

JUNE 2019 MONTHLY REPORT

JULY 11, 2019

Fund Performance Update

U.S. equities rebounded in June with the rally capping a strong first half of 2019. Last month set a number of records including the S&P 500's best June since 1955, the broad market index's best first half since 1997, and the NASDAQ Composite's best June since 2000. Putting aside lingering trade concerns and geopolitical tensions, stocks have been buoyed recently by softer monetary rhetoric and hopes of Federal Reserve rate cuts this year.

NO MATERIAL CHANGE IN OUR VIEW

Our outlook for U.S. equities remains biased toward caution. 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 and concurrently, corporate earnings are declining.

Although investors' recent expectations for the Federal Reserve to cut interest rates have lifted equities, the underlying rationale upon which rate reductions would be predicated is inherently negative. Following its two-day policy meeting last month when the Fed held its target range on overnight rates unchanged, it signalled that it "will closely monitor the implications of incoming information for the economic outlook and will act as appropriate to sustain the expansion." Effectively, the Fed is ready to lower rates if trade troubles persist and the global economy deteriorates, challenging the record-long U.S. expansion. In such a pessimistic outlook, corporate profits, which analysts expect to grow again by the end of the year, would likely remain in a recession and the risk of the U.S. economy slipping into a recession would increase.

With earnings estimates continuing to fall as equities have run up strongly since the beginning of 2019, U.S. stocks remain expensive relative to companies' projected earnings for the next 12 months. The forward 12-month price/earnings (P/E) ratio of the S&P 500 is 16.6, above its 5-year and 10-year averages. However, at the same time, there are a number of names, particularly in the consumer and retail sectors, that have underperformed disproportionately this year and appear to be trading at attractive valuations.

We remain focused on identifying such opportunities, and as always, concentrate on the analysis of individual equities that adhere to our long term "growth at a reasonable price" investment philosophy.

U.S. EQUITY FUND

In June, the North Growth U.S. Equity gained 8.4%. The Fund outperformed all the indices we regularly follow: the S&P 500 Index which appreciated 7.1%, the smaller capitalization S&P 400 MidCap and S&P 600 SmallCap which advanced 7.6% and 7.5% respectively, as well as the NASDAQ Composite which increased 7.5%. As the Canadian currency strengthened significantly last month against its U.S. counterpart, in Canadian dollars, the Fund's return was 4.9% versus the S&P 500 which gained 3.6%.

For the first half of 2019, the U.S. Fund is up 17.9%. While ahead of the S&P 600 SmallCap which has rallied 13.7%, the Fund has lagged the other indices we track. Year-to-date, the S&P 500 has appreciated 18.5%, the S&P 400 MidCap has advanced 18.0%, and the NASDAQ, the strongest performing index, has gained 21.3%. In Canadian dollars, the Fund is up 13.1% so far in 2019 versus the S&P 500 which increased 13.7%.

CANADIAN EQUITY FUND

The North Growth Canadian Equity Fund appreciated 3.6% in June, outperforming the S&P/TSX Composite which gained 2.5%. Year-to-date, the Fund is up 24.3% versus the S&P/TSX Composite's return of 16.2%.

The Canadian Fund has reached its seventh anniversary since we filed a prospectus for the Fund in 2012. We are pleased to be able to publish seven-year returns of 11.8% per annum versus 8.3% for the S&P/TSX Composite. We continue to believe that for most Canadian investors, the most interesting attribute of our fossil-free Canadian portfolio is the diversification it offers in contrast with the typical mainstream resource and finance-heavy Canadian equity fund.

North Growth U.S. Equity Fund

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

	1 Month	3 Months	6 Months	YTD
NGM U.S. Equity Fund \$CDN	4.91	2.38	13.13	13.13
S&P 500 in \$CDN	3.57	2.15	13.72	13.72
NGM U.S. Equity Fund \$U.S.	8.44	4.54	17.93	17.93
S&P 500 \$U.S.	7.05	4.30	18.54	18.54
S&P 400 MidCap \$U.S.	7.64	3.04	17.97	17.97
S&P 600 SmallCap \$U.S.	7.45	1.87	13.69	13.69
NASDAQ Composite \$U.S.	7.51	3.88	21.34	21.34

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

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
NGM U.S. Equity Fund \$CDN	6.17	13.94	13.32	15.20	8.87	10.64	12.69
S&P 500 \$CDN	9.74	14.69	15.33	16.06	8.61	5.31	10.05
NGM U.S. Equity Fund \$U.S.	6.83	13.44	8.78	13.84	9.01	11.26	12.47
S&P 500 \$U.S.	10.42	14.19	10.71	14.70	8.75	5.90	9.83
S&P 400 MidCap \$U.S.	1.36	10.90	8.02	14.64	9.67	9.51	11.90
S&P 600 SmallCap \$U.S.	-4.88	11.97	8.41	14.99	9.43	9.75	11.30
NASDAQ Composite \$U.S.	7.84	19.66	14.07	17.29	10.81	6.64	*10.35

Source: Bloomberg "Total Return Analysis" as of June 30, 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	\$ 45.93 CDN \$ 35.10 US
Total Assets in Fund	\$ 537.8 Million CDN

North Growth Canadian Equity Fund

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

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	3.60	10.10	24.25	24.25
S&P / TSX \$CDN	2.53	2.58	16.22	16.22

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

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs
NGM Canadian Equity Fund	2.19	5.78	12.52	5.90	4.22	11.82
S&P / TSX \$CDN	3.87	7.09	8.39	6.18	4.67	8.27

** 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 \$ 20.18 CDN

Total Assets in Fund \$ 44.8 Million CDN

North Growth Canadian Money Market Fund

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

	*Current Yield	1 Year	3 Years	5 Years	10 Years	15 Years
NGM Canadian Money Market Fund	1.61	1.65	1.06	0.89	0.79	1.51
30 Day Treasury Bill	N/A	1.53	0.99	0.85	0.80	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

U.S. EQUITY FUND — HOLDINGS AS AT JUNE 30, 2019

Ranking	Security	% of Net Assets	Ranking	Security	% of Net Assets
1	Cisco Systems Inc.	5.70	30	Anthem Inc.	1.32
2	First Solar Inc.	5.15	31	Citrix Systems Inc.	1.29
3	Applied Materials Inc.	3.50	32	Fortune Brands Home & Security Inc	1.28
4	Intel Corporation	3.21	33	The Walt Disney Company	1.26
5	Ciena Corp	2.89	34	Masco Corp	1.23
6	American Eagle Outfitters Inc.	2.82	35	Varian Medical Systems Inc.	1.20
7	Jabil Inc	2.74	36	Ulta Beauty Inc.	1.13
8	Motorola Solutions Inc	2.40	37	Best Buy Co., Inc.	1.05
9	Apple Inc.	2.40	38	Foot Locker, Inc.	1.01
10	Amgen Inc.	2.39	39	Urban Outfitters Inc.	1.00
11	Gilead Sciences Inc.	2.32	40	Bristol-Myers Squibb Company	0.99
12	Johnson Controls International plc	2.27	41	LogMeIn Inc	0.89
13	Cerner Corporation	2.27	42	Varex imaging Corporation	0.83
14	Boston Scientific Corporation	2.24	43	Watts Water Technologies Inc	0.56
15	Itron Inc.	2.22	44	Jacobs Engineering Group Inc.	0.55
16	Herman Miller Inc.	2.21	45	Coherent, Inc	0.39
17	Zimmer Biomet Holdings Inc.	2.20		Total Equities	86.80
18	Abbott Laboratories	2.19		Cash	13.20
19	SolarEdge Technologies Inc.	2.12		Total Assets	100.00
20	HP Inc.	2.11			
21	Pfizer Inc.	2.02			
22	Electronic Arts Inc.	2.02			
23	FedEx Corp.	1.75			
24	DSP Group Inc.	1.71			
25	TPI Composites Inc	1.64			
26	Microsoft Corporation	1.61			
27	Texas Instruments Inc.	1.59			
28	II-VI Inc.	1.57			
29	Skechers U.S.A., Inc.	1.56			

CANADIAN EQUITY FUND — HOLDINGS AS AT JUNE 30, 2019

Ranking	Security	% of Net Assets
1	Ballard Power Systems Inc.	10.95
2	CAE Inc.	7.05
3	Hydrogenics Corp.	6.98
4	Heroux-Devtek Inc.	6.53
5	Open Text Corporation	6.13
6	ATS Automation Tooling Systems Inc.	5.59
7	Bombardier Inc., Class B	4.98
8	Sierra Wireless Inc.	4.03
9	EXFO Inc.	3.92
10	WestJet Airlines Ltd.	3.44
11	Zymeworks Inc	3.16
12	Evertz Technologies Limited	2.86
13	Magellan Aerospace Corp.	2.55
14	Novanta Inc.	2.48
15	TELUS Corporation	2.33
16	Innergex Renewable Energy Inc	2.11
17	Celestica Inc.	1.99
18	Knight Therapeutics Inc	1.98
19	Aritzia Inc	1.31
	Total Equities	80.37
	Cash	19.63
	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:

North Growth Management Ltd.

Suite 830, One Bentall Centre

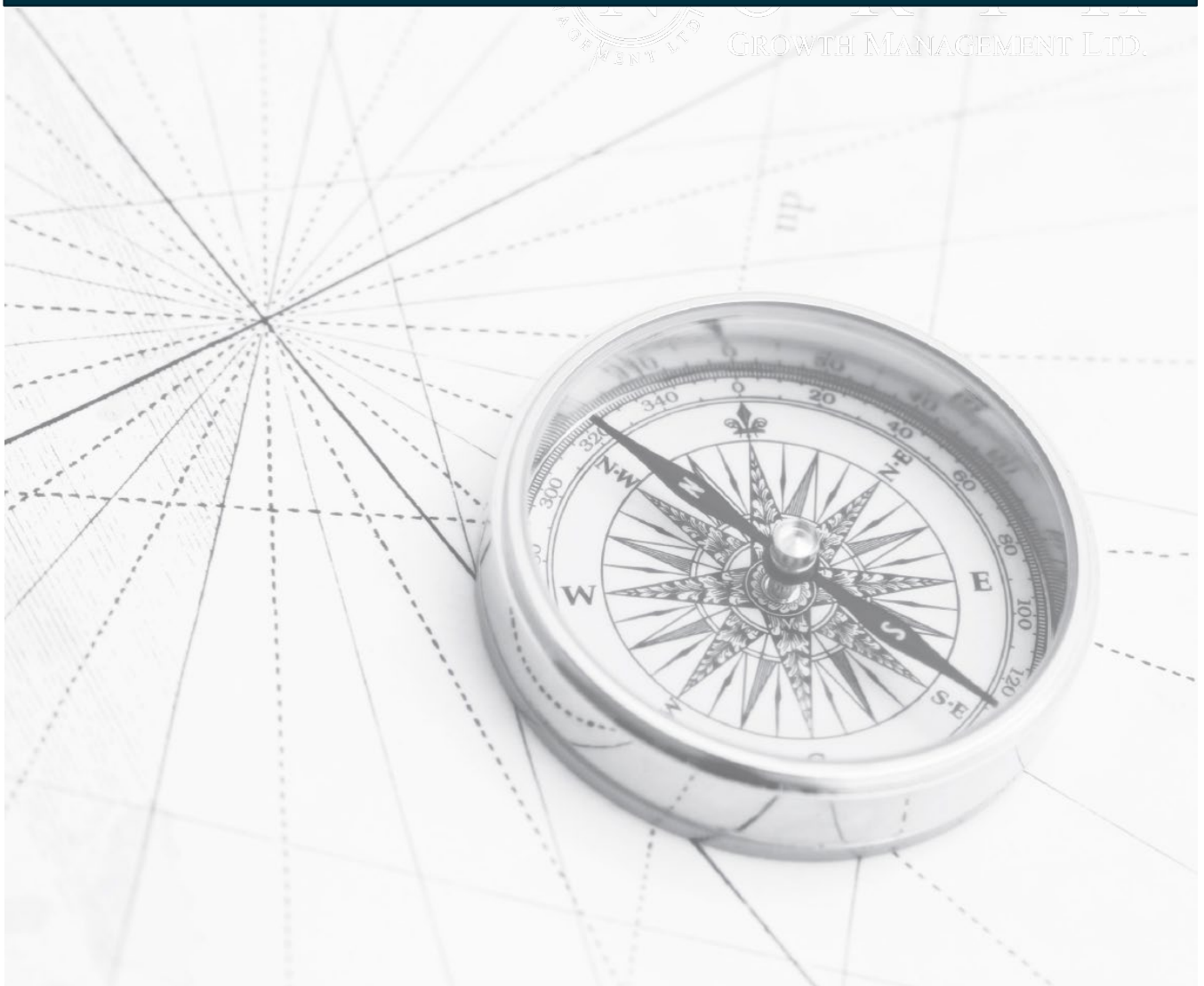
505 Burrard Street, Box 56

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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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