

APRIL 2019 MONTHLY REPORT

MAY 14, 2019

Fund Performance Update

In April, U.S. equities continued to rally with the major stock indices hitting record highs. Ongoing optimistic assumptions about monetary policy and trade, combined with generally better-than-expected economic data and first quarter earnings, fuelled the S&P 500 to close April with its best four-month gain to start the year in more than three decades, since 1987.

TECHNOLOGY EARNINGS LEADING POSITIVE SURPRISES

Earnings reporting season entered full swing at the end of the month. Despite reporting a year-over-year decline in profits, the Information Technology sector leads the S&P 500 Index in positive earnings surprises; as of May 3rd, 89% of the tech companies in the S&P 500 have reported earnings above analysts' estimates (ref: FactSet Research Earnings Insight).

In the North Growth U.S. Equity Fund, every technology holding that has reported first quarter earnings so far has exceeded expectations, with the exception of II-VI which delivered results in-line with analysts' estimates. To-date, the reports from Microsoft, II-VI, and Motorola Solutions are noteworthy—due to not only the companies' consistent upside surprises in recent quarters, but also importantly their solid earnings growth trends and outlook when profits of the technology sector as a whole are slated to contract from a year ago.

Microsoft delivered another quarter of impressive results: during the three months ended March 31st, revenue grew 14% while diluted earnings per share increased 20% year-over-year. Growth was well balanced across the company's broad product and services portfolio with particular strength in Microsoft's commercial cloud offerings. Microsoft continues to accelerate its innovation across the cloud and edge and, given such strategic investments along with consistent operational execution, is poised to benefit from the explosive demand for cloud computing.

Similarly, II-VI, a global leader in engineered materials and optoelectronic components, is positioned well in emerging growth markets that include EUV (extreme ultraviolet lithography), SiC (silicon carbide), and 3D sensing technology in support of expanding global 5G network deployments. In the latest quarter, II-VI reported solid results with revenue growth of 16% and pro-forma earnings per share increase of 35% over a year ago. With the acquisition of Finisar on track to close within the next few months, the cost synergies and earnings accretion from the transaction, along with continued strong momentum in the optical communications market, are likely to help sustain II-VI's earnings growth trajectory.

Finally, Motorola Solutions reported an outstanding first quarter and raised its full-year earnings guidance. Continued steady demand across the company's products and systems integration segment as well as its services and software businesses drove Motorola to grow sales 13% and pro-forma earnings per share 16% year-over-year.

The majority of earnings reports will be completed by mid-May and we look forward to providing a more comprehensive review of the U.S. Fund's first quarter earnings results in our next monthly report.

OUR VIEW

We maintain our cautious outlook for U.S. equities. Currently in the late stages of the longest U.S. economic and market expansions on record, global growth continues to slow amid uncertainties surrounding trade among various countries. Moreover, corporate earnings growth is projected to decline during the first half of 2019. With the reduction in earnings 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.

We continue to believe that a slowdown in economic and earnings growth does not justify further increases in stock multiples. As always, we remain focused on the analysis of individual stocks, adhering diligently to our long term "growth at a reasonable price" investment philosophy.

U.S. EQUITY FUND

In April, the North Growth U.S. Equity Fund gained 3.3%. The Fund underperformed all the indices we track regularly: the S&P 500 which advanced 4.1%, the smaller capitalization S&P 400 MidCap and S&P 600 SmallCap which appreciated 4.0% and 3.9% respectively, and the NASDAQ Composite which was up 4.8%. As the Canadian currency weakened last month against its U.S. counterpart, in Canadian dollars, the Fund gained 3.7% versus the S&P 500 which increased 4.5%.

CANADIAN EQUITY FUND

The North Growth Canadian Equity Fund gained 2.3% in April whereas the S&P/TSX Composite appreciated 3.2%. Year-to-date, the Fund is up 15.4% versus the S&P/TSX Composite's return of 16.9%.

North Growth U.S. Equity Fund

SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED APRIL 30, 2019

	1 Month	3 Months	6 Months	YTD
NGM U.S. Equity Fund \$CDN	3.71	9.62	12.27	14.60
S&P 500 in \$CDN	4.52	11.80	12.11	16.35
NGM U.S. Equity Fund \$U.S.	3.25	7.34	9.92	16.47
S&P 500 \$U.S.	4.05	9.48	9.76	18.25
S&P 400 MidCap \$U.S.	4.02	7.81	8.91	19.09
S&P 600 SmallCap \$U.S.	3.87	4.78	3.47	15.93
NASDAQ Composite \$U.S.	4.78	11.48	11.45	22.38

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED APRIL 30, 2019

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
NGM U.S. Equity Fund \$CDN	12.58	16.14	14.18	15.65	9.15	11.18	12.82
S&P 500 \$CDN	18.68	17.48	16.25	16.69	8.81	5.61	10.21
NGM U.S. Equity Fund \$U.S.	7.65	13.56	9.65	14.29	9.31	11.64	12.50
S&P 500 \$U.S.	13.49	14.87	11.63	15.32	8.97	6.05	9.89
S&P 400 MidCap \$U.S.	6.99	12.26	9.49	15.13	10.05	9.88	12.01
S&P 600 SmallCap \$U.S.	4.42	13.54	9.90	15.57	10.08	10.29	11.46
NASDAQ Composite \$U.S.	15.85	20.62	15.90	18.18	11.36	6.98	*10.46

Source: Bloomberg "Total Return Analysis" as of May. 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	\$ 46.53 CDN \$ 34.66CDN
Total Assets in Fund	\$ 556.2 Million CDN

North Growth Canadian Equity Fund

SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED APRIL 30, 2019

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	2.28	5.81	3.11	15.43
S&P / TSX \$CDN	3.22	7.55	12.16	16.94

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED APRIL 30, 2019

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs
NGM Canadian Equity Fund	-3.84	4.96	8.46	2.27	2.98	8.61
S&P / TSX \$CDN	9.60	4.86	9.10	5.07	5.60	7.12

* 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 \$ 18.75 CDN

Total Assets in Fund \$ 44.1 Million CDN

North Growth Canadian Money Market Fund

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED APRIL 30, 2019

	*Current Yield	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs
NGM Canadian Money Market Fund	1.61	1.60	1.00	0.87	0.76	1.51
30 Day Treasury Bill	N/A	1.49	0.92	0.82	0.77	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 1.61% which is lower than many other mainstream money market funds and even short term GICs at top tier Canadian banks.

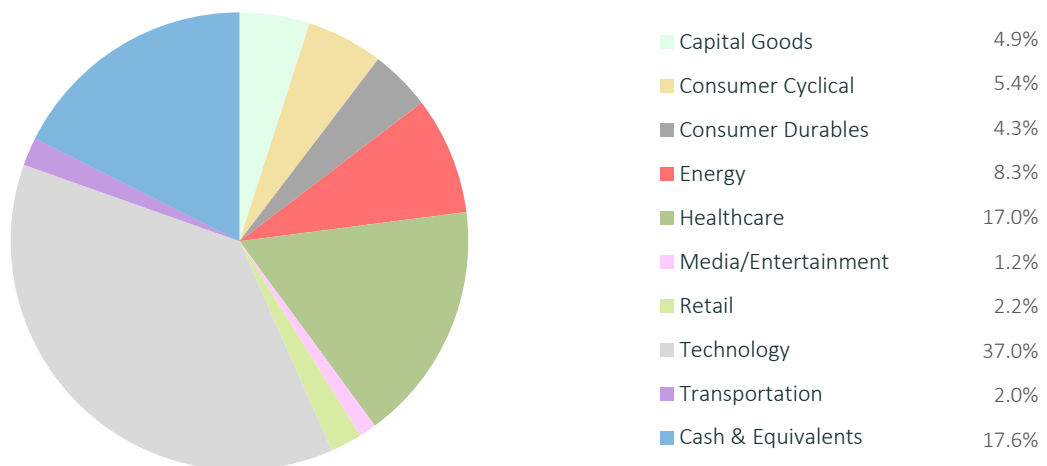
The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

Equity Fund Holdings and Composition

U.S. EQUITY FUND — TOP 10 HOLDINGS AS AT APRIL 30, 2019

Ranking	Security	% of Net Assets
1	Cisco Systems Inc.	5.78
2	First Solar Inc.	4.79
3	Applied Materials Inc.	3.41
4	Intel Corporation	3.39
5	American Eagle Outfitters Inc.	3.39
6	Ciena Corp	2.68
7	Jabil Inc	2.60
8	Apple Inc.	2.41
9	Amgen Inc.	2.31
10	Zimmer Biomet Holdings Inc.	2.28
Top 10		33.04
Total Equities		82.42
Cash		17.58
Total Assets		100.00

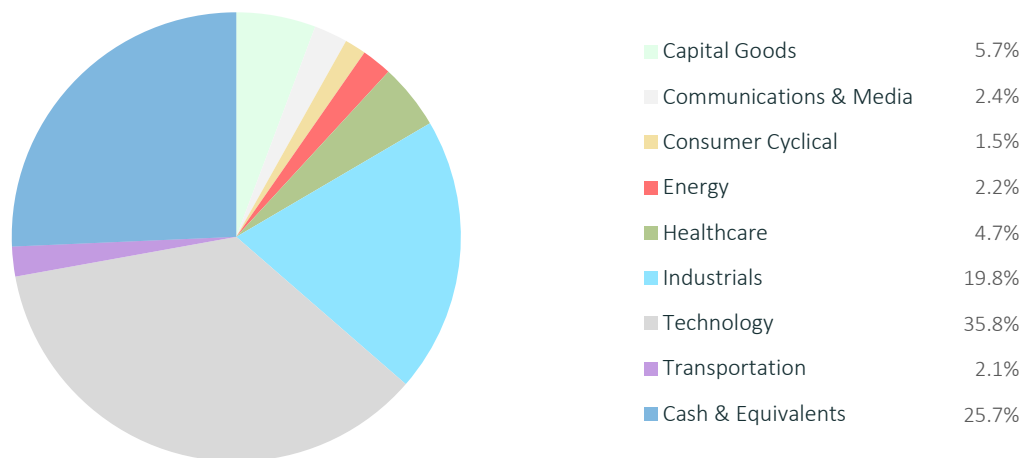
U.S. EQUITY FUND — SECTOR MIX AS AT APRIL 30, 2019



CANADIAN EQUITY FUND — TOP 10 HOLDINGS AS AT APRIL 30, 2019

Ranking	Security	% of Net Assets
1	Ballard Power Systems Inc.	9.17
2	CAE Inc.	6.33
3	Open Text Corporation	5.93
4	ATS Automation Tooling Systems Inc.	5.72
5	Heroux-Devtek Inc	5.26
6	Bombardier Inc., Class B	5.26
7	EXFO Inc.	4.83
8	Sierra Wireless Inc	4.63
9	Hydrogenics Corp.	3.98
10	Magellan Aerospace Corp.	2.97
Top 10		54.08
Total Equities		74.31
Cash		25.69
Total Assets		100.00

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

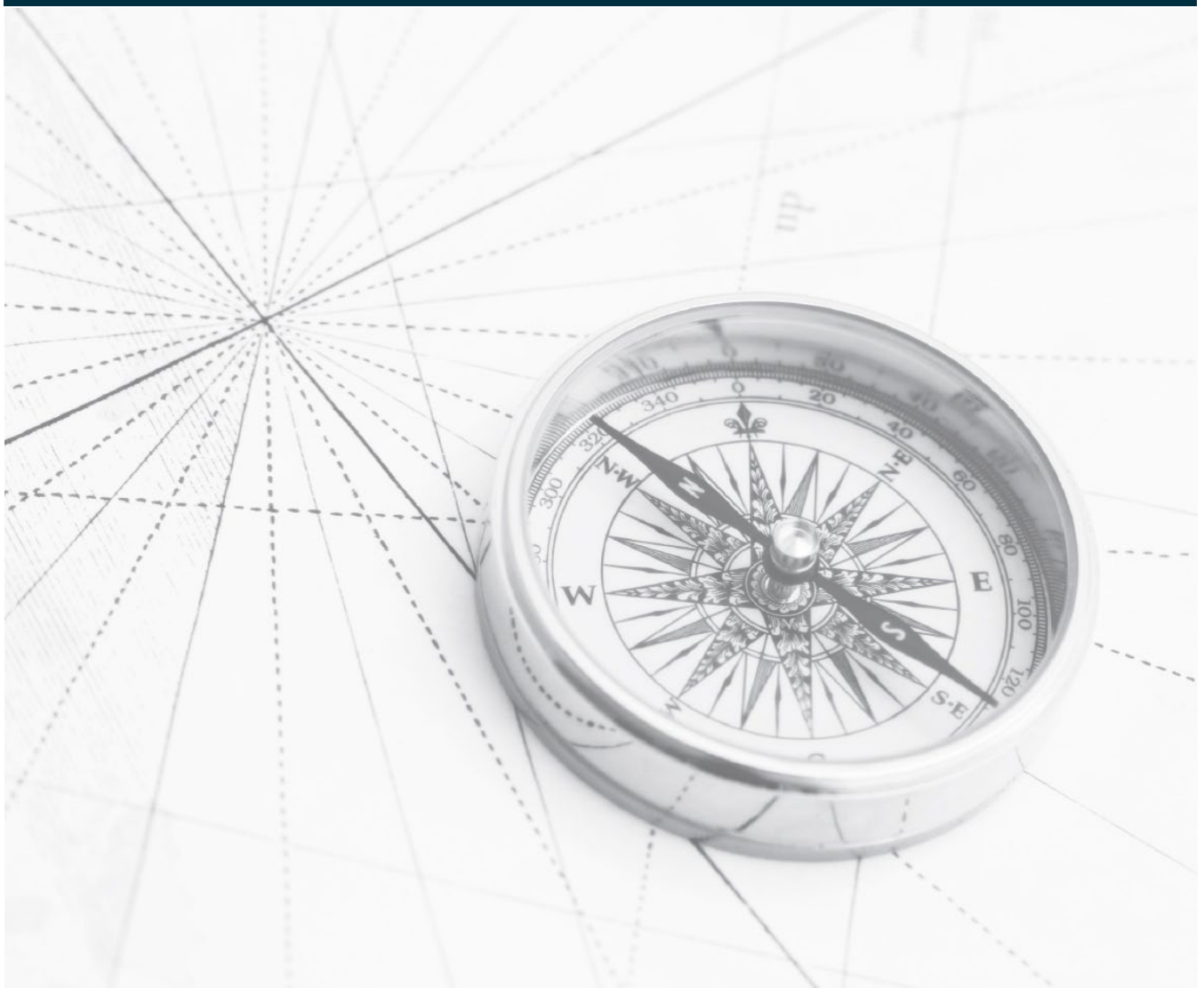
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WHERE TO FIND NGM FUND PRICES

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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