

MAY 2019 MONTHLY REPORT

JUNE 11, 2019

Fund Performance Update

May brought about the first monthly decline in U.S. equities this year. Down 6.4%, the S&P 500 Index broke four months of solid gains and trimmed its 2019 advance by almost half. The absence of a U.S.-China trade deal, coupled with renewed concerns that escalating trade tensions may derail the global economic expansion, contributed to a severe retreat in the major stock indices last month.

FIRST QUARTER EARNINGS

The earnings reporting season for the first quarter of 2019 is now largely behind us. As anticipated, while corporate profits came in above expectations, growth nonetheless was negative meaning that earnings declined during the first three months of this year. The percentage of companies issuing lowered earnings guidance remains above average; analysts expect another quarter of falling S&P 500 earnings for the April-to-June period before rebounding to end 2019 with overall annual profit growth of 4.6%.

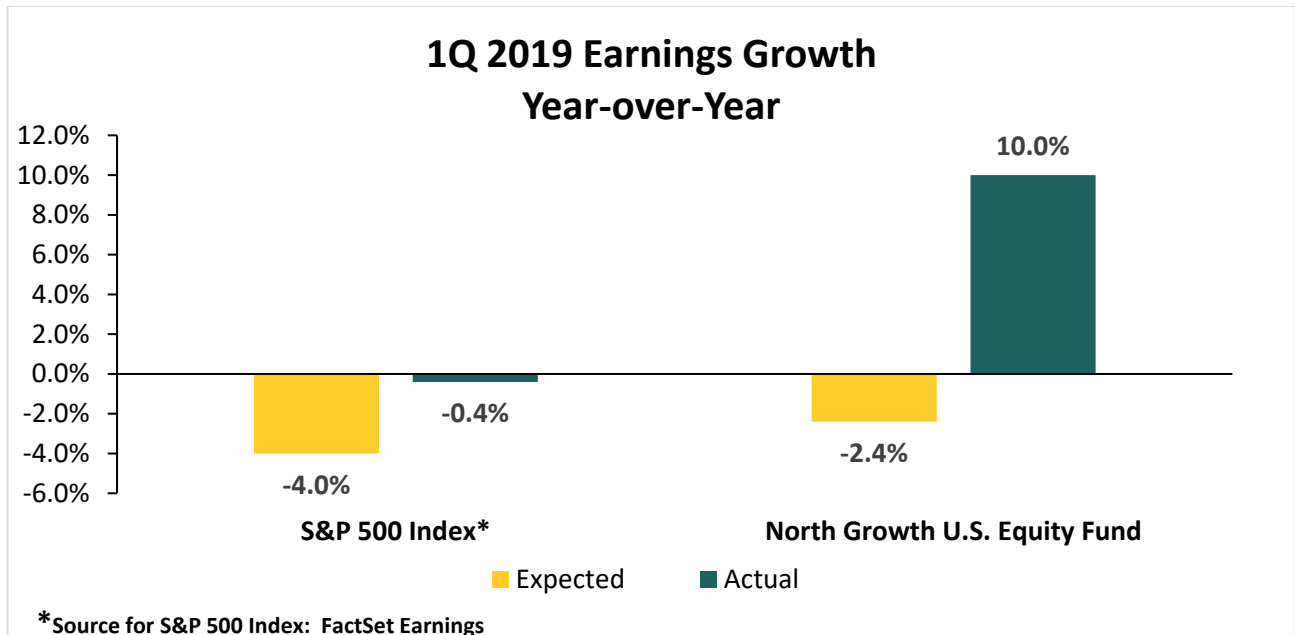
The North Growth U.S. Equity Fund had a relatively strong reporting period. We have been pleased with virtually all the results of the companies in the Fund to date.

With 93% of the portfolio having reported so far, profits on a weighted-average basis in the first quarter increased 10.0% over a year ago versus estimates of 2.4% decline. And nearly 80% of the portfolio's earnings results have exceeded or met analysts' estimates.

For the market in general, earnings during the latest quarter decreased 0.4% year-over-year while sales grew 5.3%. Whereas the Health Care sector reported the highest earnings growth out of all eleven S&P 500 sectors, the Energy sector reported the largest earnings decline. Lower oil prices versus a year ago drove the contraction in Energy earnings.

According to FactSet, with 98% of the companies in the S&P 500 having reported earnings as of May 31st, 76% of the reporting companies delivered positive earnings surprises while 59% beat sales estimates.

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



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 while corporate earnings growth is in decline during the first half of 2019. Although the forward 12-month price/earnings (P/E) ratio of the S&P 500 remains above its 10-year average, U.S. stock valuations have pulled back following the markets' tumult last month. Moreover, certain names, particularly in the consumer and retail sectors, have underperformed disproportionately and are now trading at appealing valuations.

We remain focused on the analysis of individual stocks, adhering diligently as always to our long term "growth at a reasonable price" investment philosophy.

U.S. EQUITY FUND

In May, the North Growth U.S. Equity Fund declined 6.6%. The Fund fell slightly more than the S&P 500 Index which depreciated 6.4%, yet performed better than the other indices we regularly track. The S&P 400 MidCap and S&P 600 SmallCap were down 8.0% and 8.7% respectively for the month, while the NASDAQ Composite declined 7.8%. A slightly weaker Canadian currency reduced the Fund's loss in Canadian dollars to 5.9% versus the S&P 500's negative 5.6% Canadian-dollar May return.

CANADIAN EQUITY FUND

Canadian equities were also weak in May, with the S&P/TSX Composite down 3.1% for the month. The North Growth Canadian Equity Fund outperformed the index, gaining 3.9%. Year-to-date, the Fund is up 19.9% versus the S&P/TSX Composite's return of 13.4%.

North Growth U.S. Equity Fund

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

	1 Month	3 Months	6 Months	YTD
NGM U.S. Equity Fund \$CDN	-5.90	-0.40	1.65	7.84
S&P 500 in \$CDN	-5.63	2.03	2.45	9.80
NGM U.S. Equity Fund \$U.S.	-6.62	-3.04	-0.05	8.76
S&P 500 \$U.S.	-6.35	-0.67	0.74	10.73
S&P 400 MidCap \$U.S.	-7.97	-4.82	-2.80	9.60
S&P 600 SmallCap \$U.S.	-8.73	-8.35	-6.96	5.81
NASDAQ Composite \$U.S.	-7.78	-0.77	2.27	12.86

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

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
NGM U.S. Equity Fund \$CDN	2.47	11.07	12.30	15.49	8.64	10.66	12.52
S&P 500 \$CDN	8.42	12.89	14.62	16.41	8.34	5.38	9.93
NGM U.S. Equity Fund \$U.S.	-1.91	9.92	7.44	13.04	8.69	11.14	12.17
S&P 500 \$U.S.	3.78	11.72	9.66	13.95	8.40	5.83	9.59
S&P 400 MidCap \$U.S.	-5.44	8.36	7.31	13.87	9.30	9.40	11.63
S&P 600 SmallCap \$U.S.	-10.47	9.54	7.85	14.33	9.30	9.66	11.04
NASDAQ Composite \$U.S.	1.26	15.96	13.29	16.82	10.50	6.70	*10.09

Source: Bloomberg "Total Return Analysis" as of June 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	\$ 43.78 CDN \$ 32.37 US
Total Assets in Fund	\$ 522.7 Million CDN

North Growth Canadian Equity Fund

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

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	3.91	4.39	12.06	19.94
S&P / TSX \$CDN	-3.06	1.07	7.23	13.36

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

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs
NGM Canadian Equity Fund	-1.55	4.69	8.92	3.99	3.96	8.79
S&P / TSX \$CDN	3.03	5.36	7.62	4.78	4.98	7.20

* 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 \$ 19.48 CDN

Total Assets in Fund \$ 44.6 Million CDN

North Growth Canadian Money Market Fund

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

	*Current Yield	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs
NGM Canadian Money Market Fund	1.63	1.63	1.03	0.88	0.77	1.51
30 Day Treasury Bill	N/A	1.54	0.97	0.84	0.78	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 1.63% which is lower than many other mainstream money market funds and even short term GICs at top tier Canadian banks.

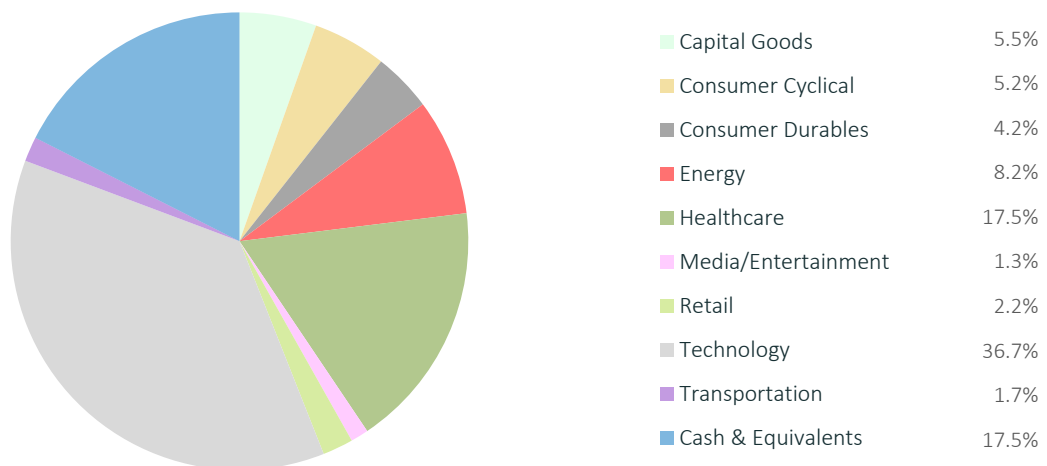
The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

Equity Fund Holdings and Composition

U.S. EQUITY FUND — TOP 10 HOLDINGS AS AT MAY 31, 2019

Ranking	Security	% of Net Assets
1	Cisco Systems Inc.	5.77
2	First Solar Inc.	4.84
3	Applied Materials Inc.	3.21
4	Intel Corporation	3.14
5	American Eagle Outfitters Inc.	2.66
6	Ciena Corp	2.61
7	Amgen Inc.	2.30
8	Cerner Corporation	2.30
9	Motorola Solutions Inc	2.29
10	Gilead Sciences Inc.	2.28
Top 10		31.40
Total Equities		82.46
Cash		17.54
Total Assets		100.00

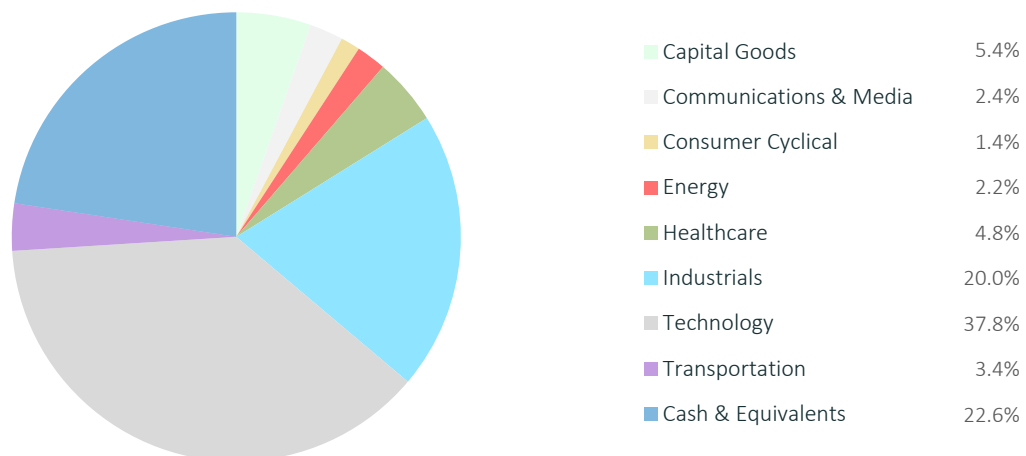
U.S. EQUITY FUND — SECTOR MIX AS AT MAY 31, 2019



CANADIAN EQUITY FUND — TOP 10 HOLDINGS AS AT MAY 31, 2019

Ranking	Security	% of Net Assets
1	Ballard Power Systems Inc.	10.68
2	CAE Inc.	6.94
3	Open Text Corporation	6.13
4	Heroux-Devtek Inc	5.79
5	Hydrogenics Corp.	5.66
6	ATS Automation Tooling Systems Inc.	5.37
7	Bombardier Inc., Class B	4.62
8	EXFO Inc.	4.38
9	Sierra Wireless Inc.	4.17
10	Westjet Airlines Ltd.	3.39
Top 10		57.13
Total Equities		77.39
Cash		22.61
Total Assets		100.00

CANADIAN EQUITY FUND — SECTOR MIX AS AT MAY 31, 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:

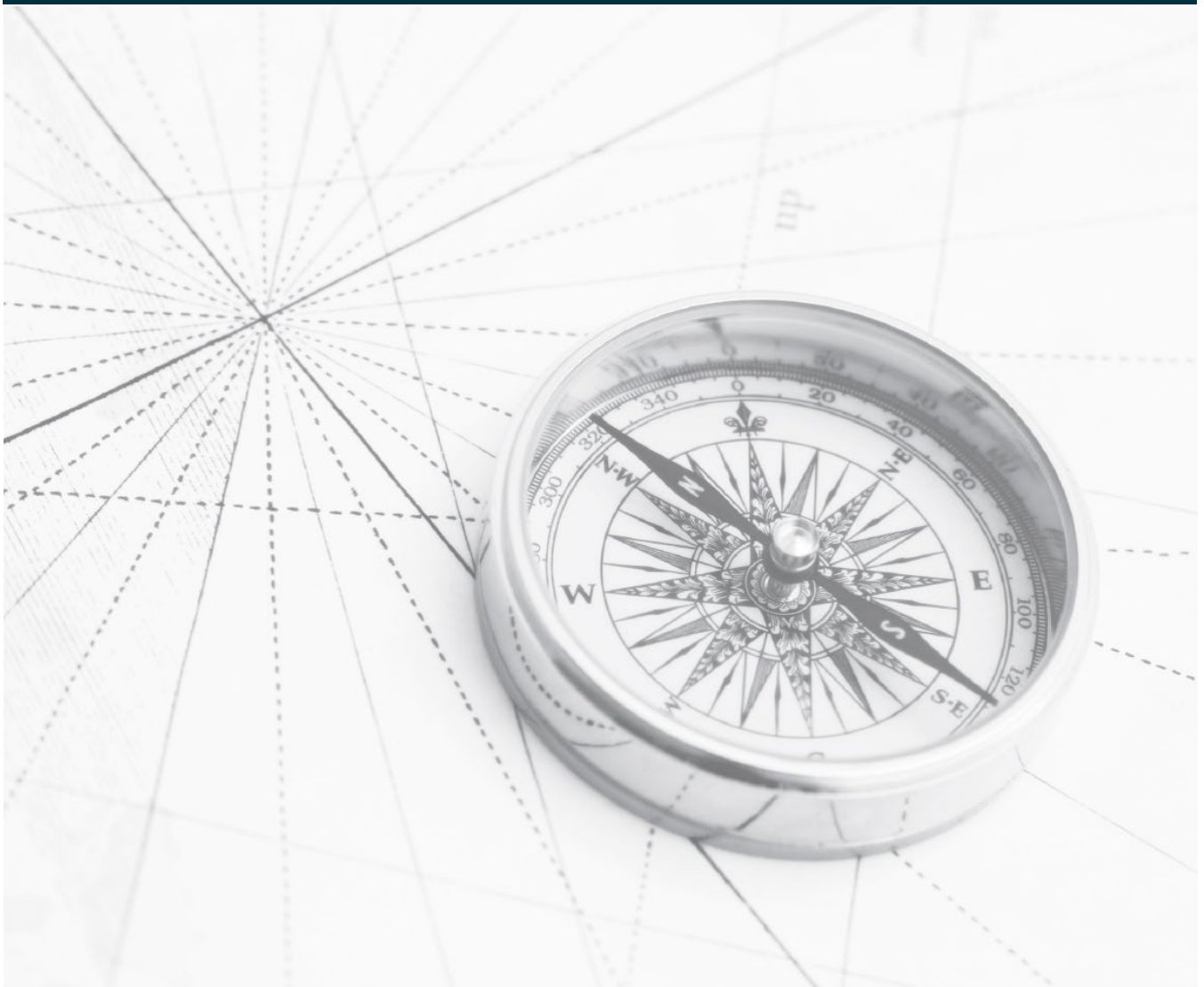
North Growth Management Ltd.

Suite 830, One Bentall Centre
505 Burrard Street, Box 56
Vancouver, BC V7X 1M4

Fax: 604-688-5402

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.



Suite 830, One Bentall Centre
505 Burrard Street, Box 56
Vancouver, BC V7X 1M4

T: 604-688-5440
F: 604-688-5402
info@northgrowth.com

northgrowth.com