



## JUNE 2020 MONTHLY REPORT

JULY 10, 2020

## Fund Performance Update

U.S. equities continued their upward trajectory in June, closing out the S&P 500's best quarter since 1998. While most of the index's 20.5% quarterly gain occurred during April and May, June was marked by choppy trading with a marginal return. Market participants assessed better-than-expected economic data driven by abundant stimulus measures against accelerating coronavirus infections that threaten to hold back business re-openings.

### OUR VIEW

We continue to expect market volatility to remain elevated in the face of much uncertainty.

From a macro perspective, the velocity and durability of the U.S. economic rebound from the sharpest contraction on record are highly dependent upon the success in containing COVID-19. The recent resurgent outbreak across the U.S. has halted the re-opening plans of numerous states, and it has become increasingly clear that a full recovery is unlikely until there is confidence in the safety to re-engage in a broad range of activities. As much as the Fed's supportive monetary policies and the governments' fiscal stimulus have provided desperately needed relief, economic and earnings improvement will only materialize if spread of the virus is mitigated.

In addition to the uncertainty posed by the coronavirus pandemic, the second quarter earnings reporting season that kicks off in July could be a source of market turbulence. Analysts estimate that profits for the S&P 500 companies declined over 40% from a year ago, the worst quarterly result since the 2008 financial crisis. Although the latest quarter is supposed to be the trough of the earnings recession, negligible or disappointing guidance from companies is possible given that sentiment among U.S. chief executives is at an 11-year low according to a recent Business Roundtable survey. Moreover, abounding geopolitical and trade risks as well as the U.S. election in November contribute to a murky macro outlook.

From a market perspective, the growing concentration within the S&P 500 which is increasingly dominated by megacap technology names has resulted in more investment opportunities. In the current environment where disproportionate gains have been narrowly limited to fewer stocks, there is an expanding number of equities that have underperformed relatively and trade at attractive valuation levels.

Furthermore, enhanced volatility in the equity markets could provide trading opportunities whereby the weightings of our portfolio constituents may be adjusted based on company fundamentals and stock valuations.

As always, we remain focused on identifying investment opportunities that meet our “growth at a reasonable price” criteria. We make investment decisions based on a bottom-up approach, emphasizing individual stock analysis and selection.

## U.S. EQUITY FUND

In June, the North Growth U.S. Equity Fund appreciated 1.7%. With the exception of the S&P 400 MidCap which gained 1.3%, the Fund lagged the indices we regularly follow: the S&P 500 Index which advanced 2.0%, the S&P 600 SmallCap which was up 3.7%, and the NASDAQ Composite which increased 6.1%. As the Canadian currency strengthened last month against its U.S. counterpart, in Canadian dollars, the Fund’s return was 0.5% versus the S&P 500 which gained 0.8%.

For the first half of 2020, the U.S. Fund is down –0.6%. While underperforming the NASDAQ Composite which has rallied an impressive 12.7%, the Fund is ahead of the other indices we track. Year-to-date, the S&P 500 has declined –3.1% while the S&P 400 MidCap and S&P 600 SmallCap have dropped –12.8% and –17.9% respectively. In Canadian dollars, the Fund is up 4.3% so far in 2020 versus the S&P 500 which increased 1.7%.

## CANADIAN EQUITY FUND, SERIES N

The North Growth Canadian Equity Fund, Series N, appreciated 5.0% in June, outperforming the S&P/TSX Composite which gained 2.5%. Year-to-date, the Fund is down –3.0% versus the S&P/TSX Composite’s negative return of –7.5%.

The Canadian Fund has reached its eighth anniversary since we filed a prospectus for the Fund in 2012. We are pleased to be able to publish an annualized return of 11.6% since the prospectus filing versus 7.0% for the S&P/TSX Composite. We continue to believe that for most Canadian investors, our fossil-fuel free Canadian portfolio offers an attractive diversification opportunity in contrast with the mainstream Canadian equity fund that is typically heavy in resources and financials.

## North Growth U.S. Equity Fund

### SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2020

	1 Month	3 Months	6 Months	YTD
<b>NGM U.S. Equity Fund \$CDN</b>	<b>0.49</b>	<b>20.76</b>	<b>4.31</b>	<b>4.31</b>
S&P 500 in \$CDN	0.81	15.79	1.70	1.70
<b>NGM U.S. Equity Fund \$U.S.</b>	<b>1.67</b>	<b>25.71</b>	<b>-0.59</b>	<b>-0.59</b>
S&P 500 \$U.S.	1.99	20.54	-3.08	-3.08
S&P 400 MidCap \$U.S.	1.26	24.07	-12.78	-12.78
S&P 600 SmallCap \$U.S.	3.73	21.94	-17.85	-17.85
NASDAQ Composite \$U.S.	6.07	30.95	12.74	12.74

### ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2020

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
<b>NGM U.S. Equity Fund \$CDN</b>	<b>12.05</b>	<b>12.42</b>	<b>11.44</b>	<b>15.24</b>	<b>9.29</b>	<b>10.06</b>	<b>12.66</b>
S&P 500 \$CDN	11.95	12.55	12.68	16.84	9.60	5.48	10.11
<b>NGM U.S. Equity Fund \$U.S.</b>	<b>7.60</b>	<b>10.60</b>	<b>9.52</b>	<b>12.43</b>	<b>8.52</b>	<b>10.52</b>	<b>12.29</b>
S&P 500 \$U.S.	7.51	10.73	10.73	13.99	8.83	5.91	9.75
S&P 400 MidCap \$U.S.	-6.70	2.39	5.22	11.34	8.21	8.28	11.16
S&P 600 SmallCap \$U.S.	-11.29	0.56	4.48	11.24	7.65	8.36	10.40
NASDAQ Composite \$U.S.	26.80	19.18	16.42	18.34	12.43	5.83	*10.87

Source: Bloomberg "Total Return Analysis" as of June 30, 2020

\* This return is a simple price appreciation because total return data is not available on Bloomberg.

The inception of the Fund: October 13, 1992.

Unit Price	\$ 51.15 CDN \$ 37.53 US
Total Assets in Fund	\$ 531.8 Million CDN

## North Growth Canadian Equity Fund, Series N

### SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2020

	1 Month	3 Months	6 Months	YTD
<b>NGM Canadian Equity Fund Series N</b>	<b>4.97</b>	<b>20.03</b>	<b>-2.96</b>	<b>-2.96</b>
S&P / TSX \$CDN	2.46	16.97	-7.47	-7.47

### ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2020

	1 Yr	3 Yrs	5 Yrs	8 Yrs	*Since Prospectus
<b>NGM Canadian Equity Fund Series N*</b>	<b>7.37</b>	<b>6.31</b>	<b>6.19</b>	<b>11.25</b>	<b>11.55</b>
S&P / TSX \$CDN	-2.17	3.91	4.45	6.90	6.98

\* 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 \$ 21.16 CDN

Total Assets in Fund \$ 44.1 Million CDN

## North Growth Canadian Money Market Fund

### ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2020

	*Current Yield	1 Year	3 Years	5 Years	10 Years	15 Years
<b>NGM Canadian Money Market Fund</b>	<b>0.25</b>	<b>1.36</b>	<b>1.35</b>	<b>1.01</b>	<b>0.91</b>	<b>1.45</b>
30 Day Treasury Bill	N/A	1.38	1.29	0.96	0.91	1.44

*\* 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 JUNE 30, 2020

Ranking	Security	% of Net Assets
1	Ciena Corp	5.82
2	Applied Materials Inc.	3.88
3	Intel Corporation	3.68
4	Cisco Systems Inc.	3.66
5	SolarEdge Technologies Inc.	3.58
6	II-VI Inc.	3.51
7	First Solar Inc.	3.20
8	Jabil Inc.	3.03
9	Bristol-Myers Squibb Company	2.78
10	Itron Inc.	2.67
11	Amgen Inc.	2.63
12	Best Buy Co., Inc.	2.49
13	Electronic Arts Inc.	2.49
14	Motorola Solutions Inc.	2.46
15	Zimmer Biomet Holdings Inc.	2.45
16	Gilead Sciences Inc.	2.43
17	American Eagle Outfitters Inc.	2.34
18	HP Inc.	2.26
19	Apple Inc.	2.15
20	Microsoft Corporation	2.09
21	Skechers U.S.A., Inc.	2.03
22	Anthem Inc.	1.99
23	Johnson Controls International plc	1.91
24	FedEx Corp.	1.90
25	Cerner Corporation	1.86
26	Jacobs Engineering Group Inc.	1.82
27	Pfizer Inc.	1.80
28	Herman Miller Inc.	1.72
29	Foot Locker, Inc.	1.72

Ranking	Security	% of Net Assets
30	Abbott Laboratories	1.62
31	Boston Scientific Corporation	1.61
32	Texas Instruments Inc.	1.59
33	Citrix Systems Inc.	1.56
34	RH	1.51
35	Fortune Brands Home & Security Inc.	1.46
36	Brinker International Inc.	1.32
37	D.R. Horton, Inc.	1.26
38	Nvidia Corp.	1.04
39	The Walt Disney Company	1.02
40	Varian Medical Systems Inc.	0.91
41	Booking Holdings Inc.	0.89
42	Urban Outfitters Inc.	0.69
43	Facebook, Inc.	0.59
44	TPI Composites Inc.	0.59
45	Coherent, Inc.	0.59
46	Watts Water Technologies Inc.	0.50
<b>Total Equities</b>		<b>95.10</b>
<b>Cash</b>		<b>4.90</b>
<b>Total Assets</b>		<b>100.00</b>

## CANADIAN EQUITY FUND — HOLDINGS AS AT JUNE 30, 2020

Ranking	Security	% of Net Assets
1	Ballard Power Systems Inc.	11.15
2	Open Text Corporation	6.63
3	Zymeworks Inc.	5.48
4	ATS Automation Tooling Systems Inc.	5.09
5	Aritzia Inc.	4.66
6	CAE Inc.	4.47
7	TFI International Inc.	3.82
8	Innergex Renewable Energy Inc.	3.70
9	Heroux-Devtek Inc.	3.52
10	EXFO Inc.	3.17
11	Sierra Wireless Inc.	3.15
12	Novanta Inc.	2.97
13	Profound Medical Corp	2.89
14	Intertape Polymer Group Inc.	2.56
15	Knight Therapeutics Inc.	2.27
16	TELUS Corporation	2.23
17	Celestica Inc.	2.11
18	Evertz Technologies Limited	1.78
19	Air Canada	1.54
20	Bombardier Inc., Class B	1.25
21	Magellan Aerospace Corp.	1.14
22	Leon's Furniture Ltd.	1.02
23	Calian Group Ltd.	0.99
24	Polaris Infrastructure Inc.	0.97
25	Restaurant Brands International	0.94
26	Quebecor Inc., Class B	0.76
<b>Total Equities</b>		<b>80.26</b>
<b>Cash</b>		<b>19.74</b>
<b>Total Assets</b>		<b>100.00</b>



# Investing with Us

## INVESTING WITH NORTH GROWTH MANAGEMENT:

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 the Friday after U.S. Thanksgiving 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.

As of June 1<sup>st</sup>, the office is again open. To ensure safe distancing, meetings will be scheduled by appointment only.

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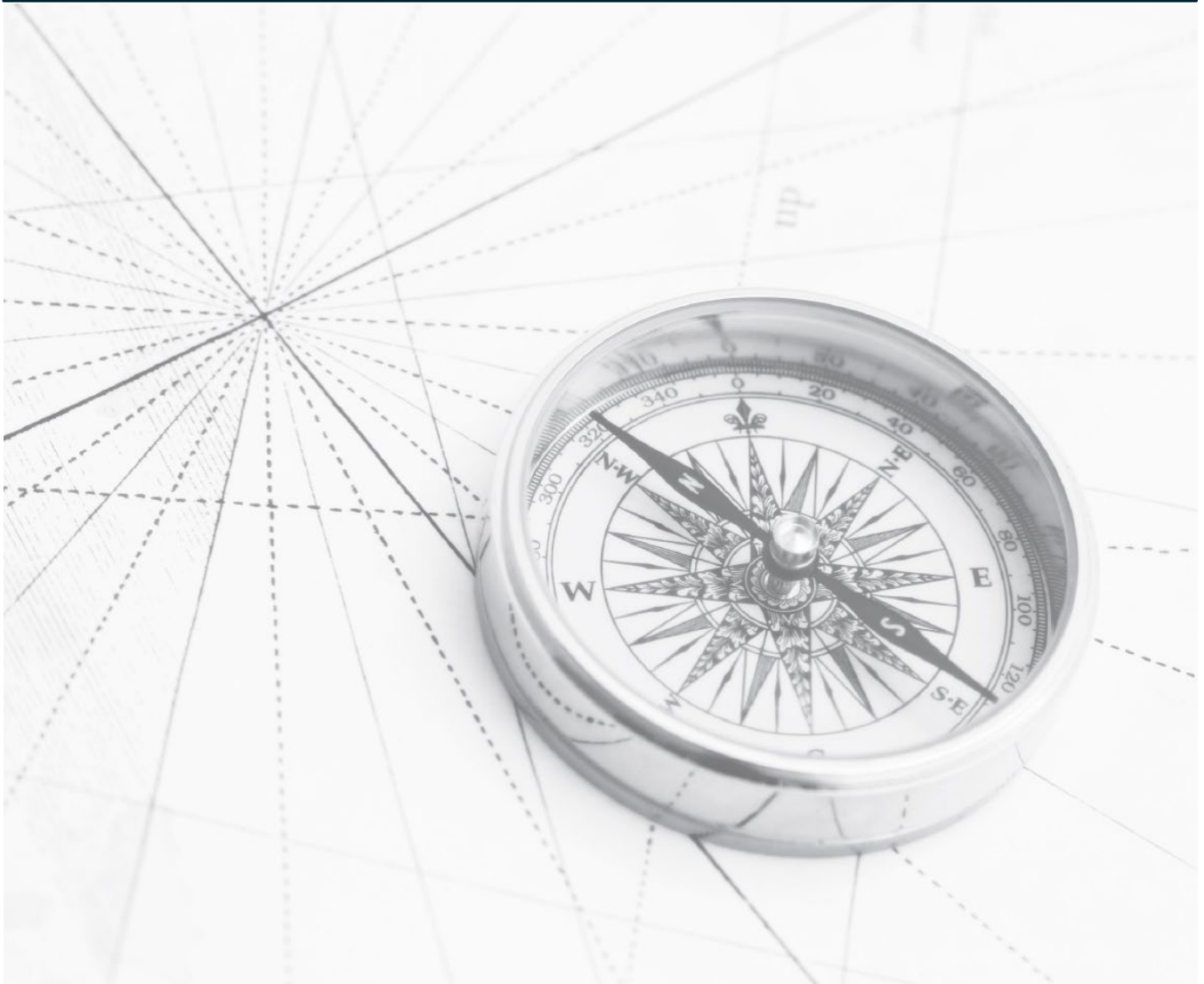
Email: [info@northgrowth.com](mailto:info@northgrowth.com)

## 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.

## A NOTE ON FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements that reflect our current expectations or forecasts of future events. Forward-looking statements are inherently subject to risks, uncertainties and assumptions that could cause actual events, results, performance or prospects to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and assumptions include general economic, political and market factors in North America and internationally, interest and foreign exchange rates, the volatility of global equity and capital markets, business competition, technological change, changes in government regulations, changes in tax laws, unexpected judicial or regulatory proceedings and catastrophic events. The foregoing list of important risks, uncertainties and assumptions is not exhaustive. Please consider these and other factors carefully and do not place undue reliance on forward-looking statements. Any forward-looking information contained in this report is current only as of the date of this report.



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