

MARCH 2019 MONTHLY REPORT

APRIL 11, 2019

Fund Performance Update

In March, U.S. equities continued to rally, capping the S&P 500 Index's best start to a year since 1998. Optimism about the U.S.-China trade talks, along with indication from the Federal Reserve to halt interest rate increases for the rest of 2019, propelled the S&P 500 to its best quarter since September 2009.

OUR VIEW

We maintain our cautious outlook for U.S. equities. Although the stock markets have reacted positively to the Fed's cautious shift toward increasing accommodation, it is noteworthy that the Fed is highly reactive to economic data which has been, for the most part, downbeat. It was in response to its recently lowered economic growth projections for the year that the Fed signaled a pause in interest rate raises.

Currently in the late stages of the longest U.S. economic and market expansions on record, global growth is slowing amid uncertainties surrounding trade among various countries and Brexit. Moreover, with the advent of the first earnings season of 2019, the markets are facing a looming pullback in corporate profit growth. According to FactSet, analysts estimate that S&P 500 company earnings in the first quarter contracted 4.2% from a year earlier, and project no growth subsequently in the second quarter. Essentially, the broad index is at risk of entering an earnings recession—defined by at least two or more consecutive quarters of declining earnings.

With earnings estimates falling as equities have run up strongly since the beginning of the year, U.S. stocks have become more expensive relative to companies' earnings for the next 12 months. The price/earnings (P/E) ratio of the S&P 500 based on profit estimates for the next year posted its largest one-quarter increase since June 2009 according to Dow Jones Market Data analysis. Based on forward 12-month earnings, the S&P 500 is trading at a 16.7 P/E ratio, the same level the index traded at in early October 2018 before the start of the year-end selloff and above its 10-year average of 14.7.

We believe a slowdown in economic and earnings growth does not justify further increases in stock multiples. The U.S. Fund's cash balance of approximately 18% remains at higher than typical levels. With the average size of the portfolio holdings meaningfully reduced, we continue to seek to increase the number of names in the Fund. As we focus our efforts on the

analysis of individual stocks, concentrating on identifying more investment opportunities, we continue to exercise patience in deploying the cash. We remain diligent, committed to the adherence of our long term “growth at a reasonable price” investment philosophy.

U.S. EQUITY FUND

In March, the North Growth U.S. Equity Fund advanced 0.6%. The Fund lagged the S&P 500 which gained 1.9% and the NASDAQ Composite which was up 2.7%, yet outperformed the smaller capitalization indices, the S&P 400 MidCap and S&P 600 SmallCap, which declined 0.6% and 3.3% respectively. A weaker Canadian currency boosted the Fund’s monthly return to 2.1% in Canadian dollars versus the S&P 500’s 3.5% Canadian-dollar March return.

CANADIAN EQUITY FUND

Canadian equities extended their advance in March, with the S&P/TSX Composite gaining 1.0% for the month. The North Growth Canadian Equity Fund lagged the index, declining 1.8%. Ballard Power Systems and Hydrogenics, two core holdings in the Fund, experienced disproportionate weakness in their share prices following disappointing earnings results reported in March. Year-to-date, the Canadian Fund is up 12.9% versus the S&P/TSX’s return of 13.3%.

North Growth U.S. Equity Fund

SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED MARCH 31, 2019

	1 Month	3 Months	6 Months	YTD
NGM U.S. Equity Fund \$CDN	2.06	10.50	2.71	10.50
S&P 500 in \$CDN	3.45	11.32	1.46	11.32
NGM U.S. Equity Fund \$U.S.	0.58	12.81	-0.51	12.81
S&P 500 \$U.S.	1.94	13.65	-1.72	13.65
S&P 400 MidCap \$U.S.	-0.57	14.49	-5.29	14.49
S&P 600 SmallCap \$U.S.	-3.33	11.61	-10.83	11.61
NASDAQ Composite \$U.S.	2.70	16.81	-3.38	16.81

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED MARCH 31, 2019

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
NGM U.S. Equity Fund \$CDN	8.13	12.89	13.19	16.12	8.92	10.94	12.71
S&P 500 \$CDN	13.48	14.59	15.19	16.59	8.71	5.40	10.06
NGM U.S. Equity Fund \$U.S.	4.34	11.83	8.97	15.46	8.78	11.62	12.41
S&P 500 \$U.S.	9.50	13.51	10.91	15.92	8.57	6.04	9.76
S&P 400 MidCap \$U.S.	2.59	11.24	8.29	16.28	9.52	10.08	11.89
S&P 600 SmallCap \$U.S.	1.57	12.55	8.45	17.00	9.56	10.43	11.34
NASDAQ Composite \$U.S.	10.66	18.06	14.39	19.03	10.74	6.91	*10.31

Source: Bloomberg "Total Return Analysis" as of March 29, 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	\$ 44.86 CDN \$ 33.57 US
Total Assets in Fund	\$ 538.6 Million CDN

North Growth Canadian Equity Fund

SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED MARCH 31, 2019

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	-1.77	12.86	-11.45	12.86
S&P / TSX \$CDN	1.01	13.29	1.84	13.29

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED MARCH 31, 2019

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs	10 Yrs
NGM Canadian Equity Fund	-5.66	4.96	8.51	2.27	2.64	8.61	*N/A
S&P / TSX \$CDN	8.11	4.86	9.26	5.07	5.44	7.12	9.49

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

Unit Price \$ 18.33 CDN

Total Assets in Fund \$ 43.1 Million CDN

North Growth Canadian Money Market Fund

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED MARCH 31, 2019

	*Current Yield	1 Year	3 Years	5 Years	10 Years	15 Years
NGM Canadian Money Market Fund	1.64	1.57	0.97	0.86	0.75	1.51
30 Day Treasury Bill	N/A	1.44	0.90	0.81	0.76	1.51

* 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 1.64% 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, 2019

Ranking	Security	% of Net Assets
1	Cisco Systems Inc.	5.74
2	First Solar Inc.	4.23
3	Celgene Corp	3.70
4	Intel Corporation	3.67
5	American Eagle Outfitters Inc.	3.25
6	Applied Materials Inc.	3.15
7	Ciena Corp	2.68
8	Amgen Inc.	2.51
9	Zimmer Biomet Holdings Inc.	2.43
10	Jabil Inc	2.35
11	Apple Inc.	2.34
12	Gilead Sciences Inc.	2.28
13	Abbott Laboratories	2.12
14	Johnson Controls International plc	2.07
15	Electronic Arts Inc.	2.07
16	Motorola Solutions Inc	2.06
17	Boston Scientific Corporation	2.04
18	Pfizer Inc.	2.02
19	HP Inc.	2.01
20	FedEx Corp.	1.97
21	TPI Composites Inc	1.93
22	Cerner Corporation	1.81
23	Herman Miller Inc.	1.77
24	DSP Group Inc.	1.70
25	Skechers U.S.A., Inc.	1.70
26	Itron Inc.	1.68
27	Texas Instruments Inc.	1.50
28	Microsoft Corporation	1.44
29	Anthem Inc.	1.37
30	Citrix Systems Inc.	1.33
31	SolarEdge Technologies Inc.	1.31
32	Varian Medical Systems Inc.	1.27
33	Masco Corp	1.25
34	Ulta Beauty Inc.	1.16
35	II-VI Inc.	1.15
36	Best Buy Co., Inc.	1.09
37	Fortune Brands Home & Security Inc	1.09
38	LogMeIn Inc	0.98
39	Varex imaging Corporation	0.93
40	Urban Outfitters Inc.	0.48
41	Coherent, Inc	0.41
Total Equities		82.07
Cash		17.93
Total Assets		100.00

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:

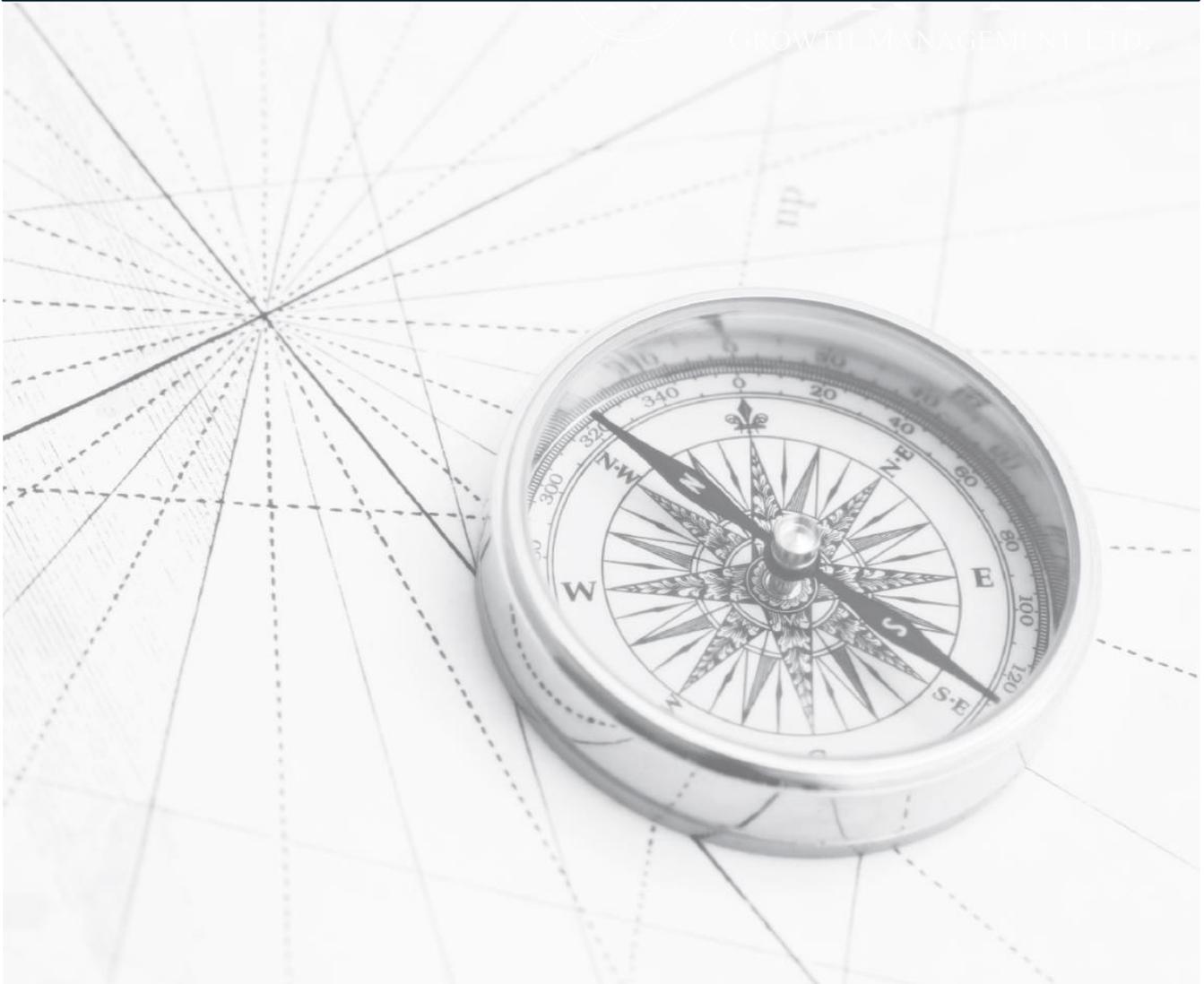
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WHERE TO FIND NGM FUND PRICES

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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