



## DECEMBER 2019 MONTHLY REPORT

JANUARY 6, 2020



## Fund Performance Update

U.S. equities recorded their best annual performance since 2013, driven by a handful of large technology names that have also propelled the decade-long bull market. Although stocks began the year on worries about slowing global growth amidst the ongoing U.S.-China trade conflict and severely dysfunctional political climate in the United States, a shift in monetary policy at the Federal Reserve which cut rates in July, September and October helped power the dramatic gains across the major stock market indices. In contrast to the sharp rally in equity prices, companies in the S&P 500 reported negligible earnings growth in 2019. In fact, analysts project earnings to have been flat to slightly negative over the past four quarters, but are hopeful that profits will rebound in 2020.

### FUND DISTRIBUTIONS

As we communicated in the November report, December 13th was the distribution date for the U.S. Equity Fund and Canadian Equity Fund. The distribution for the U.S. Fund amounted to \$0.30 per unit (consisting of \$0.16 of income and \$0.14 of capital gains), and for the Canadian Fund Series N \$0.51 per unit (all capital gains).

Unitholders who hold the North Growth Funds in non-registered accounts can expect to receive their T-3 tax slips by mail at the beginning of February.

### ANNUAL REPORT

Around the same time, the beginning of February, we plan on publishing our 2019 Annual Report. As usual, the annual report will include a more in-depth discussion of the year in review and our outlook for 2020.

### U.S. EQUITY FUND

In December, the North Growth U.S. Equity Fund appreciated 3.4%. The Fund outperformed all the indices we regularly follow except for the NASDAQ Composite. For the month, the S&P 500 gained 3.0%, the S&P 400 MidCap and S&P 600 SmallCap advanced 2.8% and 3.0% respectively, while the NASDAQ was the best performer, up 3.6%. A stronger Canadian currency lowered the Fund's return to 1.1% in Canadian dollars versus the S&P 500's return of 0.7% in Canadian dollars.

In 2019, the Fund appreciated 27.7%. The Fund beat the S&P 400 MidCap and S&P 600 SmallCap Indices which gained 26.2% and 22.8% respectively, but lagged the S&P 500 and NASDAQ Composite

which were up 31.5% and 36.7% respectively. As a result of the strengthening Canadian dollar against its U.S. counterpart throughout the year, the Fund's annual return in Canadian dollars was 21.5% versus the S&P 500's gain of 25.2% in Canadian dollars.

## CANADIAN EQUITY FUND

The North Growth Canadian Equity Fund Series N appreciated 0.9% in December against the S&P/TSX Composite Index which advanced 0.5%. Following a disappointing 2018, the Fund had extraordinarily good performance in 2019, delivering a total return of 37.5% versus the S&P/TSX Composite which was up 22.9% for the year.

## North Growth U.S. Equity Fund

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

	1 Month	3 Months	6 Months	YTD
<b>NGM U.S. Equity Fund \$CDN</b>	<b>1.09</b>	<b>5.57</b>	<b>7.42</b>	<b>21.53</b>
S&P 500 in \$CDN	0.68	6.97	10.08	25.18
<b>NGM U.S. Equity Fund \$U.S.</b>	<b>3.43</b>	<b>7.64</b>	<b>8.24</b>	<b>27.65</b>
S&P 500 \$U.S.	3.02	9.07	10.92	31.49
S&P 400 MidCap \$U.S.	2.81	7.06	6.97	26.20
S&P 600 SmallCap \$U.S.	2.99	8.21	8.00	22.78
NASDAQ Composite \$U.S.	3.64	12.49	12.70	36.74

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

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
<b>NGM U.S. Equity Fund \$CDN</b>	<b>21.53</b>	<b>13.24</b>	<b>12.72</b>	<b>14.46</b>	<b>9.45</b>	<b>10.94</b>	<b>12.73</b>
S&P 500 \$CDN	25.18	14.00	14.25	15.99	9.56	5.50	10.24
<b>NGM U.S. Equity Fund \$U.S.</b>	<b>27.65</b>	<b>14.50</b>	<b>10.20</b>	<b>12.07</b>	<b>8.89</b>	<b>11.53</b>	<b>12.55</b>
S&P 500 \$U.S.	31.49	15.27	11.70	13.56	9.00	6.06	10.06
S&P 400 MidCap \$U.S.	26.20	9.26	9.03	12.72	9.48	9.50	11.94
S&P 600 SmallCap \$U.S.	22.78	8.36	9.56	13.35	9.20	9.80	11.40
NASDAQ Composite \$U.S.	36.74	19.89	15.00	16.14	11.15	5.07	*10.61

Source: Bloomberg "Total Return Analysis" as of December 31, 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	\$ 49.04 CDN \$ 37.76 US
Total Assets in Fund	\$ 555.9 Million CDN

## North Growth Canadian Equity Fund, Series N

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

	1 Month	3 Months	6 Months	YTD
<b>NGM Canadian Equity Fund Series N</b>	<b>0.85</b>	<b>11.20</b>	<b>10.64</b>	<b>37.47</b>
S&P / TSX \$CDN	0.45	3.17	5.72	22.88

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

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs
<b>NGM Canadian Equity Fund Series N*</b>	<b>37.47</b>	<b>6.33</b>	<b>13.67</b>	<b>10.93</b>	<b>5.87</b>	<b>12.57</b>
S&P / TSX \$CDN	22.88	5.81	6.89	10.28	6.27	7.82

*\* 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 \$ 21.81 CDN

Total Assets in Fund \$ 47.6 Million CDN

## North Growth Canadian Money Market Fund

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

	*Current Yield	1 Year	3 Years	5 Years	10 Years	15 Years
<b>NGM Canadian Money Market Fund</b>	<b>1.65</b>	<b>1.67</b>	<b>1.25</b>	<b>0.96</b>	<b>0.86</b>	<b>1.49</b>
30 Day Treasury Bill	N/A	1.70	1.21	0.93	0.87	1.49

*\* 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 DECEMBER 31, 2019

Ranking	Security	% of Net Assets
1	Cisco Systems Inc.	4.80
2	Applied Materials Inc.	3.99
3	Intel Corporation	3.85
4	Jabil Inc.	3.44
5	Apple Inc.	3.41
6	First Solar Inc.	3.40
7	SolarEdge Technologies Inc.	3.10
8	Amgen Inc.	3.00
9	Ciena Corp.	2.88
10	Itron Inc.	2.85
11	Zimmer Biomet Holdings Inc.	2.68
12	American Eagle Outfitters Inc.	2.53
13	Skechers U.S.A., Inc.	2.38
14	Gilead Sciences Inc.	2.34
15	Boston Scientific Corporation	2.27
16	Motorola Solutions Inc.	2.22
17	Cerner Corporation	2.18
18	Abbott Laboratories	2.17
19	Johnson Controls International plc	2.15
20	Electronic Arts Inc.	2.06
21	HP Inc.	2.00
22	Herman Miller Inc.	1.98
23	Bristol-Myers Squibb Company	1.96
24	Best Buy Co., Inc.	1.94
25	Anthem Inc.	1.89
26	II-VI Inc.	1.85
27	Microsoft Corporation	1.82
28	Pfizer Inc.	1.76
29	Texas Instruments Inc.	1.71

Ranking	Security	% of Net Assets
30	FedEx Corp.	1.55
31	DSP Group Inc.	1.54
32	Jacobs Engineering Group Inc.	1.52
33	Masco Corp.	1.44
34	Fortune Brands Home & Security Inc.	1.41
35	Citrix Systems Inc.	1.39
36	Foot Locker, Inc.	1.27
37	The Walt Disney Company	1.25
38	Varian Medical Systems Inc.	1.20
39	Urban Outfitters Inc.	1.18
40	LogMeIn Inc.	0.99
41	Varex imaging Corporation	0.78
42	Watts Water Technologies Inc.	0.58
43	Coherent, Inc.	0.46
<b>Total Equities</b>		<b>91.17</b>
<b>Cash</b>		<b>8.83</b>
<b>Total Assets</b>		<b>100.00</b>



## CANADIAN EQUITY FUND — HOLDINGS AS AT DECEMBER 31, 2019

Ranking	Security	% of Net Assets
1	Ballard Power Systems Inc.	10.59
2	CAE Inc.	6.49
3	Heroux-Devtek Inc.	6.14
4	Open Text Corporation	6.11
5	Zymeworks Inc.	6.11
6	ATS Automation Tooling Systems Inc.	5.30
7	EXFO Inc.	4.41
8	Bombardier Inc., Class B	4.11
9	Sierra Wireless Inc.	2.97
10	Evertz Technologies Limited	2.63
11	Innergex Renewable Energy Inc.	2.40
12	Aritzia Inc.	2.40
13	TELUS Corporation	2.28
14	Celestica Inc.	2.27
15	Novanta Inc.	2.17
16	Magellan Aerospace Corp.	2.07
17	Knight Therapeutics Inc.	1.83
18	Profound Medical Corp.	1.01
<b>Total Equities</b>		<b>71.29</b>
<b>Cash</b>		<b>28.71</b>
<b>Total Assets</b>		<b>100.00</b>

# 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 one hour before the applicable markets close, normally 3 p.m. Eastern Time or 12 p.m. (noon) Pacific Time. Please note that U.S. markets close early on the day before Independence Day and on Black Friday and both U.S. and Canadian markets close early on Christmas Eve. The cut-off time on those days is 12 p.m. (noon) Eastern Time or 9 a.m. Pacific Time.

Orders received after the cut-off 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:

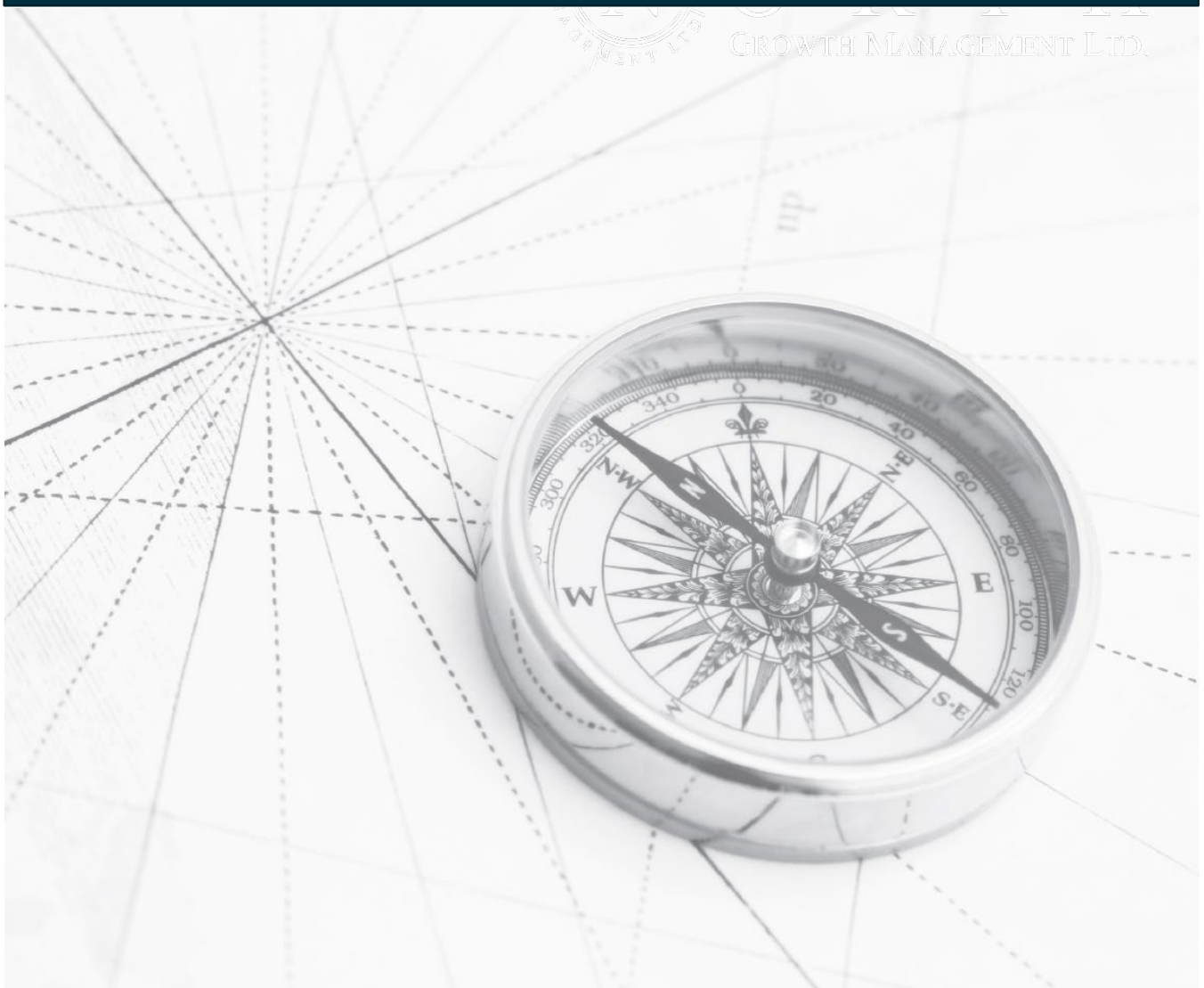
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Fax: 604-688-5402

## WHERE TO FIND NGM FUND PRICES

Please visit [www.northgrowth.com](http://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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