



NORTH GROWTH
MANAGEMENT



JULY 2020 MONTHLY REPORT

AUGUST 11, 2020

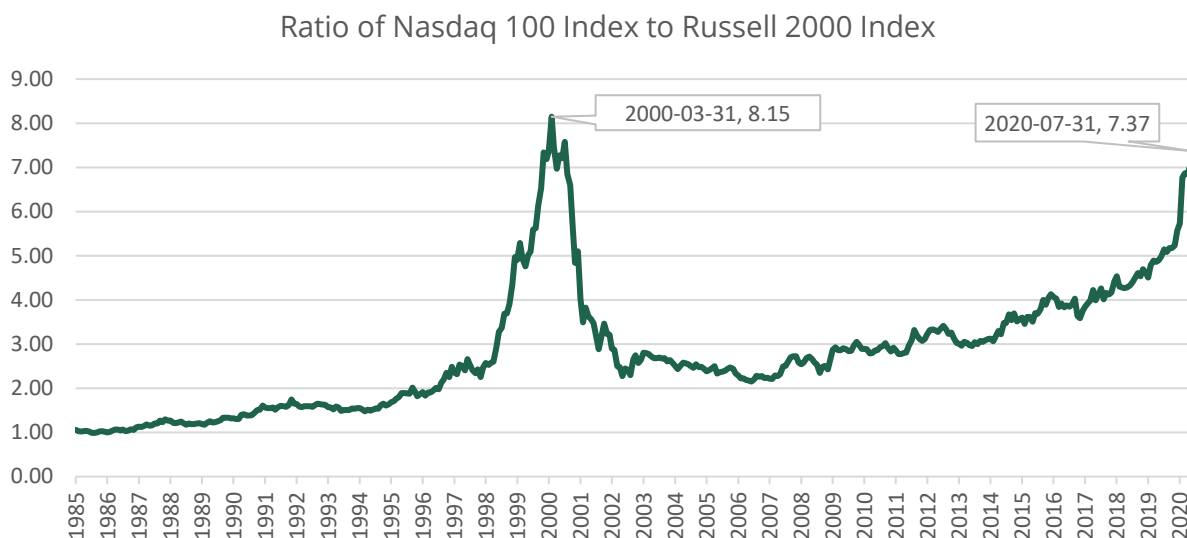
Market and Fund Performance Update

The rebound in the U.S. stock market continued in July, with the S&P 500 ending the month in positive territory for 2020. As second quarter earnings reports are now largely behind us, corporate earnings came in vastly better than expected. Yet profits for the S&P 500 companies are on track to decline by –36% year-over-year (ref: FactSet Earnings Insight), marking the largest drop in earnings reported by the index since the fourth quarter of 2008. Despite persistent, high coronavirus cases in the U.S. and the worst quarterly economic contraction ever—second-quarter GDP was down –32.9% annualized—favourable earnings surprises, sustained stimulus and hopes that a COVID vaccine may be available by the end of the year continue to fuel the market advance.

INCREASINGLY CROWDED TRADES

Since the end of 2018, we have commented consistently on how the gains in the U.S. stock market have been driven increasingly by the largest capitalization technology companies. The mega-cap phenomenon continues and our points warrant repeating.

As of the end of July, the ratio between the NASDAQ 100, a proxy for the biggest technology shares, and the Russell 2000, a small-cap equity index, is the highest it's been since the last tech bubble between December 1999 and June 2000. The stunning difference in market performance between the mega-cap technology stocks and the rest of the equity market is illustrated in the chart below.



Source: Bloomberg data

The following table further highlights the relationship between market capitalization and performance that has characterized U.S. equities over the past year, from July 2019 to July 2020. Positive performance in the stock market has been limited to the largest companies, the majority of which are in the technology sector.

S&P 500 UNWEIGHTED PRICE PERFORMANCE JULY 2019 – JULY 2020

By Capitalization	Average Market Cap (\$ billion)	Unweighted Performance
Top Quintile	\$ 203.4	16.87%
Second Quintile	\$ 41.4	9.82%
Third Quintile	\$ 23.0	3.96%
Fourth Quintile	\$ 13.8	-2.56%
Bottom Quintile	\$ 7.0	-26.91%

Source: Bloomberg data

Even within this large-cap phenomenon, the market gains are immensely concentrated. According to data from FactSet and Goldman Sachs Global Investment Research, the five largest stocks in the S&P 500—Facebook, Amazon, Apple, Microsoft and Google—have returned 35% year-to-date whereas the other 495 constituents have fallen by 5%.

The U.S. Equity Fund has minimal exposure to the top five technology leaders of the index; its outperformance against the S&P 500 so far in 2020 is credited to the success of our active management and stock selection process. The bright side of an increasingly narrow and concentrated market is that there are a growing number of names that have underperformed disproportionately and trade at attractive valuations.

As always, we remain focused on individual security analysis that adheres diligently to our “growth at a reasonable price” investment philosophy. We believe that stock selection is ever more paramount during these unprecedented times.

U.S. EQUITY FUND

In July, the North Growth U.S. Equity Fund gained 5.7%. The Fund performed virtually in line with the S&P 500 Index, outperformed the smaller capitalization S&P 400 MidCap and S&P 600 SmallCap which increased 4.6% and 4.1% respectively, and lagged the NASDAQ Composite which advanced 6.9%. Continued strengthening of the Canadian currency last month against its U.S. counterpart reduced the Fund's return in Canadian dollars to 3.9%.

CANADIAN EQUITY FUND, SERIES N

The North Growth Canadian Equity Fund, Series N, appreciated 2.9% in July, underperforming the S&P/TSX Composite which gained 4.5%. Year-to-date, the Fund is down slightly by -0.1% versus the S&P/TSX Composite's negative return of -3.3%.

North Growth U.S. Equity Fund

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

	1 Month	3 Months	6 Months	YTD
North Growth U.S. Equity Fund \$CDN	3.92	11.75	8.73	8.40
S&P 500 in \$CDN	3.90	8.76	3.75	5.66
North Growth U.S. Equity Fund \$U.S.	5.65	15.97	7.34	5.03
S&P 500 \$U.S.	5.64	12.87	2.42	2.38
S&P 400 MidCap \$U.S.	4.61	13.67	-6.31	-8.75
S&P 600 SmallCap \$U.S.	4.11	12.65	-10.94	-14.48
NASDAQ Composite \$U.S.	6.85	21.16	18.07	20.46

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

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
North Growth U.S. Equity Fund \$CDN	13.44	14.55	11.21	15.37	9.26	10.22	12.78
S&P 500 \$CDN	14.14	14.69	12.03	16.90	9.62	5.74	10.23
North Growth U.S. Equity Fund \$U.S.	11.27	11.87	10.67	12.35	8.60	10.79	12.47
S&P 500 \$U.S.	11.96	12.01	11.49	13.84	8.96	6.29	9.94
S&P 400 MidCap \$U.S.	-3.54	3.64	6.14	11.10	8.17	8.44	11.31
S&P 600 SmallCap \$U.S.	-8.68	1.59	5.50	11.00	7.52	8.71	10.52
NASDAQ Composite \$U.S.	32.79	20.48	17.30	18.33	12.47	6.46	*11.10

Source: Bloomberg "Total Return Analysis" as of August 3, 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	\$ 53.16 CDN \$ 39.66 US
Total Assets in Fund	\$ 549.3 Million CDN

North Growth Canadian Equity Fund, Series N

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

	1 Month	3 Months	6 Months	YTD
North Growth Canadian Equity Fund, Series N	2.90	8.02	-5.37	-0.14
S&P / TSX \$CDN	4.48	10.31	-4.98	-3.32

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

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	*Since Prospectus
North Growth Canadian Equity Fund, Series N*	9.76	6.06	7.97	9.90	7.36	11.82
S&P / TSX \$CDN	1.86	2.45	5.46	5.80	5.44	7.48

* 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 \$ 21.78 CDN

Total Assets in Fund \$ 43.9 Million CDN

North Growth Canadian Money Market Fund

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

	*Current Yield	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs
North Growth Canadian Money Market Fund	0.27	1.24	1.34	1.00	0.91	1.44
30 Day Treasury Bill	N/A	1.25	1.28	0.96	0.92	1.43

** 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%.

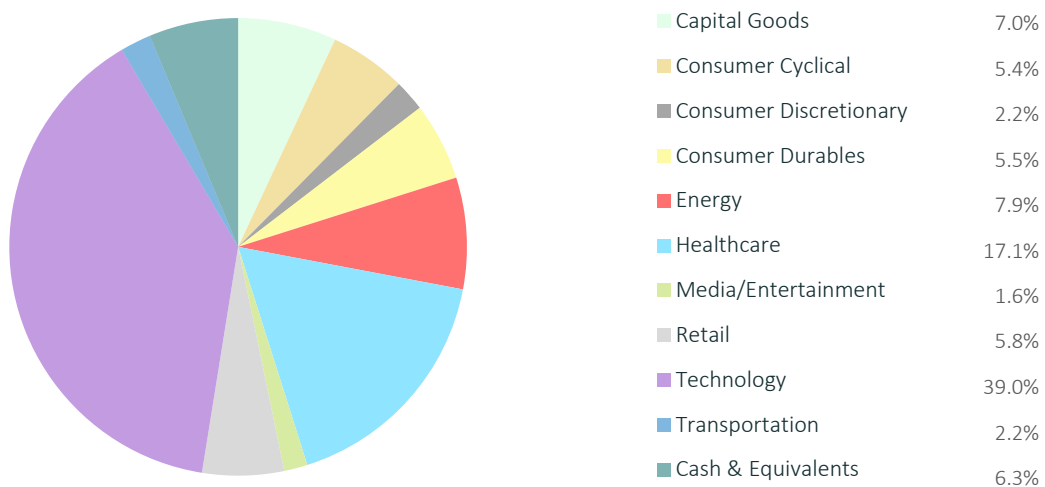
We manage the portfolio to ensure high liquidity and have no intention to extend maturities. We believe our money market fund has superior liquidity characteristics due to its very low average maturity.

Equity Fund Holdings and Composition

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

Ranking	Security	% of Net Assets
1	Ciena Corp.	6.09
2	Applied Materials Inc.	3.93
3	First Solar Inc.	3.66
4	SolarEdge Technologies Inc.	3.59
5	II-VI Inc.	3.59
6	Cisco Systems Inc.	3.52
7	Jabil Inc.	3.13
8	Best Buy Co., Inc.	2.71
9	Itron Inc.	2.67
10	Bristol-Myers Squibb Company	2.64
Top 10		35.53
Total Equities		93.69
Cash		6.31
Total Assets		100.00

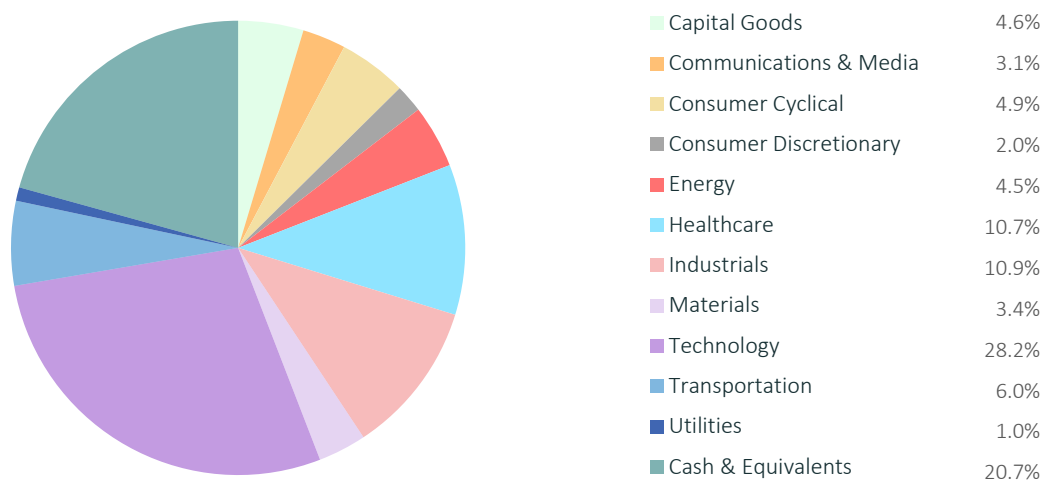
U.S. EQUITY FUND — SECTOR MIX AS AT JULY 31, 2020



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

Ranking	Security	% of Net Assets
1	Ballard Power Systems Inc.	7.08
2	Open Text Corporation	6.98
3	Aritzia Inc.	4.86
4	EXFO Inc.	4.66
5	ATS Automation Tooling Systems Inc.	4.65
6	TFI International Inc.	4.63
7	Sierra Wireless Inc.	4.63
8	Zymeworks Inc.	4.59
9	Innergex Renewable Energy Inc.	4.48
10	CAE Inc.	4.09
Top 10		50.65
Total Equities		79.29
Cash		20.71
Total Assets		100.00

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



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 1st, the office is again open. To ensure safe distancing, meetings will be scheduled by appointment only.

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WHERE TO FIND NGM FUND PRICES

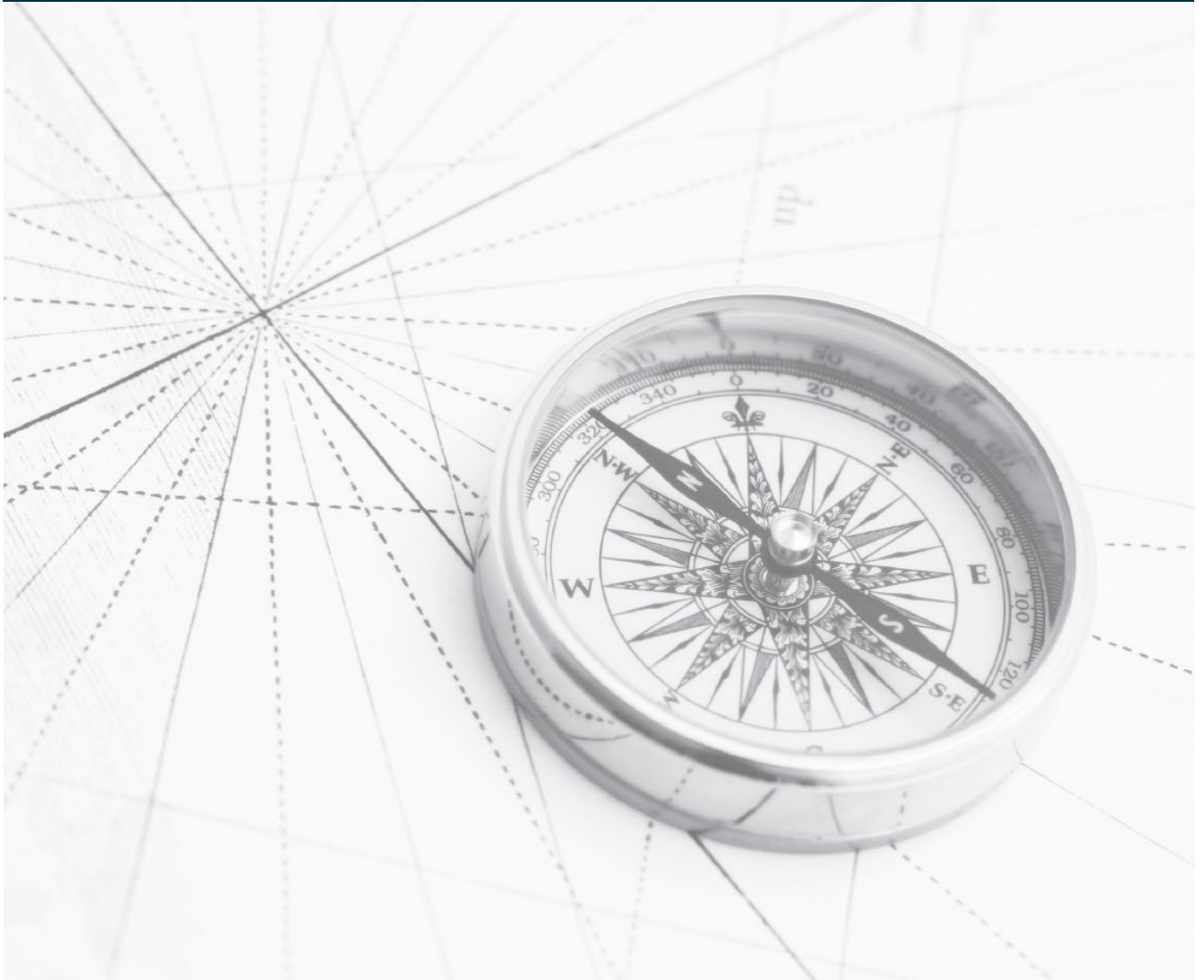
Please visit www.northgrowth.com to view the Fund’s daily prices or to be added to our e-mail list to receive daily notification of the Fund’s prices.

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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