



NORTH GROWTH
MANAGEMENT



AUGUST 2020 MONTHLY REPORT

SEPTEMBER 9, 2020

Market and Fund Performance Update

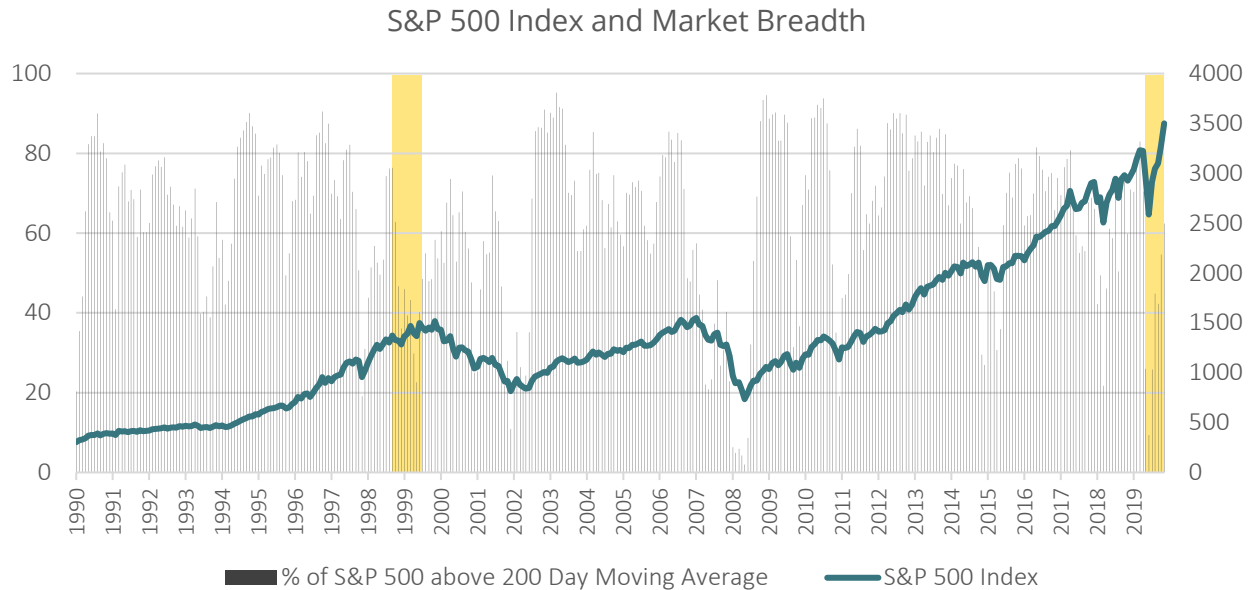
U.S. equities continued their extraordinary rally in August. Rising for the fifth consecutive month, the S&P 500 recorded its longest streak of gains since September 2018 and its best August since 1986. Driven by COVID-19 vaccine hopes, relentless fiscal and monetary stimulus, and seemingly euphoric day-trader sentiment, U.S. stocks have rebounded sharply from their March 23rd lows.

A TALE OF TWO MARKETS

Amid the strong market advance, there continues to be a widening dichotomy between the mega-cap technology behemoths, the clear winners of the novel coronavirus economy, and the rest of the equity universe, especially smaller cap firms under pressure from the pandemic.

As noted in last month's report, the ratio between the NASDAQ 100, a proxy for the biggest tech shares, and the Russell 2000, a small-cap equity index, is at one of the highest gaps ever, demonstrating the mega-cap dominance of the market. In August, while the S&P 500 was up 7.2%, the NASDAQ 100 gained a much greater 11.2% compared to the Russell 2000 which rose only 5.6%.

Increasingly, market breadth has become narrower as the gains are largely concentrated. As illustrated on the following page, an unusually low percentage—62% as of August 31st—of S&P 500 members are trading above their 200-day moving averages given that the index is at a record high. The only comparable period when such terrible breadth was observed during a rising market was in late 1999 and early 2000, before the burst of the dot-com bubble.



Source: Bloomberg data

The extreme dependence of the U.S. equity market on fewer companies, highlighted by the unprecedented dominance of the five largest stocks in the S&P 500—all tech giants (Facebook, Amazon, Apple, Microsoft and Google parent, Alphabet)—is unhealthy. Such a narrowly focused market is inherently fragile.

The massive differential between the performance of the mega-caps and small-cap stocks has resulted in a growing valuation gap in the market. As more companies have underperformed disproportionately and trade at attractive valuations, the environment has become more conducive for stock picking.

As previously communicated, the U.S. Equity Fund has minimal exposure to the top five technology leaders of the S&P 500. We are encouraged by the Fund's outperformance against the index so far this year, which we believe is entirely attributed to the success of our active management and stock selection process.

As always, we remain focused on individual security analysis that adheres diligently to our "growth at a reasonable price" investment philosophy.

TAX INFORMATION UPDATE

This year, Tuesday, December 15th, is the distribution date for both the North Growth U.S. Equity Fund and North Growth Canadian Equity Fund. At this time, we anticipate that the annual distributions for 2020 will be higher than those of 2019.

Our preliminary estimate is that the distributions for the funds this year, comprised almost entirely of capital gains, will be between 5% and 15% of the unit price. Due to a number of factors beyond our control, the current estimate for the distributions may change materially over the next few months. Last year, the distribution for the U.S. Fund was less than 1% of the unit price and for the Canadian Fund was about 2% of the unit price.

U.S. EQUITY FUND

In August, the North Growth U.S. Equity Fund appreciated 6.7%. The Fund underperformed the S&P 500 which gained 7.2% and the NASDAQ Composite which surged 9.7%, but outperformed the smaller capitalization S&P 400 MidCap and S&P 600 SmallCap which were up 3.5% and 4.0% respectively. Continued strengthening of the Canadian currency against its U.S. counterpart last month reduced the Fund's return in Canadian dollars to 3.8% versus the S&P 500's 4.3% monthly return in Canadian dollars.

CANADIAN EQUITY FUND, SERIES N

The North Growth Canadian Equity Fund, Series N, appreciated 0.3% in August, underperforming the S&P/TSX Composite which gained 2.4%. Year-to-date, the Fund is up 0.1% versus the S&P/TSX Composite's negative return of -1.1%.

North Growth U.S. Equity Fund

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

	1 Month	3 Months	6 Months	YTD
North Growth U.S. Equity Fund \$CDN	3.82	8.43	18.59	12.54
S&P 500 in \$CDN	4.29	9.24	16.19	10.20
North Growth U.S. Equity Fund \$U.S.	6.71	14.62	22.11	12.08
S&P 500 \$U.S.	7.19	15.48	19.63	9.74
S&P 400 MidCap \$U.S.	3.51	9.65	7.15	-5.55
S&P 600 SmallCap \$U.S.	3.99	12.31	2.45	-11.07
NASDAQ Composite \$U.S.	9.70	24.34	38.11	32.15

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

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
North Growth U.S. Equity Fund \$CDN	21.04	15.23	13.25	16.09	9.86	10.20	12.89
S&P 500 \$CDN	19.62	16.04	14.26	17.51	10.23	5.70	10.37
North Growth U.S. Equity Fund \$U.S.	23.39	13.72	13.45	13.77	9.17	10.87	12.70
S&P 500 \$U.S.	21.94	14.52	14.46	15.16	9.54	6.34	10.18
S&P 400 MidCap \$U.S.	4.22	5.38	8.11	12.05	8.50	8.06	11.41
S&P 600 SmallCap \$U.S.	-0.55	3.82	7.47	12.31	7.91	8.47	10.65
NASDAQ Composite \$U.S.	49.46	23.67	21.16	20.19	13.28	6.36	*11.43

Source: Bloomberg "Total Return Analysis" as of September 1, 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	\$ 55.19 CDN \$ 42.32 US
Total Assets in Fund	\$ 570.6 Million CDN

North Growth Canadian Equity Fund, Series N

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

	1 Month	3 Months	6 Months	YTD
North Growth Canadian Equity Fund, Series N	0.25	8.28	2.20	0.10
S&P / TSX \$CDN	2.35	9.57	3.35	-1.05

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

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	*Since Prospectus
North Growth Canadian Equity Fund, Series N*	12.85	5.08	8.59	10.30	8.71	11.72
S&P / TSX \$CDN	3.80	4.08	6.04	6.34	6.81	7.71

* 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 \$ 21.83 CDN

Total Assets in Fund \$ 44.3 Million CDN

North Growth Canadian Money Market Fund

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

	*Current Yield	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs
North Growth Canadian Money Market Fund	0.18	1.12	1.32	1.00	0.91	1.43
30 Day Treasury Bill	N/A	1.15	1.27	0.96	0.91	1.42

** 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%.

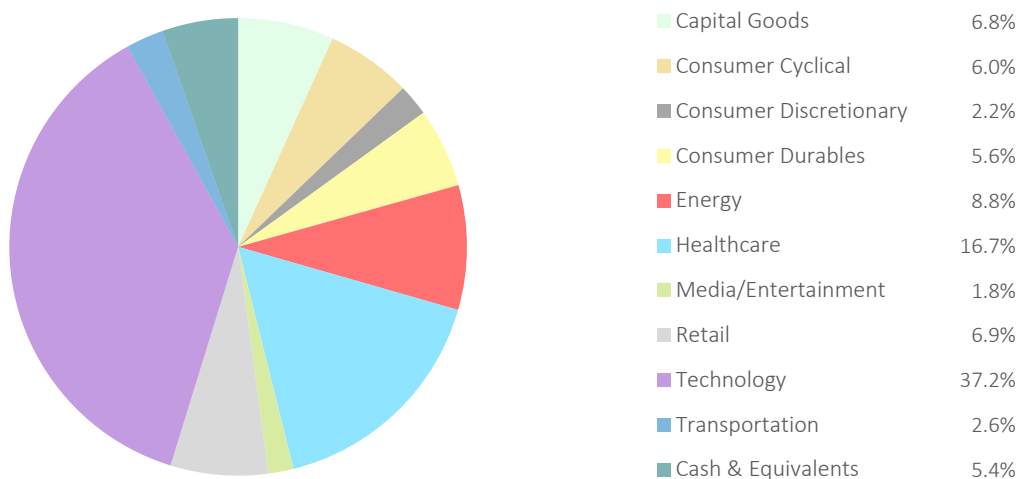
We manage the portfolio to ensure high liquidity and have no intention to extend maturities. We believe our money market fund has superior liquidity characteristics due to its very low average maturity.

Equity Fund Holdings and Composition

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

Ranking	Security	% of Net Assets
1	Ciena Corp.	5.44
2	First Solar Inc.	4.41
3	SolarEdge Technologies Inc.	3.69
4	Applied Materials Inc.	3.53
5	II-VI Inc.	2.95
6	Jabil Inc.	2.87
7	Best Buy Co., Inc.	2.83
8	FedEx Corp.	2.66
9	Bristol-Myers Squibb Company	2.63
10	HP Inc.	2.58
Top 10		33.59
Total Equities		94.63
Cash		5.37
Total Assets		100.00

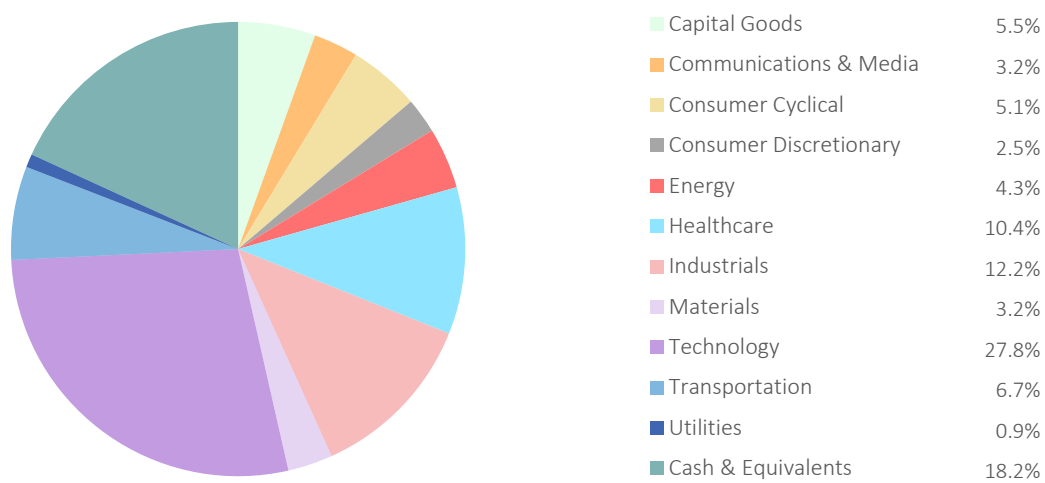
U.S. EQUITY FUND — SECTOR MIX AS AT AUGUST 31, 2020



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

Ranking	Security	% of Net Assets
1	Ballard Power Systems Inc.	7.98
2	Open Text Corporation	6.78
3	ATS Automation Tooling Systems Inc.	5.50
4	Aritzia Inc.	5.07
5	TFI International Inc.	5.06
6	Zymeworks Inc.	4.70
7	Innergex Renewable Energy Inc.	4.35
8	CAE Inc.	4.19
9	Sierra Wireless Inc.	4.17
10	EXFO Inc.	4.14
Top 10		51.94
Total Equities		81.84
Cash		18.16
Total Assets		100.00

CANADIAN EQUITY FUND — SECTOR MIX AS AT AUGUST 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

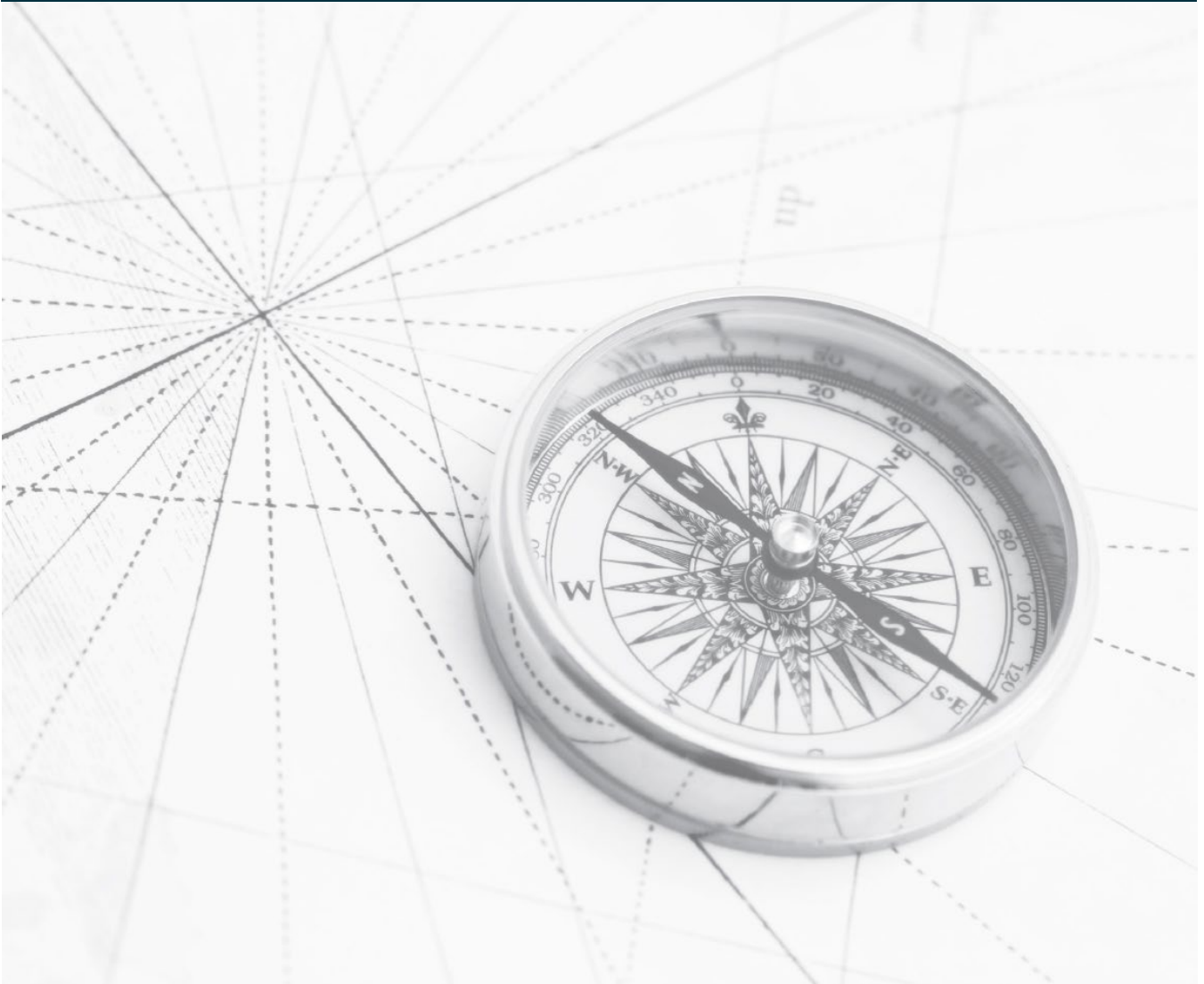
Please visit www.northgrowth.com to view the Fund’s daily prices or to be added to our e-mail list to receive daily notification of the Fund’s prices.

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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