS AT FEBRUARY 28, 2019



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:

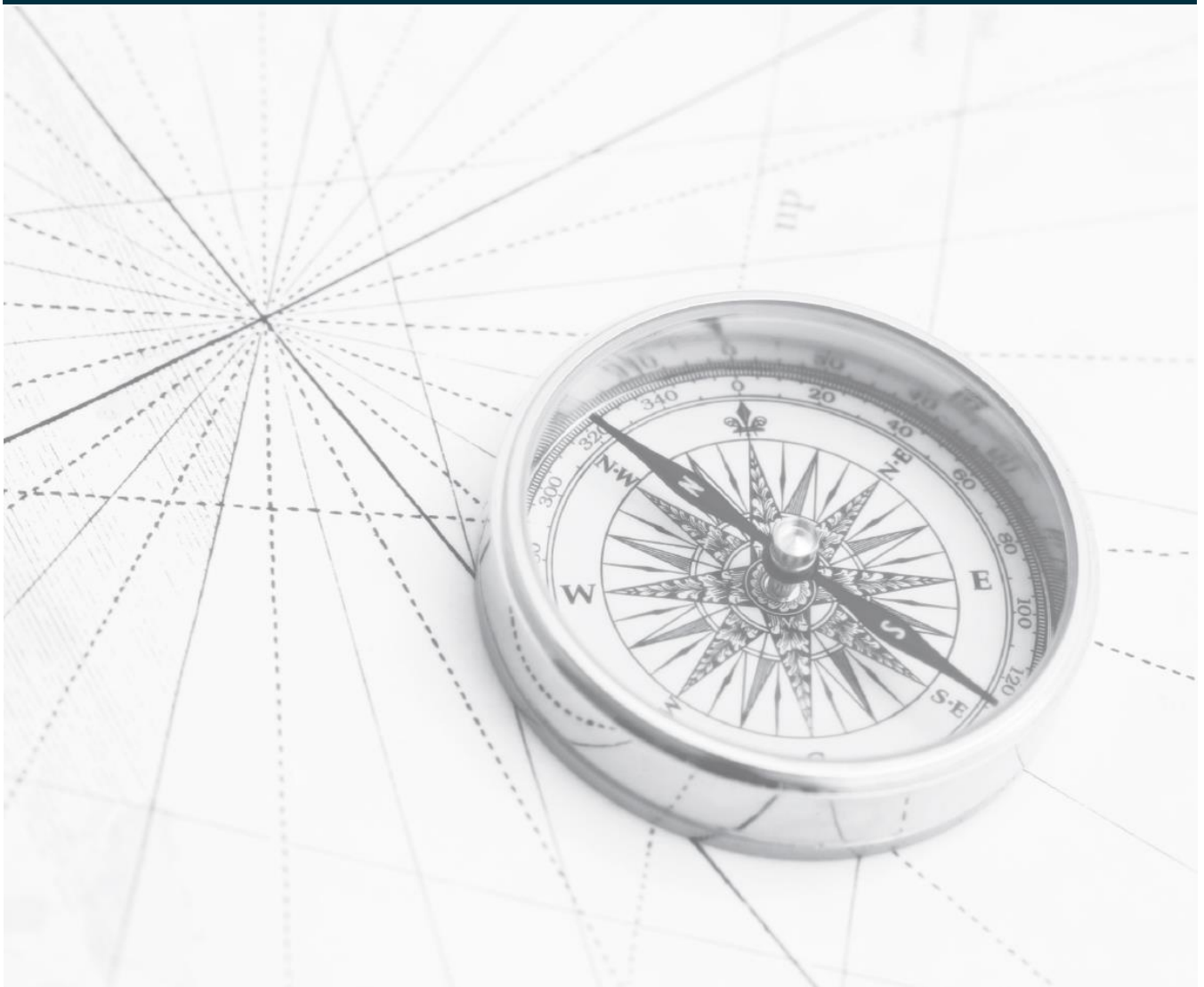
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WHERE TO FIND NGM FUND PRICES

Please visit www.northgrowth.com 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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