



NORTH GROWTH  
MANAGEMENT



## JUNE 2021 MONTHLY REPORT

JULY 9, 2021

## Fund Performance Update

U.S. equities closed June at new highs after five consecutive quarters of gains. Despite stocks' solid march upward, underneath the surface, day-to-day sector rotations remain commonplace and individual moves have been unusually sharp and swift. As market participants debate whether the recent acceleration in inflation is transitory and how much of the economy's rebound has been priced into the major indices trading at records, there appears to be a lack of a coherent narrative across the market. Overall, the stock market continues to churn.

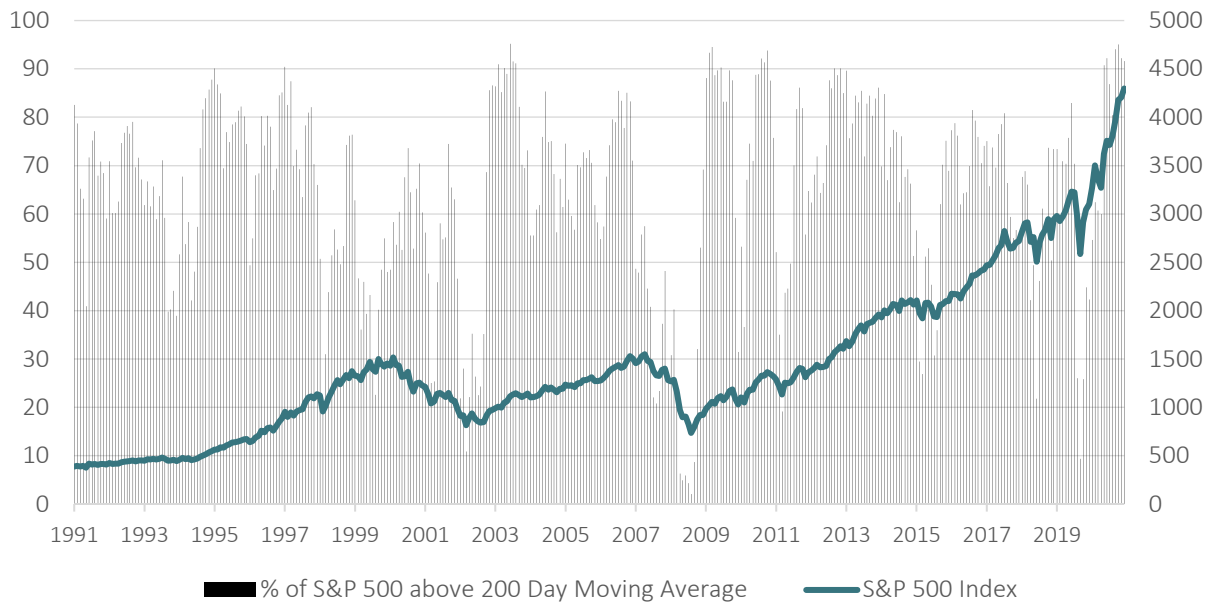
### IMPROVED MARKET BREADTH

While the five tech giants—Apple, Microsoft, Amazon, Facebook and Google-parent Alphabet—continue to dominate the market and drive the S&P 500 returns, small-cap stocks have mounted a greater rally since last fall. The Russell 2000 small-cap equity index ended June with its ninth consecutive month of gains, capping the longest monthly advance streak for the index since December 1986, according to Dow Jones Market Data. Over the past nine months, from the end of September 2020, the Russell 2000 has gained 51% versus the S&P 500 benchmark of large-cap companies that has risen 29%.

For the most part, many small-cap shares are associated with businesses that are more sensitive to the state of the U.S. economy. Although smaller companies struggled during the pandemic shutdowns last year, they are poised to post outsized earnings growth as the economy continues to recover and accelerate.

Given that the market gains have broadened to include smaller-capitalization shares over the last nine months, market breadth has improved markedly since September 2020. As illustrated on the following page, a stellar 92% of S&P 500 members are trading above their 200-day moving averages—a favourable comparison to the low percentage of 62% at the beginning of last September.

## S&amp;P 500 Index and Market Breadth



Source: Bloomberg data

So far in 2021, small-caps and mid-caps are up more or less in-line with the S&P 500 index. However, the dramatically stronger revival in earnings by small-cap equities is expected to continue throughout the year. According to Refinitiv, analysts project Russell 2000 profits to have more than tripled in the just-ended second quarter and to more than quadruple in the third quarter from a year ago. By contrast, S&P 500 earnings are expected to have grown about 65% in the second quarter and to increase 25% in the third quarter from a year earlier.

Beyond being more attractive based on profit growth, small-caps continue to trade at a discount to their large-cap counterparts, making them relatively attractive on a valuation basis. According to BofA Global Research, as of June 30th, the Russell 2000 is valued at 17.7 times its projected earnings over the next 12 months compared with 21.5 times for the Russell 1000 large-cap index.

With improved market breadth, the environment remains a solid one for stock picking. Our stock selection process is not based solely on macro trends or broad sector issues. Rather, as always, we remain focused on individual security analysis that adheres diligently to our “growth at a reasonable price” investment philosophy.

## U.S. EQUITY FUND

In June, the North Growth U.S. Equity Fund appreciated 3.0%. Except for the NASDAQ Composite which gained 5.6%, the Fund beat all the indices we regularly follow: the S&P 500 Index which advanced 2.3%, the S&P 400 MidCap which declined –1.0%, and the S&P 600 SmallCap which was up 0.3%. As the Canadian currency weakened last month against its U.S. counterpart, in Canadian dollars, the Fund's return was 5.6% versus the S&P 500 which increased 4.9%.

For the first half of 2021, the U.S. Fund is up 17.8%. While underperforming the S&P 600 SmallCap which has rallied 23.6%, the Fund is ahead of the other indices we track. Year-to-date, the S&P 500 has gained 15.3% while the S&P 400 MidCap and NASDAQ Composite have increased 17.6% and 12.9% respectively. In Canadian dollars, the Fund has appreciated 14.7% so far in 2021 versus the S&P 500 which is up 12.2%.

## CANADIAN EQUITY FUND, SERIES N

In June, the North Growth Canadian Equity Fund, Series N, gained 8.0% compared to the S&P/TSX Composite's gain of 2.5%. The Fund's strong outperformance was a result of three factors: a corporate action, portfolio reorganization, and stock selection. On June 7, 2021, a long-term portfolio holding, EXFO Inc., announced it was going private at a 62% premium. Over the course of the month, portfolio actions included exiting positions in Air Canada and dynaCERT after losing confidence in management. Concurrently, the Fund initiated and added to positions in Converge Technology Solutions, Dollarama, and Dorel Industries which outperformed the index. Finally, our bottom-up approach was evident as portfolio names like Bombardier, Aritzia and ATS Automation Tooling Systems outperformed the index and their peers despite being part of underperforming market sectors. Year-to-date, the Fund is up 15.4% compared to the S&P/TSX Composite's return of 17.3%.

The Canadian Fund has reached its ninth anniversary since we filed a prospectus for the Fund in 2012. We are pleased to be able to publish an annualized return of 14.7% for Series N units since the prospectus filing versus 9.7% for the S&P/TSX Composite. We continue to believe that for most Canadian investors, our fossil-fuel free Canadian portfolio offers an attractive diversification opportunity in contrast with the mainstream Canadian equity fund that is typically heavy in resources and financials.

## North Growth U.S. Equity Fund

### SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2021

	1 Month	3 Months	6 Months	YTD
<b>NGM U.S. Equity Fund \$CDN</b>	<b>5.61</b>	<b>4.66</b>	<b>14.68</b>	<b>14.68</b>
S&P 500 in \$CDN	4.94	6.99	12.19	12.19
<b>NGM U.S. Equity Fund \$U.S.</b>	<b>2.98</b>	<b>6.19</b>	<b>17.80</b>	<b>17.80</b>
S&P 500 \$U.S.	2.33	8.55	15.25	15.25
S&P 400 MidCap \$U.S.	-1.02	3.64	17.60	17.60
S&P 600 SmallCap \$U.S.	0.33	4.51	23.56	23.56
NASDAQ Composite \$U.S.	5.55	9.68	12.92	12.92

### ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2021

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
<b>NGM U.S. Equity Fund \$CDN</b>	<b>39.45</b>	<b>18.38</b>	<b>18.24</b>	<b>17.37</b>	<b>12.09</b>	<b>10.73</b>	<b>13.50</b>
S&P 500 \$CDN	28.05	16.30	16.68	17.76	11.50	7.53	10.69
<b>NGM U.S. Equity Fund \$U.S.</b>	<b>53.34</b>	<b>20.80</b>	<b>19.22</b>	<b>14.46</b>	<b>11.31</b>	<b>11.84</b>	<b>13.52</b>
S&P 500 \$U.S.	40.79	18.67	17.65	14.84	10.73	8.61	10.71
S&P 400 MidCap \$U.S.	53.24	13.17	14.29	12.40	10.43	10.15	12.41
S&P 600 SmallCap \$U.S.	67.40	12.20	15.82	13.49	10.45	10.60	12.01
NASDAQ Composite \$U.S.	45.29	25.73	25.85	19.41	14.75	11.13	*11.89

Source: Bloomberg "Total Return Analysis" as of June 30, 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	\$ 60.99 CDN \$ 49.21 US
Total Assets in Fund	\$ 696.7 Million CDN

## North Growth Canadian Equity Fund, Series N

### SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2021

	1 Month	3 Months	6 Months	YTD
<b>NGM Canadian Equity Fund Series N</b>	<b>7.97</b>	<b>7.50</b>	<b>15.42</b>	<b>15.42</b>
S&P / TSX \$CDN	2.48	8.54	17.28	17.28

### ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2021

	1 Yr	3 Yrs	5 Yrs	9 Yrs	*Since Prospectus
<b>NGM Canadian Equity Fund Series N*</b>	<b>43.32</b>	<b>16.29</b>	<b>17.00</b>	<b>14.43</b>	<b>14.69</b>
S&P / TSX \$CDN	33.85	10.80	10.77	9.61	9.66

\* 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 \$ 28.11 CDN

Total Assets in Fund \$ 68.1 Million CDN

## North Growth Canadian Money Market Fund

### ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2021

	*Current Yield	1 Year	3 Years	5 Years	10 Years	15 Years
<b>NGM Canadian Money Market Fund</b>	<b>0.05</b>	<b>0.10</b>	<b>1.03</b>	<b>0.93</b>	<b>0.85</b>	<b>1.26</b>
30 Day Treasury Bill	N/A	0.13	1.01	0.90	0.85	1.24

*\* 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 (June 1 - 30, 2021) for the Fund: 0.20%**

## Equity Fund Holdings

### U.S. EQUITY FUND — HOLDINGS AS AT JUNE 30, 2021

Ranking	Security	% of Net Assets
1	Applied Materials Inc.	5.63
2	Ciena Corp.	4.80
3	Jabil Inc.	3.54
4	II-VI Inc.	3.47
5	First Solar Inc.	3.38
6	American Eagle Outfitters Inc.	3.11
7	Lumentum Holdings Inc.	3.03
8	Motorola Solutions Inc.	2.69
9	Bristol-Myers Squibb Company	2.68
10	FedEx Corp.	2.58
11	D.R. Horton, Inc.	2.49
12	HP Inc.	2.38
13	Anthem Inc.	2.37
14	Best Buy Co., Inc.	2.36
15	Johnson Controls International plc	2.25
16	Foot Locker, Inc.	2.23
17	Electronic Arts Inc.	2.20
18	Zimmer Biomet Holdings Inc.	2.13
19	Jacobs Engineering Group Inc.	2.04
20	Tempur Sealy International, Inc.	2.03
21	Skechers U.S.A., Inc.	1.86
22	RH	1.86
23	Biogen Inc.	1.84
24	Fortune Brands Home & Security Inc.	1.82
25	Herman Miller Inc.	1.81
26	Itron Inc.	1.77
27	Amgen Inc.	1.75

Ranking	Security	% of Net Assets
28	Microsoft Corporation	1.63
29	eBay Inc.	1.62
30	Apple Inc.	1.61
31	Brinker International Inc.	1.57
32	Texas Instruments Inc.	1.55
33	Gilead Sciences Inc.	1.54
34	Cisco Systems Inc.	1.47
35	Nautilus Inc.	1.47
36	The Walt Disney Company	1.43
37	Cerner Corporation	1.37
38	Qualcomm Inc.	1.33
39	SolarEdge Technologies Inc.	1.32
40	Abbott Laboratories	1.21
41	Citrix Systems Inc.	1.20
42	Nvidia Corp.	1.17
43	Boston Scientific Corporation	1.15
44	Tapestry Inc.	1.01
45	Urban Outfitters Inc.	0.99
46	Watts Water Technologies Inc.	0.96
47	Booking Holdings Inc.	0.79
48	TPI Composites Inc.	0.74
<b>Total Equities</b>		<b>97.23</b>
<b>Cash</b>		<b>2.77</b>
<b>Total Assets</b>		<b>100.00</b>



## CANADIAN EQUITY FUND — HOLDINGS AS AT JUNE 30, 2021

Ranking	Security	% of Net Assets
1	ATS Automation Tooling Systems Inc.	7.25
2	Aritzia Inc.	6.92
3	TFI International Inc.	6.42
4	CAE Inc.	5.51
5	Leon's Furniture Ltd.	4.81
6	Open Text Corporation	4.70
7	Heroux-Devtek Inc.	4.48
8	Innergex Renewable Energy Inc.	4.07
9	Intertape Polymer Group Inc.	3.98
10	Zymeworks Inc.	3.67
11	Profound Medical Corp.	3.53
12	Calian Group Ltd.	3.50
13	Ballard Power Systems Inc.	3.42
14	Knight Therapeutics Inc.	2.98
15	Bombardier Inc., Class B	2.73
16	Converge Technology Solutions Corp.	2.28
17	Restaurant Brands International	2.23
18	Novanta Inc.	2.21
19	Sierra Wireless Inc.	2.14
20	Dollarama Inc.	1.97
21	IBI Group Inc.	1.85
22	TELUS Corporation	1.76
23	Polaris Infrastructure Inc.	1.76
24	Real Matters Inc.	1.73
25	Evertz Technologies Limited	1.48
26	Dorel Industries Inc., Class B	1.13
27	Magellan Aerospace Corp.	1.07

Ranking	Security	% of Net Assets
28	Transcontinental Inc.	0.92
29	Quebecor Inc., Class B	0.56
30	Xebec Adsorption Inc.	0.46
31	Perimeter Medical Imaging AI, Inc.	0.45
<b>Total Equities</b>		<b>91.97</b>
<b>Cash</b>		<b>8.03</b>
<b>Total Assets</b>		<b>100.00</b>

# 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.

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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.

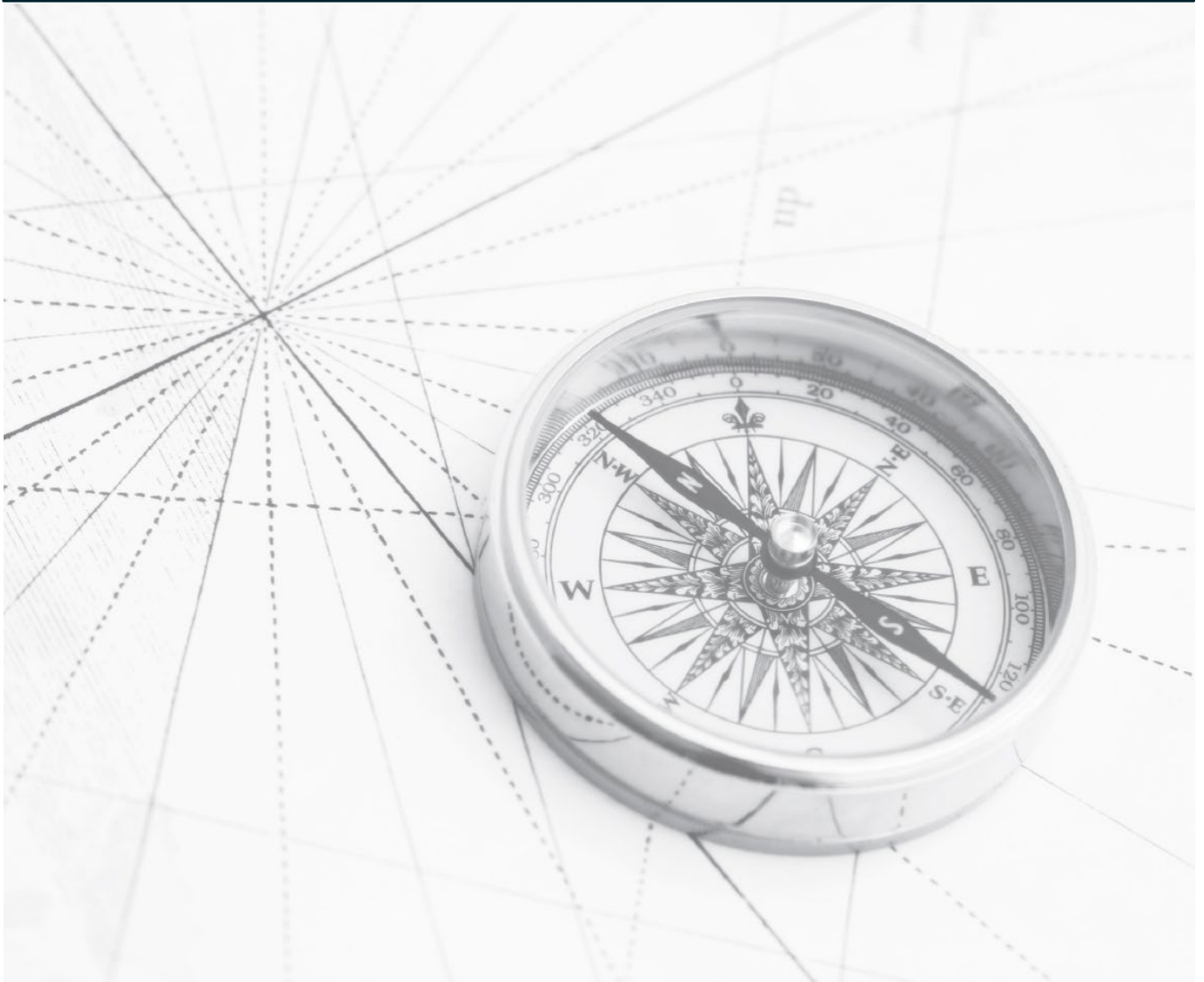


## A NOTE ON FORWARD-LOOKING STATEMENTS

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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