



NORTH GROWTH
MANAGEMENT



JANUARY 2021 MONTHLY REPORT

FEBRUARY 10, 2021

Market and Fund Performance Update

U.S. equities began 2021 in turmoil. Despite reaching new records throughout January, the major stock market indices oscillated with news about the U.S. economy, the spread of the coronavirus and the success of vaccination efforts. Generally better-than-expected fourth quarter earnings reports were largely ignored as a handful of popular day-trader stocks—most notably GameStop and AMC Entertainment—driven by a social media frenzy captured news headlines during the final week of the month.

In January the S&P 500 index declined -1.0%, whereas the S&P 600 and Russell 2000 small cap equity indices both rallied over five percent due to the meteoric rise of GameStop and other stocks at the heart of the Reddit-led speculative fervor. While a sense of stability has since ensued with the collapse of those trades that roiled the equity markets last month, the macro backdrop nonetheless remains fragile.

OUR VIEW

As we stated in our recently published Annual Report, we believe market volatility will continue to be high this year. Much uncertainty surrounding the course of the COVID-19 pandemic persists. In spite of the encouraging trend of positive earnings surprises and optimistic expectations for a strong earnings rebound in 2021, equity multiples on a forward basis remain at the higher end of their historical range. Currently, the forward 12-month price/earnings (P/E) ratio of the S&P 500 is 22.0, above the five-year average of 17.6 and the 10-year average of 15.8.

Yet, because the mega-cap technology companies have powered the S&P 500 higher, the stock prices of many smaller businesses have lagged and there continues to be a stark valuation gap in the market. The upshot is more investment opportunities. 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 individual equity analysis that adheres to our “growth at a reasonable price” investment philosophy. We engage in active stock selection as opposed to macro-driven investment decisions.

U.S. EQUITY FUND

In January, the North Growth U.S. Equity Fund appreciated 1.8%. The Fund outperformed the S&P 500 which declined -1.0%, the S&P 400 MidCap which gained 1.5%, as well as the NASDAQ Composite which was up 1.4%. The Fund lagged the S&P 600 SmallCap which rallied strongly by 6.3%. A weaker Canadian currency boosted the Fund's January return to 2.2% in Canadian dollars versus the S&P 500's -0.6% Canadian-dollar monthly return.

CANADIAN EQUITY FUND, SERIES N

Likewise, the North Growth Canadian Equity Fund, Series N got off to a strong start this year. The Fund advanced 4.3% in January whereas the S&P/TSX Composite declined -0.3%.

T3, T5008, T4RIF AND T4RSP TAX SLIPS

We are in the process of generating T3, T5008, T4RIF and T4RSP slips for the 2020 tax year. We plan on mailing these out on or before February 16th. Please contact our CFO, Rachid Nayel, rachid@northgrowth.com, if you do not receive your tax slips by the end of February.

RRSP AND TFSA REMINDER

We are in RRSP season. The deadline for contributions for the 2020 tax year is Monday, March 1st. As a reminder, North Growth Management offers both in-house RSP and RIF accounts free of any additional fees.

We also offer in-house TFSA accounts free of any additional fees. The TFSA contribution limit for 2021 is \$6,000, remaining the same as 2019 and 2020. If you have never contributed to a TFSA and have been eligible since its introduction in 2009, your cumulative contribution room will be \$75,500 in 2021.

Please contact our Director of Business Development and Client Service, Marcus Vander Leek, marcus@northgrowth.com, if you have any inquiries.

North Growth U.S. Equity Fund

SHORT TERM RATES OF RETURN (%) FOR PERIODS ENDED JANUARY 31, 2021

	1 Month	3 Months	6 Months	YTD
North Growth U.S. Equity Fund \$CDN	2.16	15.48	19.55	2.16
S&P 500 in \$CDN	-0.64	9.44	9.15	-0.64
North Growth U.S. Equity Fund \$U.S.	1.78	20.34	25.38	1.78
S&P 500 \$U.S.	-1.01	14.05	14.47	-1.01
S&P 400 MidCap \$U.S.	1.50	23.56	26.44	1.50
S&P 600 SmallCap \$U.S.	6.29	36.06	38.31	6.29
NASDAQ Composite \$U.S.	1.44	20.05	22.15	1.44

ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED JANUARY 31, 2021

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
North Growth U.S. Equity Fund \$CDN	29.98	17.04	15.66	15.91	10.77	10.31	13.25
S&P 500 \$CDN	13.24	13.16	14.05	16.30	10.46	6.38	10.38
North Growth U.S. Equity Fund \$U.S.	34.59	15.54	17.80	13.12	9.92	11.19	13.14
S&P 500 \$U.S.	17.25	11.70	16.16	13.50	9.62	7.23	10.28
S&P 400 MidCap \$U.S.	18.46	7.96	14.01	11.46	9.24	9.27	12.02
S&P 600 SmallCap \$U.S.	23.18	9.04	15.21	12.59	9.30	9.88	11.60
NASDAQ Composite \$U.S.	44.22	22.13	24.53	18.55	13.54	9.18	*11.66

Source: Bloomberg "Total Return Analysis" as of February 1, 2021

* 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	\$ 54.33 CDN \$ 42.51 US
Total Assets in Fund	\$ 610.0 Million CDN

North Growth Canadian Equity Fund, Series N

SHORT TERM RATES OF RETURN (%) FOR PERIODS ENDED JANUARY 31, 2021

	1 Month	3 Months	6 Months	YTD
North Growth Canadian Equity Fund, Series N	4.29	27.99	25.84	4.29
S&P / TSX \$CDN	-0.32	12.11	8.88	-0.32

ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED JANUARY 31, 2021

	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	*Since Prospectus
North Growth Canadian Equity Fund, Series N*	19.08	25.70	13.36	15.00	14.65	14.09
S&P / TSX \$CDN	3.46	9.06	6.12	6.26	9.51	8.09

* 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 \$ 25.40 CDN

Total Assets in Fund \$ 56.9 Million CDN

North Growth Canadian Money Market Fund

ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED JANUARY 31, 2021

	*Current Yield	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs
North Growth Canadian Money Market Fund	0.05	0.48	1.20	0.97	0.88	1.35
30 Day Treasury Bill	N/A	0.48	1.17	0.93	0.88	1.34

* 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.

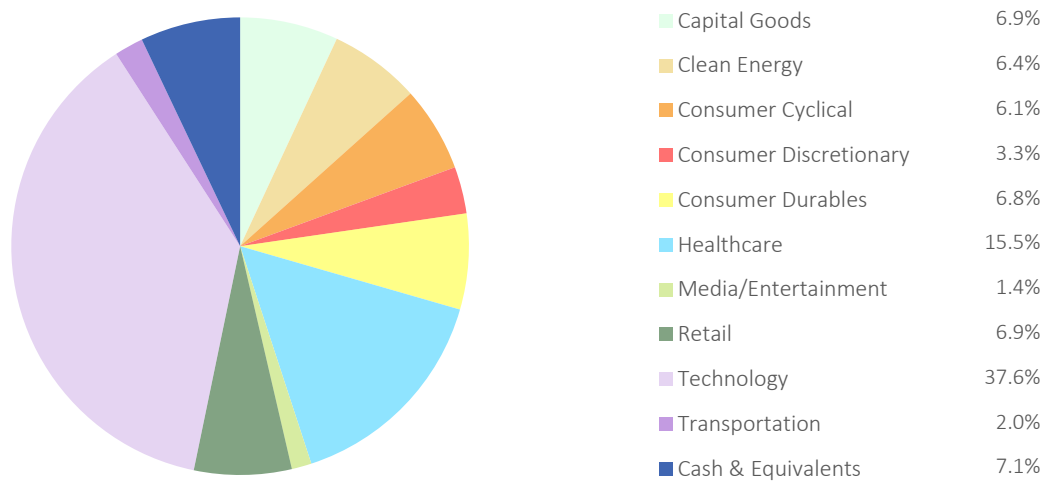
Management fee (January 31, 2021) for the Fund: 0.25%

Equity Fund Holdings and Composition

U.S. EQUITY FUND — TOP 10 HOLDINGS AS AT JANUARY 31, 2021

Ranking	Security	% of Net Assets
1	Ciena Corp.	5.31
2	Applied Materials Inc.	4.50
3	II-VI Inc.	4.30
4	First Solar Inc.	3.72
5	Jabil Inc.	2.97
6	Lumentum Holdings Inc.	2.75
7	D.R. Horton, Inc.	2.71
8	Bristol-Myers Squibb Company	2.68
9	Best Buy Co., Inc.	2.63
10	Electronic Arts Inc.	2.57
Top 10		34.14
Total Equities		92.93
Cash		7.07
Total Assets		100.00

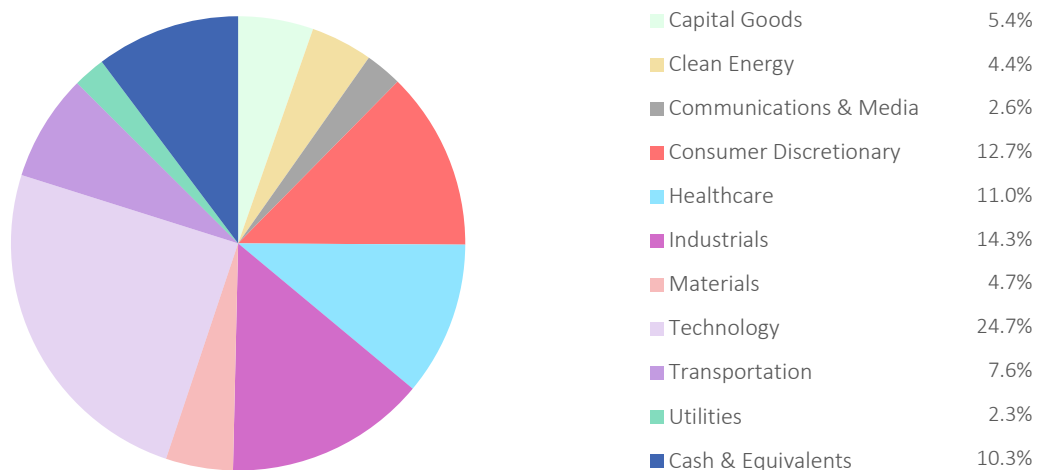
U.S. EQUITY FUND — SECTOR MIX AS AT JANUARY 31, 2021



CANADIAN EQUITY FUND — TOP 10 HOLDINGS AS AT JANUARY 31, 2021

Ranking	Security	% of Net Assets
1	Ballard Power Systems Inc.	7.97
2	TFI International Inc.	6.18
3	Aritzia Inc.	5.94
4	Profound Medical Corp.	5.38
5	ATS Automation Tooling Systems Inc.	5.35
6	Open Text Corporation	5.12
7	Leon's Furniture Ltd.	4.98
8	CAE Inc.	4.56
9	Innergex Renewable Energy Inc.	4.41
10	Zymeworks Inc.	4.05
Top 10		53.94
Total Equities		89.75
Cash		10.25
Total Assets		100.00

CANADIAN EQUITY FUND — SECTOR MIX AS AT JANUARY 31, 2021



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, 2020 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

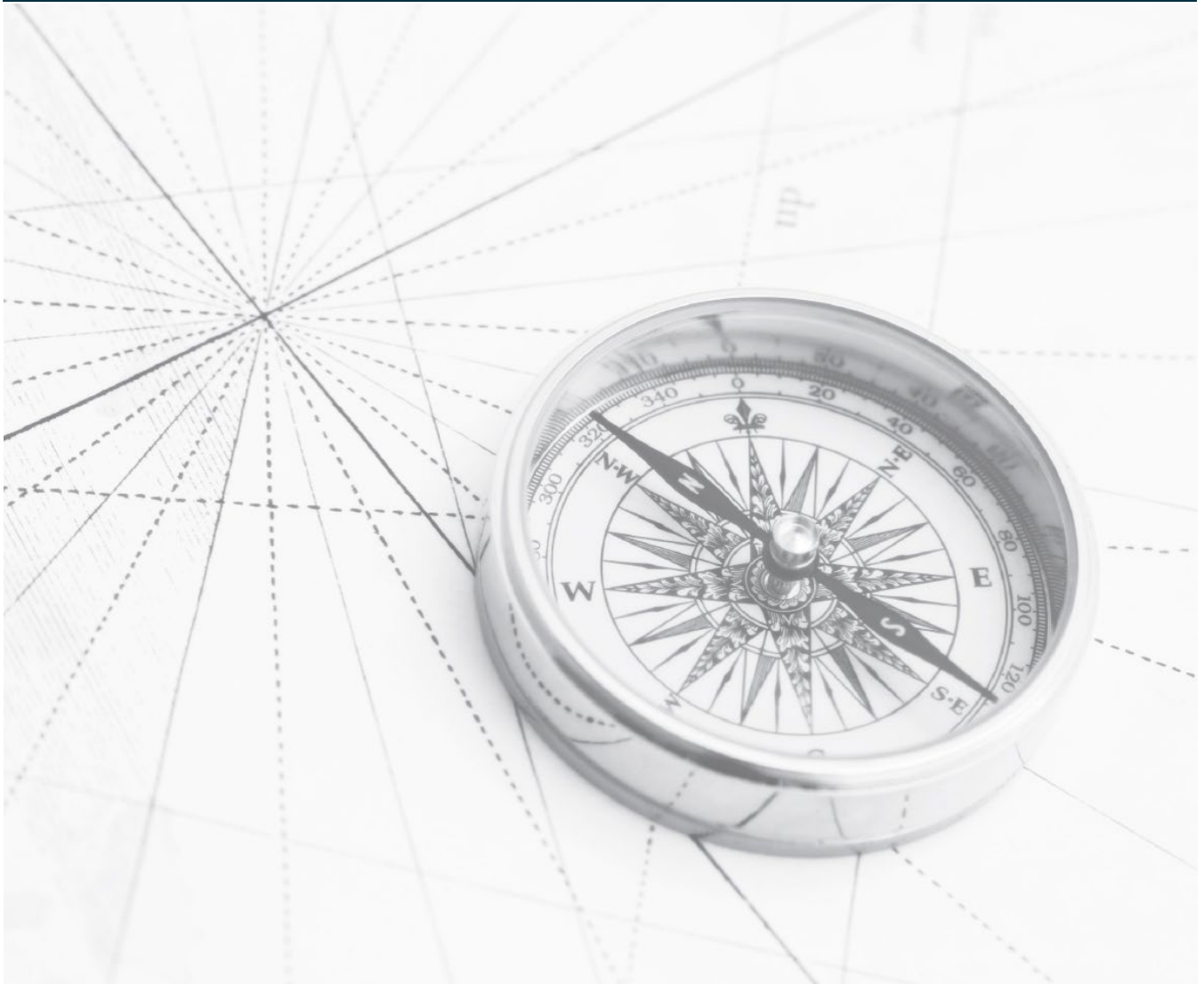
Please visit www.northgrowth.com to view the Funds’ daily prices or to be added to our e-mail list to receive daily notification of the Funds’ prices.

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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