



JANUARY 2020 MONTHLY REPORT

FEBRUARY 13, 2020

Market and Fund Performance Update

U.S. equities started 2020 on a strong note as market sentiment began the year highly optimistic about a global economic recovery. The generally better-than-expected fourth quarter earnings reporting season, however, was largely ignored as the spread of coronavirus dominated news coverage and the S&P 500 fell by over 2% during the final week of January, wiping out gains for the month and year.

The extent of the outbreak's financial impact remains uncertain. As the virus continues to spread and business and government responses are ongoing, the economic cost to global growth—including, beyond infection and mortality counts, consumption and production curtailments—could potentially be worse than what has been factored into the markets as stock indices continue to hover near record highs.

OUR VIEW

As we detailed in our recently published Annual Report, we maintain a cautious outlook for U.S. equities. Although corporate earnings results for the fourth quarter of 2019 are generally coming in above expectations, earnings continue to decline year-over-year. With progress between the U.S. and China on trade talks and easy Federal Reserve monetary policy, the markets have adopted an improving economic and corporate earnings growth outlook for 2020. Analysts project S&P 500 companies to report profit growth of 9% in the coming year. Yet even under such an optimistic scenario, equity multiples are at the higher end of the historical range of price/earnings (P/E) ratios on a forward 12-month basis. The forward 12-month P/E multiple is 18.4, above the five-year average of 16.6 and the 10-year average of 14.9.

Both the U.S. economic and market cycles are extended in duration. As we track the longest economic expansion on record and approach the current bull market's eleventh birthday—history's oldest—there appears to be an uncanny willingness among investors to overlook the continued unprecedented levels of political uncertainty and geopolitical risks. Fundamentally, the macroeconomic backdrop remains solid; yet in this advanced stage of the cycle, economic growth is likely to remain slow along with further sluggish corporate earnings growth.

U.S. EQUITY FUND

In January, the North Growth U.S. Equity Fund declined 2.2%. The Fund underperformed the S&P 500 which was flat year-over-year and the NASDAQ Composite which gained 2.03%, but beat the smaller capitalization indices, the S&P 400 MidCap and S&P 600 SmallCap which were down 2.6% and 4.0% respectively. A weaker Canadian currency boosted the Fund's January return to -0.3% in Canadian dollars versus the S&P 500's 1.9% Canadian-dollar monthly return.

CANADIAN EQUITY FUND, SERIES N

By contrast, Canadian equities got off to a strong start this year. The North Growth Canadian Equity Fund, Series N advanced 5.5% in January, ahead of the 1.7% gain of the S&P/TSX Composite Index.

T3, T5008, T4RIF AND T4RSP TAX SLIPS

T3, T5008, T4RIF and T4RSP slips have been generated and we are in the process of mailing them out. Please contact our CFO, Rachid Nayel, rachid@northgrowth.com, if you do not receive your tax slips by February 21st.

RRSP REMINDER

We are in RRSP season. The deadline for contributions for the 2019 tax year is Monday, March 2nd. As a reminder, North Growth Management offers both in-house RSP and RIF accounts free of any additional fees.

North Growth U.S. Equity Fund

SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED JANUARY 31, 2020

	1 Month	3 Months	6 Months	YTD
North Growth U.S. Equity Fund \$CDN	-0.30	4.34	4.34	-0.30
S&P 500 in \$CDN	1.85	7.31	10.01	1.85
North Growth U.S. Equity Fund \$U.S.	-2.15	3.77	3.67	-2.15
S&P 500 \$U.S.	-0.04	6.72	9.31	-0.04
S&P 400 MidCap \$U.S.	-2.61	3.10	2.95	-2.61
S&P 600 SmallCap \$U.S.	-3.97	1.93	2.54	-3.97
NASDAQ Composite \$U.S.	2.03	10.66	12.56	2.03

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED JANUARY 31, 2020

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
North Growth U.S. Equity Fund \$CDN	15.89	13.49	11.06	14.65	9.24	11.09	12.68
S&P 500 \$CDN	22.51	15.18	13.28	16.43	9.64	5.86	10.28
North Growth U.S. Equity Fund \$U.S.	15.11	12.86	10.17	12.23	8.77	11.59	12.42
S&P 500 \$U.S.	21.68	14.54	12.37	13.97	9.18	6.33	10.03
S&P 400 MidCap \$U.S.	11.27	7.70	8.70	12.79	9.47	9.51	11.79
S&P 600 SmallCap \$U.S.	6.57	7.05	9.45	13.28	9.07	9.75	11.20
NASDAQ Composite \$U.S.	27.08	19.01	15.94	17.00	11.69	5.34	*10.66

Source: Bloomberg "Total Return Analysis" as of February 3, 2020

* 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	\$ 48.89 CDN \$ 36.94 US
Total Assets in Fund	\$ 553.40 Million CDN

North Growth Canadian Equity Fund, Series N

SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED JANUARY 31, 2020

	1 Month	3 Months	6 Months	YTD
North Growth Canadian Equity Fund, Series N	5.53	13.53	15.98	5.53
S&P / TSX \$CDN	1.74	5.88	7.20	1.74

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED JANUARY 31, 2020

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	*Since Prospectus Inception
North Growth Canadian Equity Fund, Series N*	32.98	10.61	13.67	13.57	7.87	13.46
S&P / TSX \$CDN	14.98	7.48	7.21	11.08	6.58	8.72

* 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 \$ 23.01 CDN

Total Assets in Fund \$ 49.9 Million CDN

North Growth Canadian Money Market Fund

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED JANUARY 31, 2020

	*Current Yield	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs
North Growth Canadian Money Market Fund	1.69	1.65	1.28	0.98	0.88	1.49
30 Day Treasury Bill	N/A	1.68	1.24	0.94	0.89	1.48

** 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%.

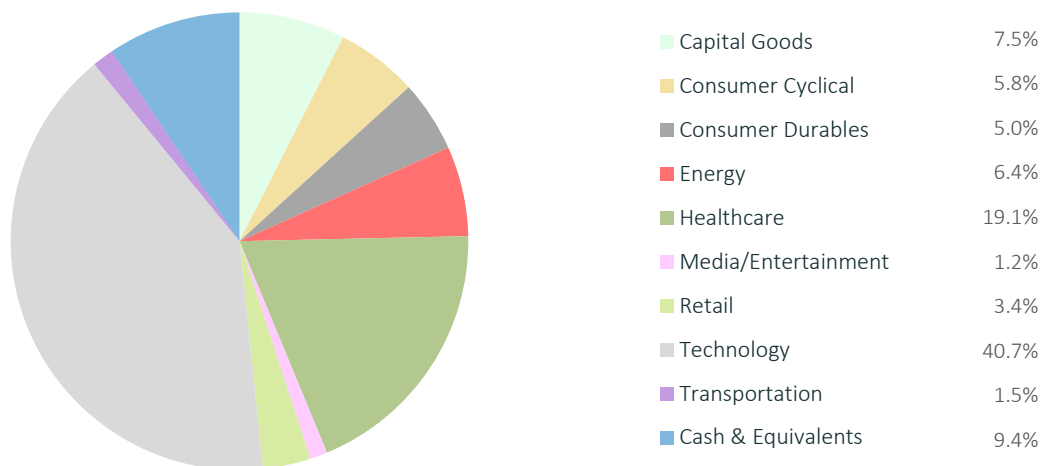
We manage the portfolio to ensure high liquidity and have no intention to extend maturities in order to chase a few basis points. We believe our money market fund has superior liquidity characteristics due to its very low average maturity. The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate.

Equity Fund Holdings and Composition

U.S. EQUITY FUND — TOP 10 HOLDINGS AS AT JANUARY 31, 2020

Ranking	Security	% of Net Assets
1	Cisco Systems Inc.	4.71
2	Intel Corporation	4.21
3	Applied Materials Inc.	3.59
4	Apple Inc.	3.36
5	Jabil Inc.	3.32
6	SolarEdge Technologies Inc.	3.27
7	Ciena Corp	3.11
8	First Solar Inc.	3.09
9	Itron Inc.	2.84
10	Zimmer Biomet Holdings Inc.	2.71
Top 10		34.21
Total Equities		90.58
Cash		9.42
Total Assets		100.00

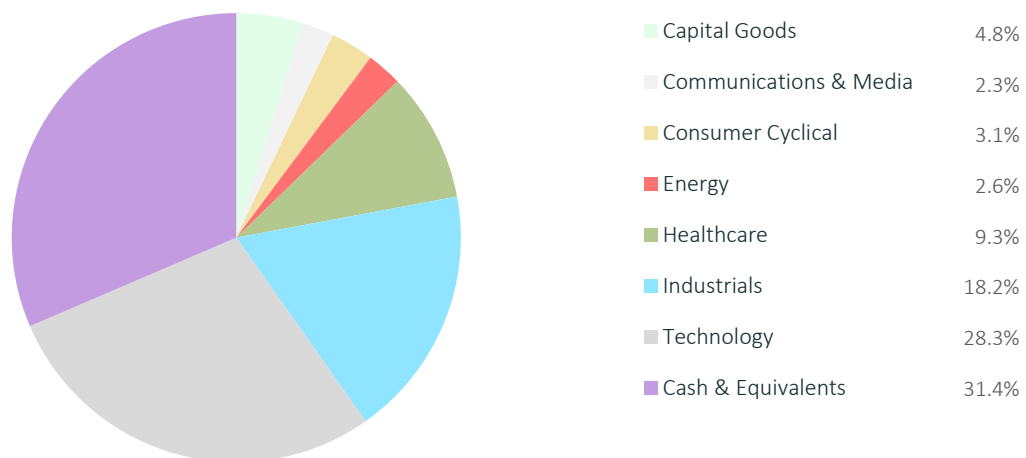
U.S. EQUITY FUND — SECTOR MIX AS AT JANUARY 31, 2020



CANADIAN EQUITY FUND — TOP 10 HOLDINGS AS AT JANUARY 31, 2020

Ranking	Security	% of Net Assets
1	Ballard Power Systems Inc.	8.72
2	CAE Inc.	7.05
3	Heroux-Devtek Inc.	6.09
4	Open Text Corporation	6.06
5	Zymeworks Inc.	5.69
6	ATS Automation Tooling Systems Inc.	4.79
7	EXFO Inc.	3.63
8	Aritzia Inc.	3.11
9	Bombardier Inc., Class B	3.05
10	Sierra Wireless, Inc.	2.92
Top 10		51.11
Total Equities		68.55
Cash		31.45
Total Assets		100.00

CANADIAN EQUITY FUND — SECTOR MIX AS AT JANUARY 31, 2020



Investing with Us

North Growth Management is a focused firm. 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:

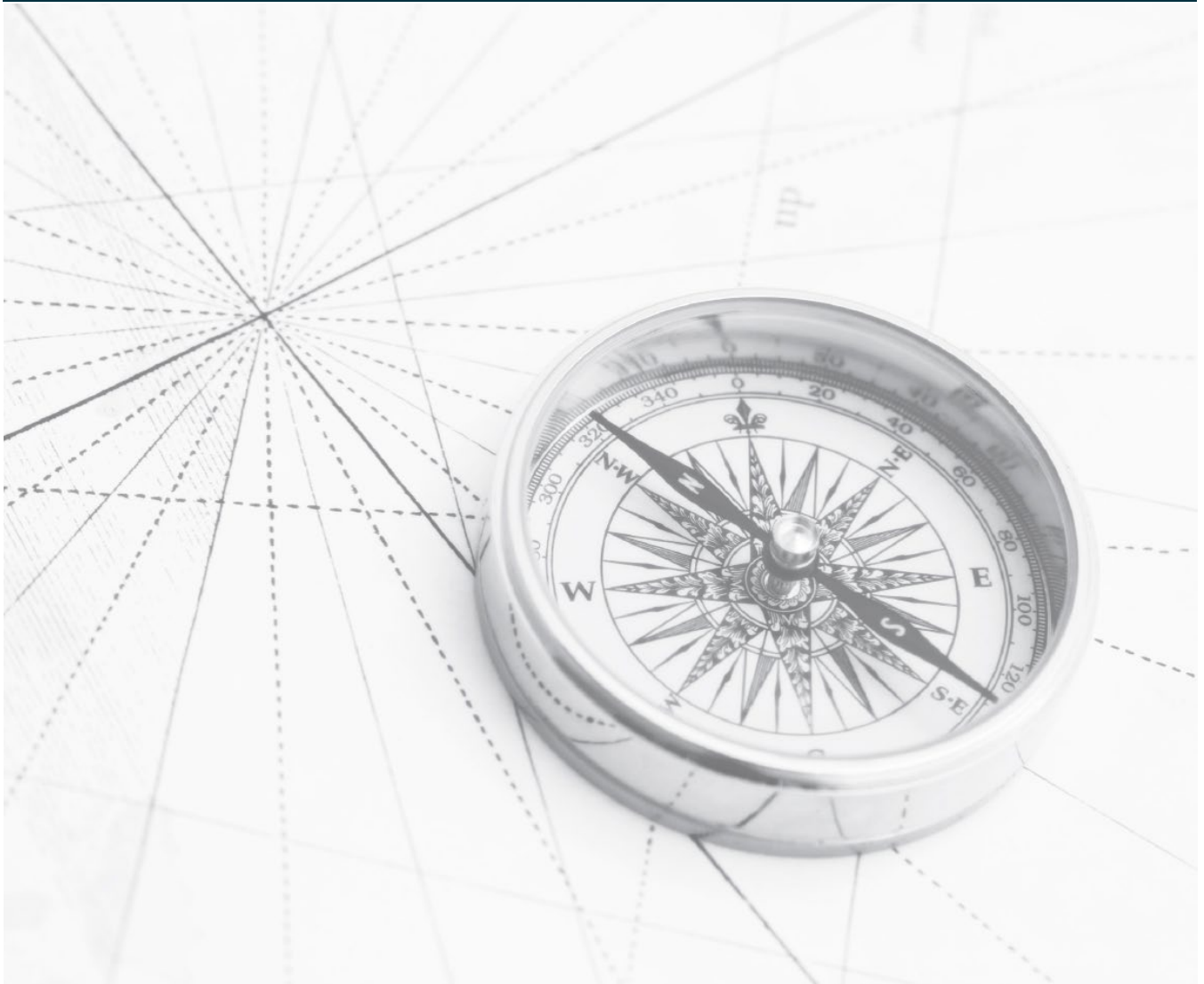
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WHERE TO FIND NGM FUND PRICES

Please visit www.northgrowth.com to view the Funds' daily prices or to be added to our e-mail list to receive daily notification of the Funds' prices.



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