

SEPTEMBER 2019 MONTHLY REPORT

OCTOBER 11, 2019

Fund Performance Update

U.S. equities rebounded in September, capping the S&P 500's largest year-to-date gain since 1997 and extending the longest bull market on record. Despite ongoing geopolitical uncertainties, the continued U.S.-China trade war, and indications of waning economic growth around the world, U.S. stocks were lifted by the Federal Reserve's interest rate cuts in the past months and expectations for further reductions this year.

CORPORATE EARNINGS RECESSION

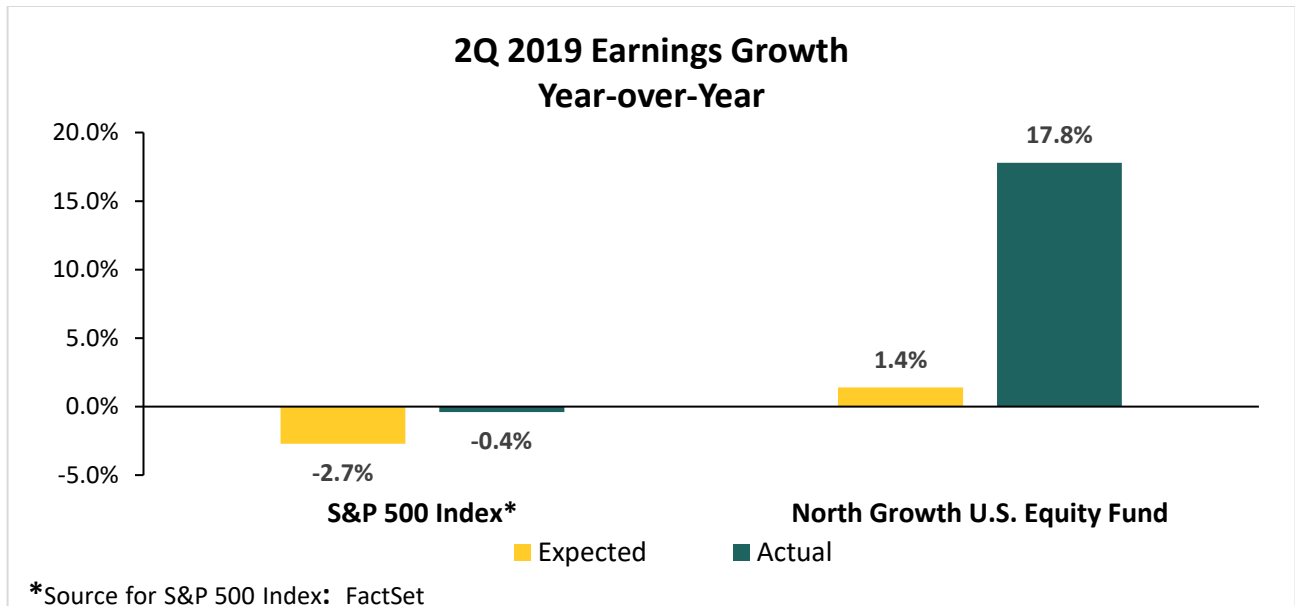
Although the S&P 500 is hovering near record levels, the outlook for third quarter corporate profits is dim. According to FactSet, analysts expect earnings for companies in the index to fall 4.1% in the July-to-September period, succeeding two quarters of declining earnings this year. The S&P 500 Index is officially in an earnings recession.

With the earnings reporting season for the second quarter of 2019 completely wrapped up, we would like to highlight the North Growth U.S. Equity Fund's relatively strong results.

The Fund reported profits on a weighted-average basis in the second quarter that increased 17.8% over a year ago versus estimates of 1.4% growth. Over 80% of the portfolio's earnings results exceeded analysts' estimates.

For the market in general, earnings during the last quarter decreased 0.4% year-over-year while sales grew 4.0%. Three-quarters of the reporting companies delivered positive earnings surprises while 56% beat sales estimates. At the sector level, Health Care reported the highest earnings growth out of all eleven S&P 500 sectors while Materials reported the largest earnings decline.

The U.S. Fund's earnings growth profile continues to be consistently solid and broad-based, and we are especially pleased with the positive earnings growth rate of the Fund in contrast to that of the S&P 500 Index during the latest quarter.



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 ongoing trade tensions and geopolitical uncertainties. Corporate earnings have been declining since the beginning of 2019 and companies have tempered investors' expectations ahead of coming reports. The percentage of S&P 500 companies issuing negative profit guidance remains above the five-year average.

Even adopting the optimistic assumption that companies' profits will rebound in the fourth quarter and accelerate in 2020, equity multiples are at the higher end of the historical range of price/earnings (P/E) ratios on a forward 12-month basis. At this time, the forward 12-month P/E multiple of the S&P 500 Index is 16.5, above the 10-year average of 14.8. The current trailing S&P 500 P/E multiple of 21.5 is consistent with the multiple levels near the peak of the expansion that typically takes place as a market cycle ages.

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.

TAX INFORMATION UPDATE

Friday, December 13th is the distribution date this year for both the North Growth U.S. Equity Fund and North Growth Canadian Equity Fund. We continue to anticipate that the annual distributions for 2019 will be meaningfully lower than those of the previous two years.

We currently estimate that the distributions for the Funds this year, comprised almost entirely of capital gains, will be less than 5% of the unit price. Last year, the distribution for the U.S. Fund was approximately 15% of the unit price and for the Canadian Fund was about 4% of the unit price.

The distributions by the Funds are automatically reinvested in units of the respective Funds. If you would like to receive your distributions in cash, please notify us by Friday, November 29th.

U.S. EQUITY FUND

In September, the North Growth U.S. Equity Fund appreciated 2.3%. The Fund outperformed the S&P 500 and NASDAQ Composite which gained 1.9% and 0.5% respectively, but lagged the smaller capitalization S&P 400 MidCap and S&P 600 SmallCap which advanced 3.1% and 3.3% respectively. Due to the strengthening of the Canadian currency against its U.S. counterpart last month, the Fund's return in Canadian dollars was 1.9% versus the S&P 500's 1.5% return in Canadian dollars.

CANADIAN EQUITY FUND

The North Growth Canadian Equity Fund, Series N, appreciated 1.4% in September, slightly underperforming the S&P/TSX Composite which gained 1.7%. Year-to-date, the Fund is up 23.6% versus the S&P/TSX Composite's return of 19.1%.

North Growth U.S. Equity Fund

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

	1 Month	3 Months	6 Months	YTD
NGM U.S. Equity Fund \$CDN	1.88	1.76	4.18	15.12
S&P 500 in \$CDN	1.47	2.91	5.12	17.03
NGM U.S. Equity Fund \$U.S.	2.28	0.56	5.12	18.59
S&P 500 \$U.S.	1.87	1.70	6.08	20.55
S&P 400 MidCap \$U.S.	3.06	-0.09	2.96	17.87
S&P 600 SmallCap \$U.S.	3.34	-0.20	1.66	13.46
NASDAQ Composite \$U.S.	0.54	0.18	4.07	21.56

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

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
NGM U.S. Equity Fund \$CDN	7.00	11.72	12.74	14.34	9.78	11.06	12.63
S&P 500 \$CDN	6.65	13.76	14.61	15.67	9.36	5.79	10.06
NGM U.S. Equity Fund \$U.S.	4.59	11.36	9.03	11.94	9.43	11.64	12.37
S&P 500 \$U.S.	4.25	13.39	10.84	13.24	9.01	6.33	9.81
S&P 400 MidCap \$U.S.	-2.49	9.38	8.88	12.56	9.82	9.99	11.78
S&P 600 SmallCap \$U.S.	-9.34	9.33	9.89	13.02	9.52	10.01	11.19
NASDAQ Composite \$U.S.	0.55	15.94	13.59	15.58	11.38	6.53	*10.25

Source: Bloomberg "Total Return Analysis" as of September 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	\$ 46.74 CDN \$ 35.29 US
Total Assets in Fund	\$ 532.00 Million CDN

North Growth Canadian Equity Fund, Series N

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

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund Series N	1.37	-0.51	9.54	23.62
S&P / TSX \$CDN	1.69	2.48	5.13	19.11

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

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs
NGM Canadian Equity Fund Series N*	-3.01	4.42	10.80	9.99	5.38	11.73
S&P / TSX \$CDN	7.06	6.47	7.36	9.04	5.31	7.60

* 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 \$ 20.08 CDN

Total Assets in Fund \$ 42.90 Million CDN

North Growth Canadian Money Market Fund

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

	*Current Yield	1 Year	3 Years	5 Years	10 Years	15 Years
NGM Canadian Money Market Fund	1.57	1.69	1.15	0.93	0.82	1.50
30 Day Treasury Bill	N/A	1.66	1.10	0.89	0.84	1.50

** 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%.

We manage the portfolio to ensure high liquidity and have no intention to extend maturities in order to chase a few basis points. We believe our money market fund has superior liquidity characteristics due to its very low average maturity. 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.

Equity Fund Holdings

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

Ranking	Security	% of Net Assets	Ranking	Security	% of Net Assets
1	Cisco Systems Inc.	5.27	30	Best Buy Co., Inc.	1.63
2	First Solar Inc.	3.76	31	Anthem Inc.	1.60
3	Intel Corporation	3.53	32	FedEx Corp.	1.58
4	Applied Materials Inc.	3.48	33	Masco Corp.	1.33
5	Jabil Inc.	3.17	34	Citrix Systems Inc.	1.29
6	American Eagle Outfitters Inc.	2.98	35	TPI Composites Inc.	1.27
7	SolarEdge Technologies Inc.	2.91	36	Urban Outfitters Inc.	1.27
8	Ciena Corp.	2.82	37	Fortune Brands Home & Security Inc.	1.25
9	Apple Inc.	2.77	38	The Walt Disney Company	1.20
10	Itron Inc.	2.68	39	Foot Locker, Inc.	1.16
11	Zimmer Biomet Holdings Inc.	2.62	40	Varian Medical Systems Inc.	1.07
12	Amgen Inc.	2.57	41	LogMeIn Inc.	0.87
13	Motorola Solutions Inc.	2.50	42	Varex imaging Corporation	0.79
14	Johnson Controls International plc	2.47	43	Watts Water Technologies Inc.	0.58
15	Gilead Sciences Inc.	2.43	44	Coherent, Inc.	0.45
16	Herman Miller Inc.	2.33		Total Equities	90.43
17	Abbott Laboratories	2.23		Cash	9.57
18	Skechers U.S.A., Inc.	2.19		Total Assets	100.00
19	Boston Scientific Corporation	2.17			
20	Cerner Corporation	2.16			
21	Electronic Arts Inc.	2.00			
22	HP Inc.	1.96			
23	Texas Instruments Inc.	1.84			
24	II-VI Inc.	1.81			
25	Pfizer Inc.	1.72			
26	DSP Group Inc.	1.71			
27	Microsoft Corporation	1.71			
28	Jacobs Engineering Group Inc.	1.65			
29	Bristol-Myers Squibb Company	1.65			

CANADIAN EQUITY FUND — HOLDINGS AS AT SEPTEMBER 30, 2019

Ranking	Security	% of Net Assets
1	Ballard Power Systems Inc.	10.08
2	CAE Inc.	7.05
3	Open Text Corporation	6.41
4	Heroux-Devtek Inc.	6.13
5	ATS Automation Tooling Systems Inc.	4.97
6	EXFO Inc.	4.28
7	Bombardier Inc., Class B	4.23
8	Sierra Wireless Inc.	3.76
9	Zymeworks Inc.	3.74
10	WestJet Airlines Ltd.	3.58
11	Evertz Technologies Limited	2.72
12	Magellan Aerospace Corp.	2.43
13	Innergex Renewable Energy Inc.	2.42
14	TELUS Corporation	2.38
15	Aritzia Inc.	2.35
16	Novanta Inc.	2.27
17	Celestica Inc.	2.22
18	Knight Therapeutics Inc.	1.99
	Total Equities	73.01
	Cash	26.99
	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

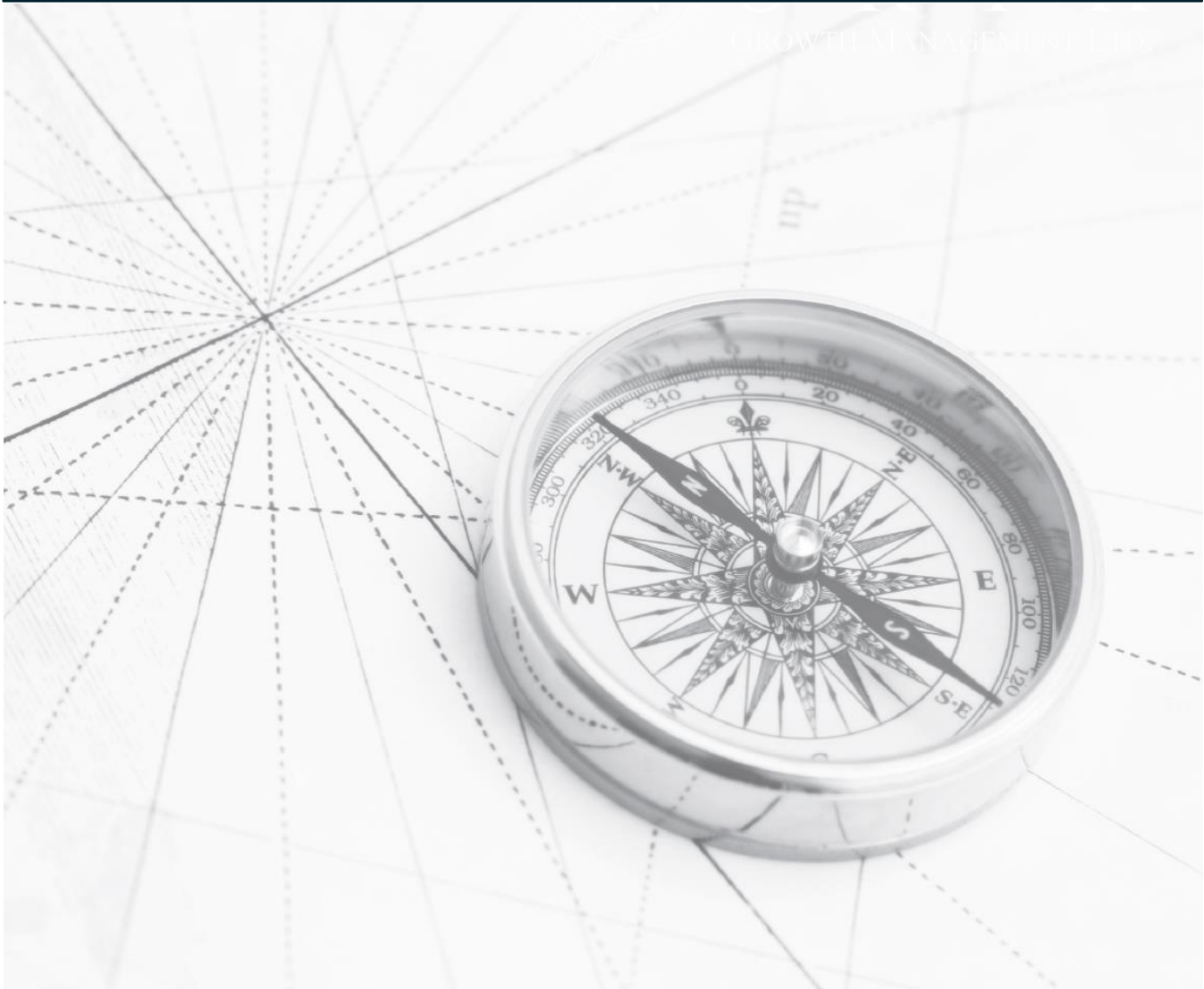
505 Burrard Street, Box 56

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.



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