



NORTH GROWTH  
MANAGEMENT



## NOVEMBER 2020 MONTHLY REPORT

DECEMBER 16, 2020

## Market and Fund Performance Update

With promising COVID-19 vaccine developments and the easing of election uncertainty, U.S. equities surged in November despite continued rising coronavirus cases. The S&P 500 gained 11% while small cap shares, represented by the Russell 2000 and the S&P 600 SmallCap, advanced more than 18%, their best month ever. The broadening of the market rally was especially notable as the number of stocks contributing to the S&P 500's November appreciation—over 90%—reached its highest share for any month since the March 23rd rebound.

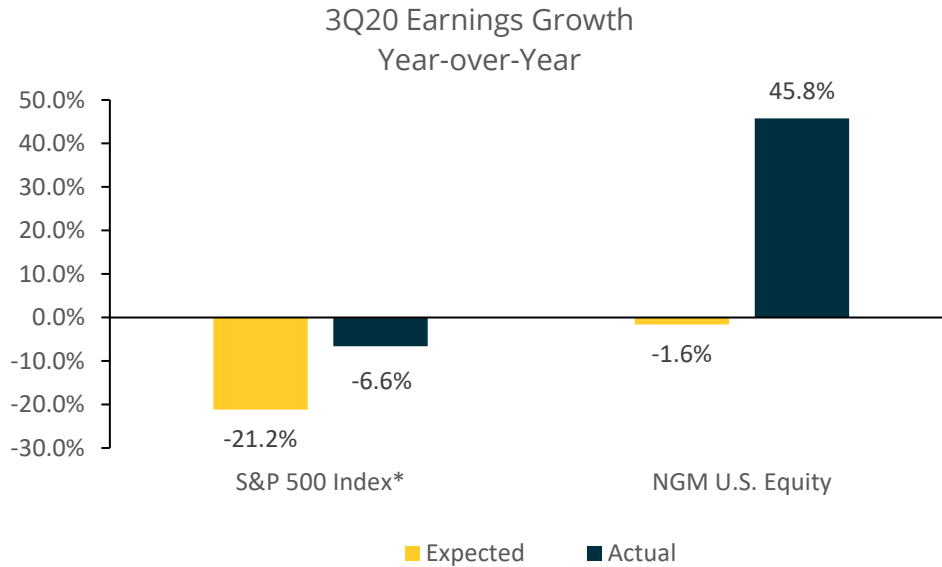
### THIRD QUARTER EARNINGS

The earnings reporting season for the third quarter of 2020 is largely behind us. As anticipated, while corporate profit growth remained negative in the July-to-September period, the decline on a year-over-year basis was much improved compared to the previous quarter. Furthermore, the positive earnings surprise percentage of almost 20% for the S&P 500 was at a near-record level.

Again, the North Growth U.S. Equity Fund delivered strong results. With 93% of the portfolio having reported to date, profits on a weighted-average basis in the third quarter increased 45.8% over a year ago, substantially better than estimates of -1.6% decline. Nearly all—94%—of the portfolio's earnings results exceeded analysts' estimates.

For the market in general, earnings during the latest quarter decreased -6.6% year-over-year while sales fell -1.3%. According to FactSet, a record 84% of the reporting companies posted positive earnings surprises. At the sector level, Energy, Consumer Discretionary and Industrials reported the largest positive earnings surprises out of all eleven S&P 500 sectors.

The U.S. Fund's earnings growth profile continues to be consistently solid and broad-based. We remain pleased with the positive earnings growth rate of the Fund in contrast to that of the S&P 500 index.



\*Source for S&P 500 Index: FactSet Earnings Insight

As illustrated by the chart above, the Fund's earnings results for the latest quarter were exceptional. We believe this underscores the success of our active management and stock selection process.

We firmly believe that stock selection is the key to long term outperformance. As always, we remain steadfastly focused on the analysis of individual stocks that adhere to our "growth at a reasonable price" investment philosophy.

## FUND DISTRIBUTIONS

This year, Tuesday, December 15th was the distribution date for the U.S. Equity Fund and Canadian Equity Fund. The distribution for the U.S. Fund is 14.5% of the current unit price or \$8.89 per unit (consisting of \$0.03 of income and \$8.86 of capital gains). For the Canadian Fund Series N, the distribution is 7.3% of the current unit price at \$1.89 per unit (all capital gains).

Unitholders who hold the North Growth Funds in non-registered accounts can expect to receive their T-3 tax slips by mail in early to mid-February.

## U.S. EQUITY FUND

In November, the North Growth U.S. Equity Fund appreciated 12.2%. The Fund outperformed the S&P 500 which gained 11.0% and the NASDAQ Composite which was up 11.9%, but lagged the smaller capitalization indices, the S&P 400 MidCap and S&P 600 SmallCap which advanced 14.3% and 18.2% respectively. A stronger Canadian currency reduced the Fund's return for the month to 9.2% in Canadian dollars versus the S&P 500's return of 8.0% in Canadian dollars.

## CANADIAN EQUITY FUND, SERIES N

The North Growth Canadian Equity Fund, Series N, appreciated 19.2% in November, significantly outperforming the S&P/TSX Composite which gained 10.6%. Year-to-date, the Fund is up 17.1% versus the S&P/TSX Composite's return of 3.8%.

## HAPPY HOLIDAYS!!

All of us at North Growth wish you and yours a very joyous holiday season and all the best for 2021!

## North Growth U.S. Equity Fund

### SHORT TERM RATES OF RETURN (%) FOR PERIODS ENDED NOVEMBER 30, 2020

	1 Month	3 Months	6 Months	YTD
<b>North Growth U.S. Equity Fund \$CDN</b>	<b>9.23</b>	<b>8.91</b>	<b>18.09</b>	<b>22.58</b>
S&P 500 in \$CDN	8.01	3.28	12.83	13.81
<b>North Growth U.S. Equity Fund \$U.S.</b>	<b>12.20</b>	<b>9.56</b>	<b>25.58</b>	<b>22.79</b>
S&P 500 \$U.S.	10.95	3.89	19.98	14.02
S&P 400 MidCap \$U.S.	14.28	12.97	23.87	6.70
S&P 600 SmallCap \$U.S.	18.17	15.52	29.74	2.74
NASDAQ Composite \$U.S.	11.91	3.80	29.06	37.17

### ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED NOVEMBER 30, 2020

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
<b>North Growth U.S. Equity Fund \$CDN</b>	<b>23.91</b>	<b>14.61</b>	<b>13.59</b>	<b>15.81</b>	<b>10.45</b>	<b>10.28</b>	<b>13.11</b>
S&P 500 \$CDN	14.59	13.39	13.32	16.89	10.38	6.39	10.40
<b>North Growth U.S. Equity Fund \$U.S.</b>	<b>27.01</b>	<b>14.38</b>	<b>14.26</b>	<b>13.14</b>	<b>9.68</b>	<b>11.22</b>	<b>12.94</b>
S&P 500 \$U.S.	17.46	13.17	13.99	14.19	9.61	7.29	10.23
S&P 400 MidCap \$U.S.	9.70	6.26	10.00	11.51	9.14	9.37	11.79
S&P 600 SmallCap \$U.S.	5.81	4.72	9.51	11.86	8.79	9.97	11.12
NASDAQ Composite \$U.S.	42.17	22.34	20.36	18.60	13.26	9.15	*11.46

Source: Bloomberg "Total Return Analysis" as of December 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	\$ 60.11 CDN \$ 46.36 US
Total Assets in Fund	\$ 608.2 Million CDN

## North Growth Canadian Equity Fund, Series N

### SHORT TERM RATES OF RETURN (%) FOR PERIODS ENDED NOVEMBER 30, 2020

	1 Month	3 Months	6 Months	YTD
<b>North Growth Canadian Equity Fund, Series N</b>	<b>19.22</b>	<b>16.93</b>	<b>26.61</b>	<b>17.05</b>
S&P / TSX \$CDN	10.57	4.92	14.96	3.81

### ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED NOVEMBER 30, 2020

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	*Since Prospectus
<b>North Growth Canadian Equity Fund, Series N*</b>	<b>18.04</b>	<b>22.61</b>	<b>9.45</b>	<b>14.25</b>	<b>12.66</b>	<b>13.43</b>
S&P / TSX \$CDN	4.28	9.85	5.56	6.55	8.28	8.08

\* 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 \$ 25.52 CDN

Total Assets in Fund \$ 52.3 Million CDN

## North Growth Canadian Money Market Fund

### ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED NOVEMBER 30, 2020

	*Current Yield	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs
<b>North Growth Canadian Money Market Fund</b>	<b>0.1</b>	<b>0.75</b>	<b>1.26</b>	<b>0.98</b>	<b>0.89</b>	<b>1.39</b>
30 Day Treasury Bill	N/A	0.74	1.21	0.94	0.90	1.38

*\* 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 often around 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.

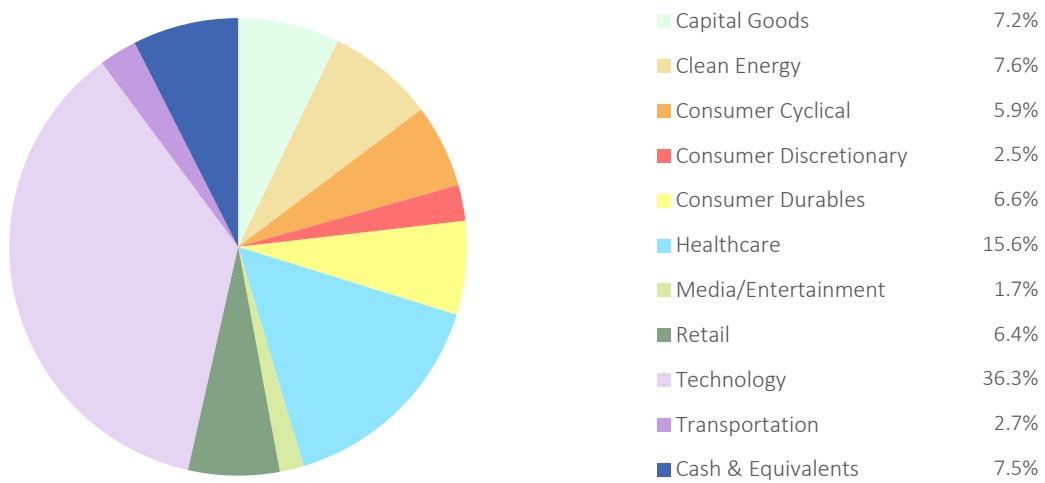
**Management fee (November 30, 2020) for the Fund: 0.25%**

## Equity Fund Holdings and Composition

### U.S. EQUITY FUND — TOP 10 HOLDINGS AS AT NOVEMBER 30, 2020

Ranking	Security	% of Net Assets
1	Ciena Corp.	4.79
2	Applied Materials Inc.	4.13
3	II-VI Inc.	3.93
4	First Solar Inc.	3.77
5	Jabil Inc.	2.95
6	SolarEdge Technologies Inc.	2.70
7	FedEx Corp.	2.68
8	HP Inc.	2.66
9	Bristol-Myers Squibb Company	2.65
10	Best Buy Co., Inc.	2.54
<b>Top 10</b>		<b>32.80</b>
<b>Total Equities</b>		<b>92.53</b>
<b>Cash</b>		<b>7.47</b>
<b>Total Assets</b>		<b>100.00</b>

### U.S. EQUITY FUND — SECTOR MIX AS AT NOVEMBER 30, 2020

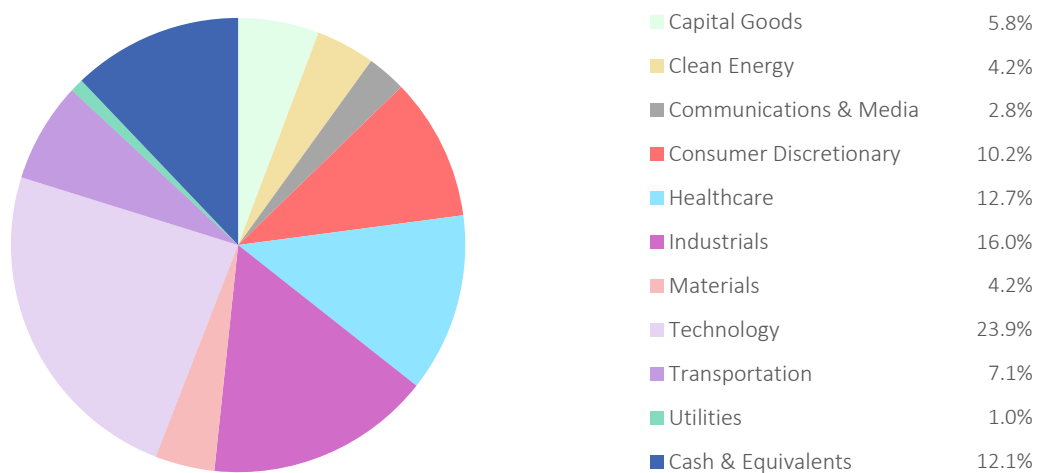




## CANADIAN EQUITY FUND — TOP 10 HOLDINGS AS AT NOVEMBER 30, 2020

Ranking	Security	% of Net Assets
1	Ballard Power Systems Inc.	8.62
2	Zymeworks Inc.	6.43
3	ATS Automation Tooling Systems Inc.	5.76
4	Aritzia Inc.	5.67
5	Open Text Corporation	5.57
6	CAE Inc.	5.39
7	TFI International Inc.	5.22
8	Profound Medical Corp	4.56
9	Intertape Polymer Group Inc.	4.23
10	Heroux-Devtek Inc.	4.23
<b>Top 10</b>		<b>55.68</b>
<b>Total Equities</b>		<b>87.89</b>
<b>Cash</b>		<b>12.11</b>
<b>Total Assets</b>		<b>100.00</b>

## CANADIAN EQUITY FUND — SECTOR MIX AS AT NOVEMBER 30, 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 1<sup>st</sup>, 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

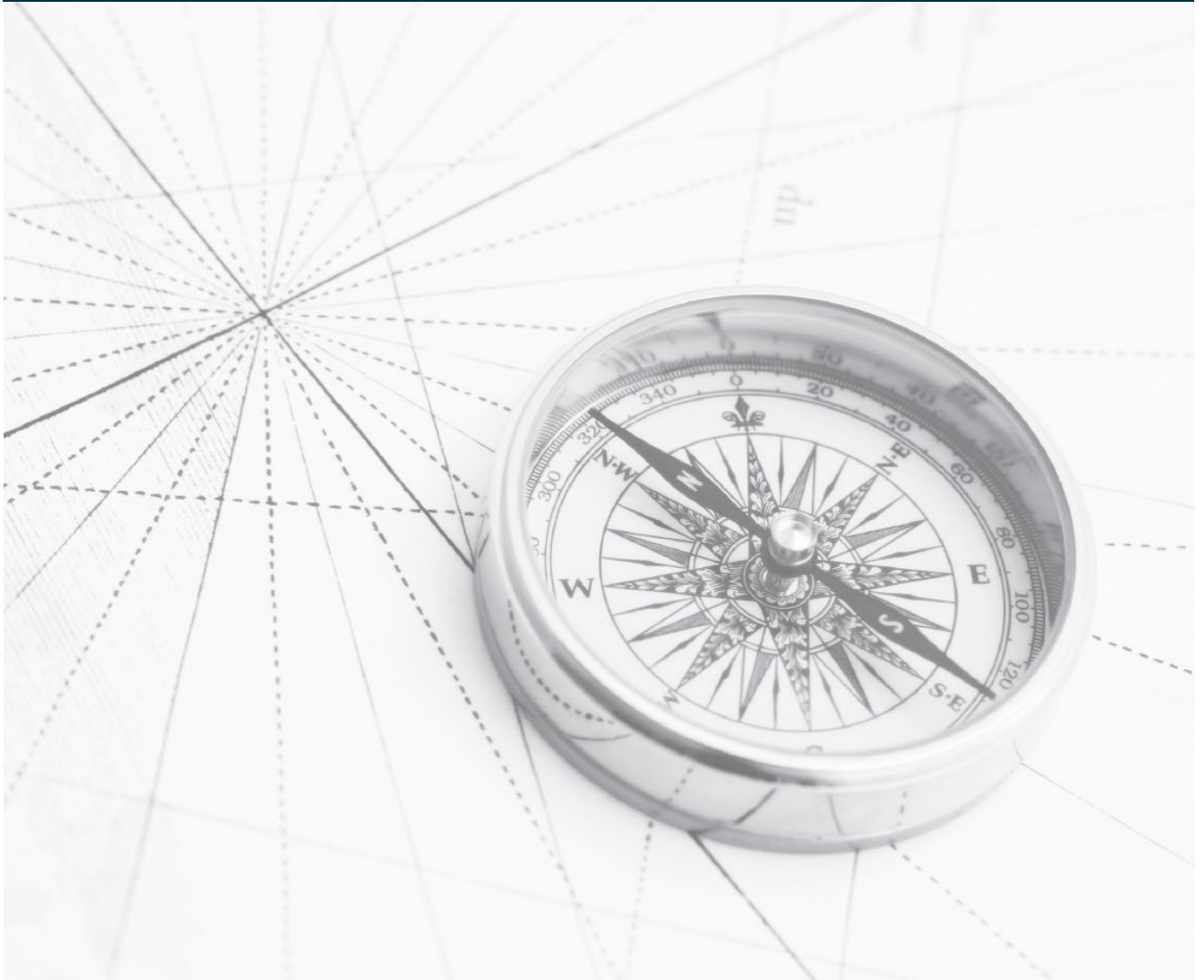
Please visit [www.northgrowth.com](http://www.northgrowth.com) to view the Fund’s daily prices or to be added to our e-mail list to receive daily notification of the Fund’s prices.

## 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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