



NORTH GROWTH
MANAGEMENT



OCTOBER 2020 MONTHLY REPORT

NOVEMBER 9, 2020

Market and Fund Performance Update

During October, increasing apprehension over the U.S. election outcome and economic uncertainty amid the ongoing coronavirus pandemic cast a pall on the major U.S. equity indices. Yet it is noteworthy that while the S&P 500 index, led by large-cap technology shares declined, small- and mid-cap stocks significantly outpaced the market and posted gains instead of losses. This reflected the growing anticipation of a “blue wave” in the United States—a Democratic sweep of the White House, the House of Representatives, and the Senate—and consequently greater fiscal spending on everything from infrastructure to renewable energy projects.

FOSSIL-FREE GROWTH

At North Growth Management, being fossil-free is a core element of our disciplined, long-term results-oriented approach to investing. There are two aspects to us being fossil-free. First, we do not own any oil and gas producers. Secondly, as we believe non-carbon energy sources will capture the dominant share of global energy demand growth going forward, we actively own investments in clean and renewable energy.

On October 28th, the Globe and Mail published the article, “Six investment opportunities for a greener future”, in which North Growth was one of three managers to share our top picks among renewable energy plays. We highlighted Ballard Power Systems and First Solar, key holdings in the North Growth Canadian Equity Fund and North Growth U.S. Equity Fund respectively. An excerpt of the article, reproduced with permission, is as follows:

SHIRLEY WON | SPECIAL TO THE GLOBE AND MAIL | OCTOBER 28, 2020

Clean-energy stocks are getting a tailwind as politicians and governments pledge to cut carbon emissions and mitigate the negative impact of climate change.

Some names have already rallied in anticipation that U.S. Democratic presidential candidate Joe Biden, now the frontrunner, will win the Nov. 3 election. His US\$2-trillion climate proposal includes investing in solar and wind energy, ending emissions from power plants by 2035 and offering incentives for electric vehicles.

The European Union, meanwhile, has approved an US\$860-billion economic stimulus package with one-third earmarked to fight climate change. And in the recent Speech

from the Throne, Prime Minister Justin Trudeau echoed plans for a green recovery and vowed to make Canada a world leader in clean technology.

Given potential investment opportunities in a greener future, we asked three portfolio managers for their top picks among renewable energy plays.

ERICA LAU, CHIEF EXECUTIVE OFFICER AND LEAD PORTFOLIO MANAGER,
NORTH GROWTH MANAGEMENT LTD.

Her funds: North Growth Canadian Equity and North Growth U.S. Equity

The pick: Ballard Power Systems Inc. (BLDP-T) and (BLDP-Q)

52-week range: \$6.73 to \$29.20 a share; US\$5.10 to \$US21.61 a share

Fuel cell developer Ballard Power will benefit from a growing demand for hydrogen-powered, heavy-duty electric vehicles, Ms. Lau says. For buses, trucks or trains, “lithium batteries don’t have enough energy density to deliver the same range.” The Vancouver-based company estimates that the market opportunity in heavy-duty vehicles will be more than US\$130-billion by 2030. Consensus analyst estimates suggest that Ballard’s sales, which are mainly in Europe, China and California, will grow 37 per cent annually over the next five years. Ballard is not yet profitable, but is expected to scale up production and reduce costs so that hydrogen becomes a more economic option, she says. Because its technology is disruptive, its stock is “difficult to value using traditional metrics” and is a better buy on pullbacks.

The pick: First Solar Inc. (FSLR-Q)

52-week range: US\$28.47 to US\$87.44 a share

First Solar is an attractive investment given that solar power has become more competitive to alternatives such as coal or natural gas, Ms. Lau says. The Tempe, Ariz.-based solar panel maker also has the best environmental profile in the industry because its advanced technology “uses less energy, water and semi-conductor material” than its main rivals, she says. Its largest customers are utilities and corporations in the U.S. market, which make up almost 90 per cent of revenue. First Solar has US\$1.2-billion in net cash on its balance sheet and an order backlog that extends to the end of 2021, she adds. Its stock is fairly valued at about 24 times estimated 2021 earnings. U.S.-China trade tensions are a risk because China supplies raw materials used in its solar panels.

TAX INFORMATION

December 15th is the distribution date this year for both the North Growth U.S. Equity Fund and North Growth Canadian Equity Fund. We continue to anticipate that the annual distributions for 2020 will be meaningfully higher than those of 2019.

With over one month to go, it is important to emphasize that our guidance are estimates which could still change materially. At this time, we estimate the distribution for the U.S. Equity Fund to be approximately \$8.00 per unit or 15% of the unit price, and for the Canadian Equity Fund approximately \$2.30 per unit or 10% of the unit price. Both of the Funds' distributions will consist almost entirely of capital gains.

The distributions by the Funds are automatically reinvested in units of the respective Funds. If you would like to receive your distributions in cash, please notify us by Friday, November 27th.

U.S. EQUITY FUND

In October, the North Growth U.S. Equity Fund declined -0.2%. The Fund outperformed the S&P 500 which lost -2.7% and the NASDAQ Composite which fell -2.3%, but lagged the smaller capitalization indices, the S&P 400 MidCap and S&P 600 SmallCap which gained 2.2% and 2.6% respectively. In Canadian dollars, the Fund was down -0.3% versus the S&P 500's negative -2.8% return.

CANADIAN EQUITY FUND, SERIES N

The North Growth Canadian Equity Fund, Series N, declined -2.1% in October, outperforming the S&P/TSX Composite which fell -3.1%. Year-to-date, the Fund is down -1.8% versus the S&P/TSX Composite's negative return of -6.1%.

North Growth U.S. Equity Fund

SHORT TERM RATES OF RETURN (%) FOR PERIODS ENDED OCTOBER 31, 2020

	1 Month	3 Months	6 Months	YTD
North Growth U.S. Equity Fund \$CDN	-0.30	3.52	15.69	12.22
S&P 500 in \$CDN	-2.81	-0.27	8.47	5.38
North Growth U.S. Equity Fund \$U.S.	-0.15	4.19	20.83	9.44
S&P 500 \$U.S.	-2.66	0.37	13.29	2.77
S&P 400 MidCap \$U.S.	2.17	2.33	16.32	-6.63
S&P 600 SmallCap \$U.S.	2.58	1.66	14.52	-13.06
NASDAQ Composite \$U.S.	-2.26	1.75	23.28	22.57

ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED OCTOBER 31, 2020

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
North Growth U.S. Equity Fund \$CDN	17.45	11.94	11.89	14.88	10.01	9.74	12.80
S&P 500 \$CDN	11.03	11.62	12.12	16.07	10.00	5.59	10.13
North Growth U.S. Equity Fund \$U.S.	16.06	10.74	11.48	11.86	9.13	10.48	12.52
S&P 500 \$U.S.	9.71	10.42	11.71	13.01	9.12	6.30	9.86
S&P 400 MidCap \$U.S.	-1.15	2.87	7.39	10.36	8.52	8.22	11.29
S&P 600 SmallCap \$U.S.	-7.72	0.20	6.48	10.39	7.91	8.46	10.49
NASDAQ Composite \$U.S.	32.94	18.77	17.98	17.25	12.81	7.14	*11.05

Source: Bloomberg "Total Return Analysis" as of November 2, 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	\$ 55.03 CDN \$ 41.32 US
Total Assets in Fund	\$ 556.2 Million CDN

North Growth Canadian Equity Fund, Series N

SHORT TERM RATES OF RETURN (%) FOR PERIODS ENDED OCTOBER 31, 2020

	1 Month	3 Months	6 Months	YTD
North Growth Canadian Equity Fund, Series N	-2.07	-1.68	6.20	-1.82
S&P / TSX \$CDN	-3.11	-2.88	7.13	-6.11

ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED OCTOBER 31, 2020

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	*Since Prospectus
North Growth Canadian Equity Fund, Series N*	5.63	9.80	3.36	10.23	8.48	11.22
S&P / TSX \$CDN	-2.30	5.19	2.24	4.48	6.07	6.88

* 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 \$ 21.41 CDN

Total Assets in Fund \$ 43.6 Million CDN

North Growth Canadian Money Market Fund

ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED OCTOBER 31, 2020

	*Current Yield	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs
North Growth Canadian Money Market Fund	0.06	0.87	1.28	0.99	0.90	1.40
30 Day Treasury Bill	N/A	0.89	1.23	0.95	0.91	1.39

** 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 of our 0.25% management fee.

We manage the portfolio to ensure high liquidity and have no intention to extend maturities or reduce the quality of the holdings.

In the current environment of ultra low interest rates near zero, the Fund, like most interest-yielding instruments, is offering virtually no return. The downward trend on rates does not appear to be abating. North Growth will temporarily lower the management fee as needed in order to maintain a positive yield for the Fund's unitholders. **The current yield quoted above is net of the management fee.** We will provide a monthly update in these reports on the management fee.

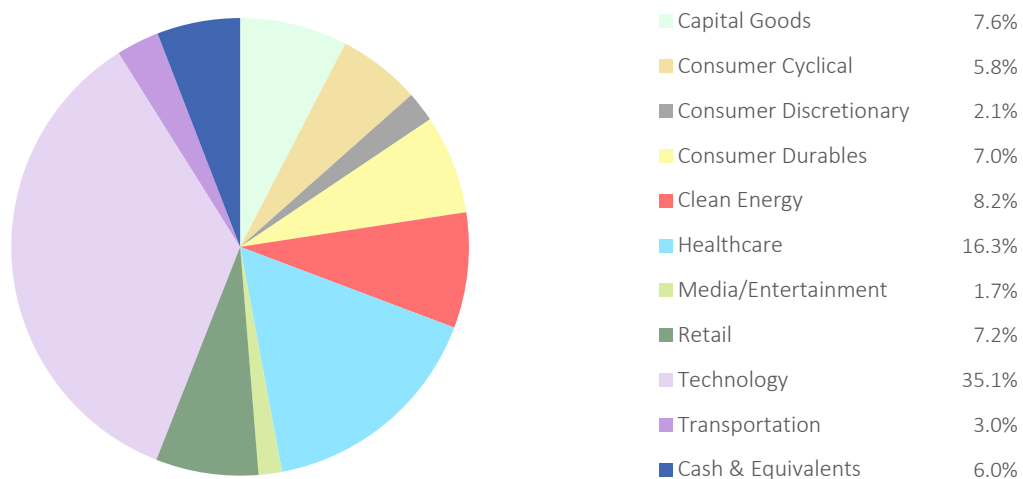
Management fee (October 31, 2020) for the Fund: 0.25%

Equity Fund Holdings and Composition

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

Ranking	Security	% of Net Assets
1	Ciena Corp.	4.73
2	First Solar Inc.	4.15
3	Applied Materials Inc.	3.49
4	II-VI Inc.	3.40
5	SolarEdge Technologies Inc.	3.24
6	FedEx Corp.	3.03
7	Best Buy Co., Inc.	2.93
8	Jabil Inc.	2.87
9	Bristol-Myers Squibb Company	2.79
10	Motorola Solutions Inc	2.55
Top 10		33.18
Total Equities		94.12
Cash		5.88
Total Assets		100.00

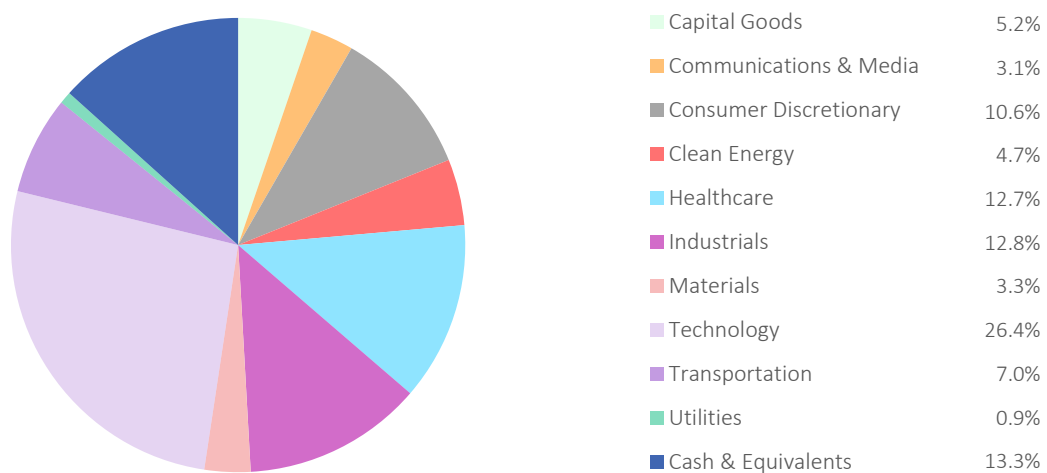
U.S. EQUITY FUND — SECTOR MIX AS AT OCTOBER 31, 2020



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

Ranking	Security	% of Net Assets
1	Ballard Power Systems Inc.	8.42
2	Zymeworks Inc.	5.88
3	Aritzia Inc.	5.86
4	Open Text Corporation	5.70
5	TFI International Inc.	5.63
6	ATS Automation Tooling Systems Inc.	5.25
7	Profound Medical Corp	4.77
8	Innergex Renewable Energy Inc.	4.71
9	CAE Inc.	4.68
10	Sierra Wireless Inc.	3.86
Top 10		54.76
Total Equities		86.66
Cash		13.34
Total Assets		100.00

CANADIAN EQUITY FUND — SECTOR MIX AS AT OCTOBER 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

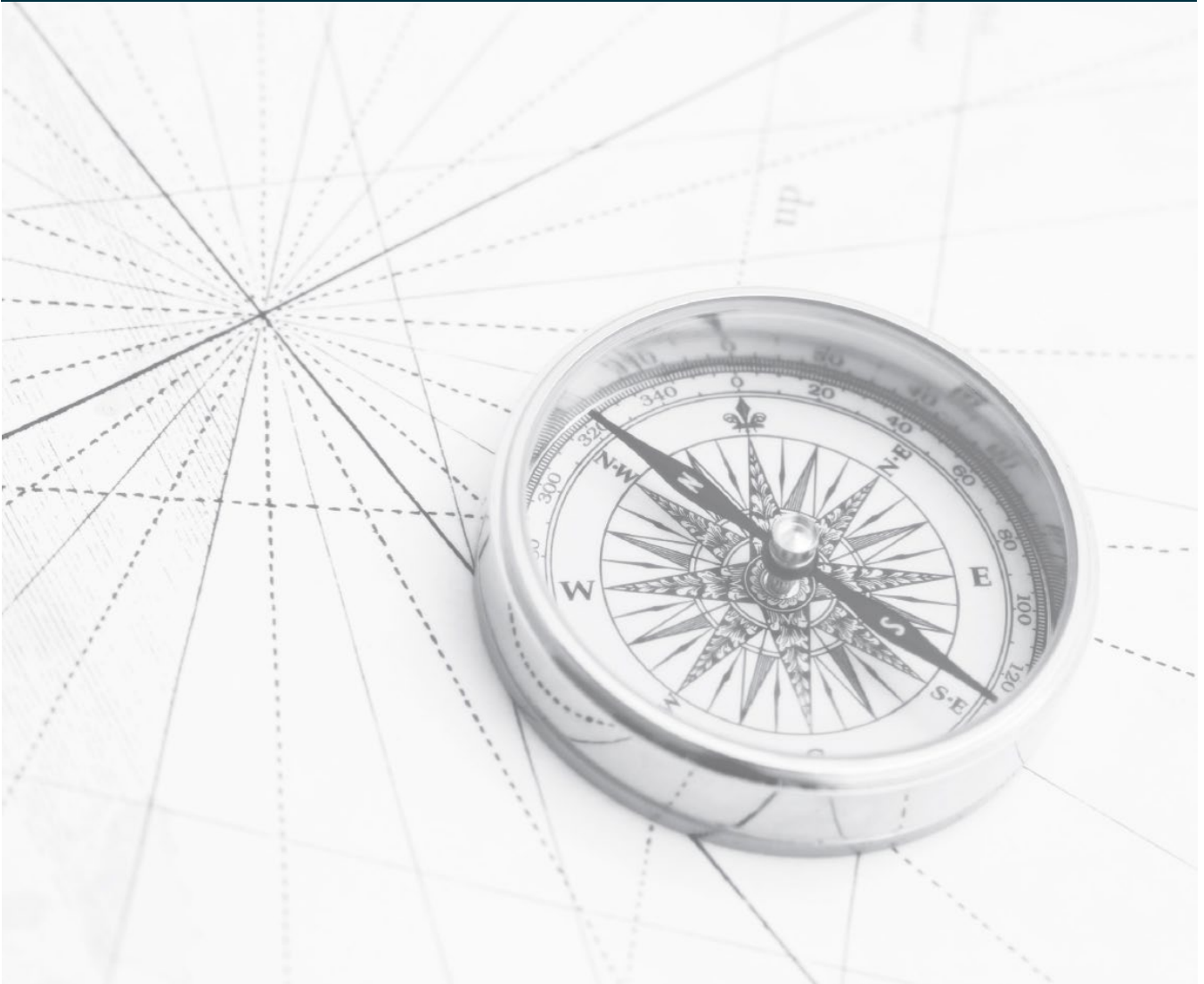
Please visit www.northgrowth.com to view the Fund’s daily prices or to be added to our e-mail list to receive daily notification of the Fund’s prices.

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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