



NORTH GROWTH
MANAGEMENT



AUGUST 2021 MONTHLY REPORT

SEPTEMBER 9, 2021

Market and Fund Performance Update

U.S. equities continued to rise steadily in August with the S&P 500 pushing new highs. Yet underneath the seemingly unperturbed ascent of the broad index have been large swings among different sectors, sizes and types of stocks. Currently, the U.S. equity market is being driven by the technology mega-cap names as the “reopening trade” that began the year quickly unravelled over the summer. Concerns over the Delta variant of the coronavirus and a noticeable pickup in inflation remain at the forefront of all the financial markets.

Nonetheless, with the conclusion of the second quarter earnings reporting season which marked the highest percentages of S&P 500 companies reporting positive earnings and revenue surprises since 2008, U.S. economic activity is clearly strong and corporate earnings growth very robust.

SECOND QUARTER EARNINGS

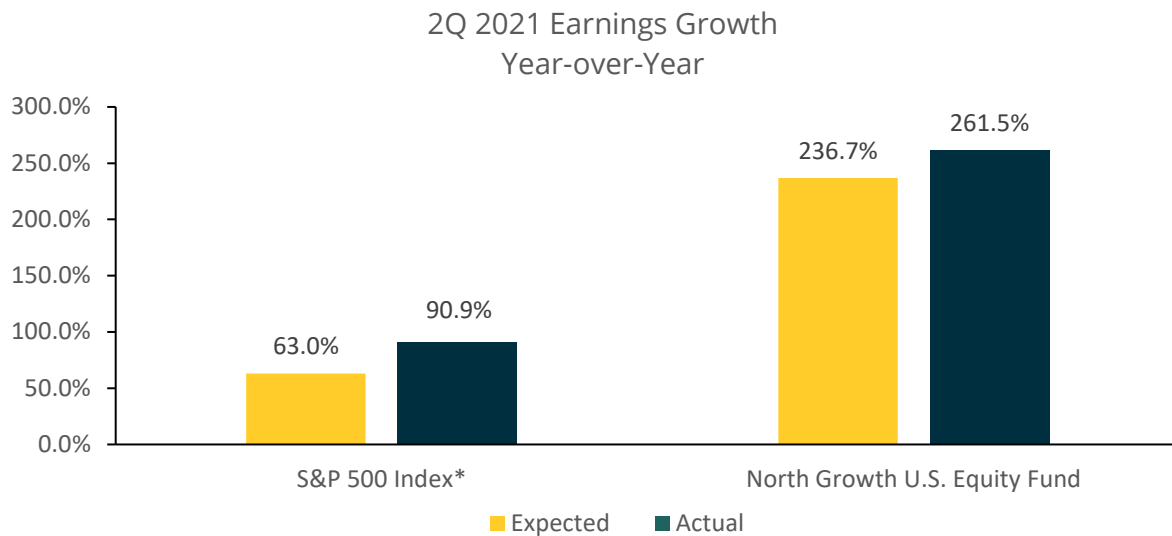
Lapping 2020’s second quarter when the COVID-19 pandemic brought the global economy to a virtual standstill, corporate profits rebounded spectacularly in the latest quarter and are expected to continue increasing year-over-year throughout 2021. The estimated profit growth for the year now stands at 42.6%, 10 percent higher than expectations were a quarter ago and 20 percent above expectations at the start of 2021.

The North Growth U.S. Equity Fund again delivered exceptionally strong results. With over 90% of the portfolio having reported to date, earnings on a weighted-average basis in the second quarter more than tripled, increasing 261.5% over a year ago and beating estimates of 236.7% growth. Greater than 95% of the portfolio’s earnings results thus far have exceeded analysts’ estimates.

As of September 3rd, with nearly all the companies in the S&P 500 having reported results, earnings during the quarter increased 90.9% year-over-year while sales grew 25.2%. According to FactSet, 87% of the reporting companies posted positive earnings surprises. The highest year-over-year earnings growth reported by the index since the fourth quarter of 2009, the unusually substantial growth rate was due to both robust earnings last quarter and an easy comparison to lower earnings in the second quarter of 2020. All eleven S&P 500 sectors reported profit growth over a year ago, led by the Energy, Industrials, and Consumer Discretionary sectors.

The U.S. Fund’s earnings profile continues to be consistently solid and broad-based. In the latest quarter, the profit growth rate of the Fund continued to be much higher than that of the S&P 500 Index.

As illustrated by the following chart, the U.S. Fund's earnings results for the second quarter were outstanding.



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

OUR VIEW

Business fundamentals remain sound as the U.S. economy continues to recover in a boom-like pickup as quickly as it collapsed last year from the COVID-19 pandemic. Although a sustained rebound isn't assured given recent localized setbacks in combating the virus, the strong rates of corporate earnings growth coupled with increasing earnings expectations for the year are encouraging. Continued uncertainty will likely contribute to elevated market volatility in the near term.

We remain laser-focused on individual stock analysis that adheres to our "growth at a reasonable price" investment philosophy. As always, we engage in active stock selection as opposed to macro-driven investment decisions.

TAX INFORMATION UPDATE

This year, Wednesday, 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 distribution for the U.S. Fund in 2021 will be slightly lower than that of 2020 while the distribution for the Canadian Fund in 2021 will be similar to that of last year.

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, in 2020, the distribution for the U.S. Fund was 15% of the unit price and for the Canadian Fund was 7% of the unit price.

U.S. EQUITY FUND

In August, the North Growth U.S. Equity Fund declined slightly by –0.1%. The Fund underperformed all the indices we follow regularly: the S&P 500 which gained 3.0%, the S&P 400 MidCap and S&P 600 SmallCap which both advanced 2.0% each, and the NASDAQ Composite which was up 4.1%. A weakening of the Canadian currency against its U.S. counterpart last month boosted the Fund's return in Canadian dollars to 1.2% 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 4.5% in August, outperforming the S&P/TSX Composite which gained 1.6%. Year-to-date, the Fund is up 22.2% versus the S&P/TSX Composite's return of 20.2%.

North Growth U.S. Equity Fund

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

	1 Month	3 Months	6 Months	YTD
North Growth U.S. Equity Fund \$CDN	1.17	6.36	10.50	15.50
S&P 500 in \$CDN	4.32	12.69	18.88	20.48
North Growth U.S. Equity Fund \$U.S.	-0.07	1.89	11.09	16.55
S&P 500 \$U.S.	3.04	7.95	19.52	21.58
S&P 400 MidCap \$U.S.	1.95	1.25	10.97	20.30
S&P 600 SmallCap \$U.S.	2.02	-0.09	7.54	23.05
NASDAQ Composite \$U.S.	4.09	11.17	16.07	18.94

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

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
North Growth U.S. Equity Fund \$CDN	30.18	17.05	16.66	18.32	11.98	10.77	13.45
S&P 500 \$CDN	26.89	16.74	17.11	19.32	11.89	8.19	10.90
North Growth U.S. Equity Fund \$U.S.	34.56	18.39	17.57	15.36	11.00	11.92	13.39
S&P 500 \$U.S.	31.17	18.07	18.02	16.34	10.90	9.31	10.85
S&P 400 MidCap \$U.S.	44.77	12.18	13.74	13.90	10.73	10.54	12.43
S&P 600 SmallCap \$U.S.	53.97	9.16	14.28	14.73	10.55	10.80	11.92
NASDAQ Composite \$U.S.	30.55	24.65	25.25	20.88	15.10	12.43	*12.01

Source: Bloomberg "Total Return Analysis" as of September 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.

	August 31, 2021
Unit Price	\$ 61.42 CDN / \$ 48.68 US
Total Assets in Fund	\$ 701.60 Million CDN

North Growth Canadian Equity Fund, Series N

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

	1 Month	3 Months	6 Months	YTD
North Growth Canadian Equity Fund, Series N	4.53	14.31	14.36	22.20
S&P / TSX \$CDN	1.63	4.99	15.50	20.16

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

	1 Yr	3 Yrs	5 Yrs	9 Yrs	*Since Prospectus
North Growth Canadian Equity Fund, Series N*	47.10	17.55	16.84	15.24	15.11
S&P / TSX \$CDN	28.24	11.58	10.40	9.49	9.77

* 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.

	August 31, 2021
Unit Price	\$ 29.76 CDN
Total Assets in Fund	\$ 72.6 Million CDN

North Growth Canadian Money Market Fund

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

	*Current Yield	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs
North Growth Canadian Money Market Fund	0.06	0.07	0.96	0.91	0.83	1.21
30 Day Treasury Bill	N/A	0.10	0.96	0.89	0.84	1.19

** 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.

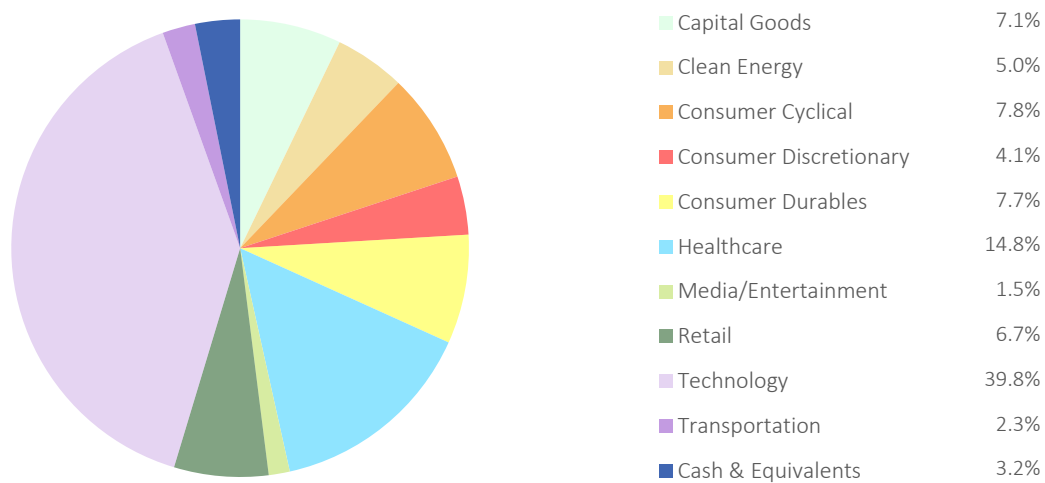
Management fee (August 1 - 31, 2021) for the Fund: 0.20%

Equity Fund Holdings and Composition

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

Ranking	Security	% of Net Assets
1	Applied Materials Inc.	5.40
2	Ciena Corp.	4.88
3	Jabil Inc.	3.80
4	Lumentum Holdings Inc.	3.23
5	Motorola Solutions Inc.	3.06
6	II-VI Inc.	3.04
7	First Solar Inc.	3.02
8	D.R. Horton, Inc.	2.91
9	Qualcomm Inc.	2.88
10	Best Buy Co., Inc.	2.81
Top 10		35.03
Total Equities		96.83
Cash		3.17
Total Assets		100.00

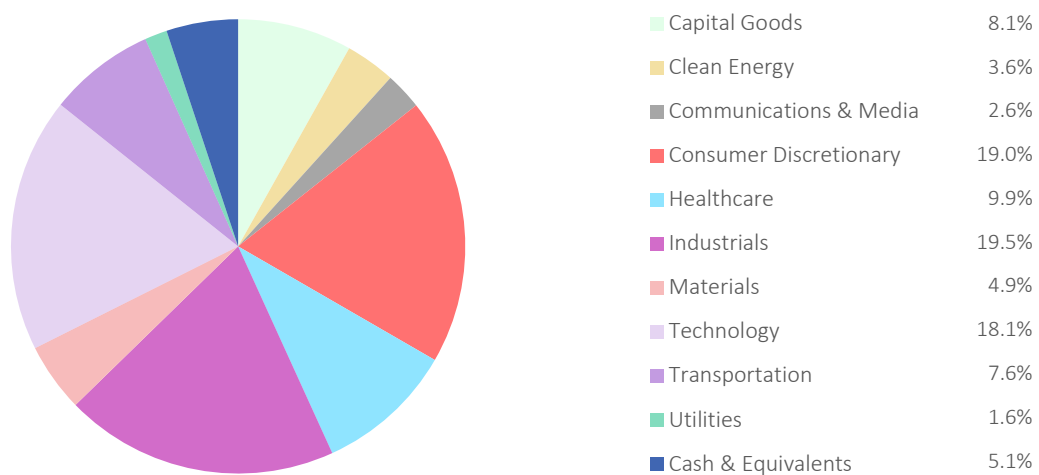
U.S. EQUITY FUND — SECTOR MIX AS AT AUGUST 31, 2021



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

Ranking	Security	% of Net Assets
1	ATS Automation Tooling Systems Inc.	8.14
2	TFI International Inc.	7.58
3	Aritzia Inc.	7.22
4	Leon's Furniture Ltd.	5.02
5	CAE Inc.	4.93
6	Open Text Corporation	4.85
7	Heroux-Devtek Inc.	4.47
8	Intertape Polymer Group Inc.	3.99
9	Innergex Renewable Energy Inc.	3.56
10	Calian Group Ltd.	3.53
Top 10		53.29
Total Equities		94.90
Cash		5.10
Total Assets		100.00

CANADIAN EQUITY FUND — SECTOR MIX AS AT AUGUST 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.

North Growth Management Ltd.

Suite 830, One Bentall Centre
505 Burrard Street, Box 56
Vancouver, BC V7X 1M4

Fax: 604-688-5402

Email: info@northgrowth.com

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.

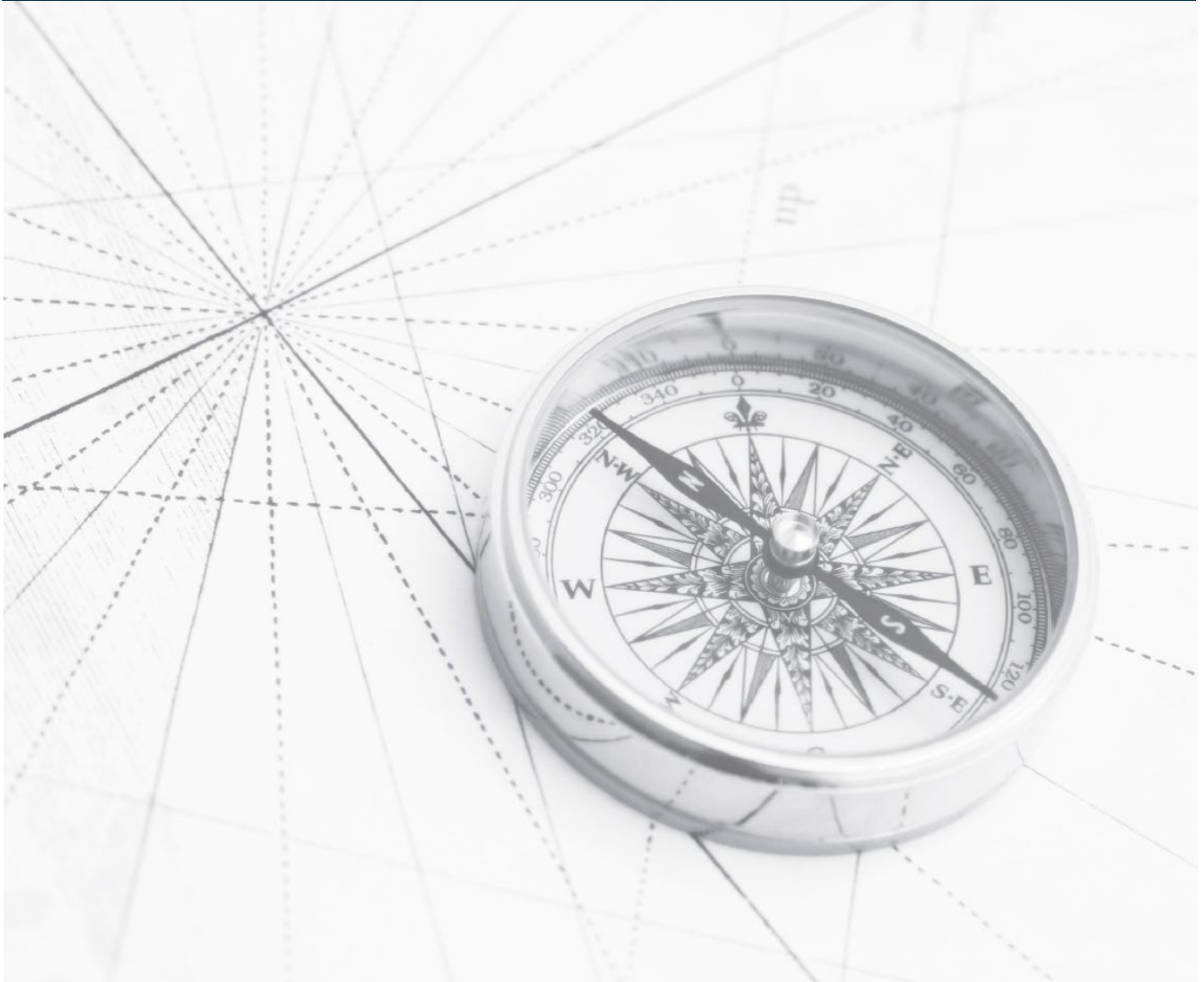


A NOTE ON FORWARD-LOOKING STATEMENTS

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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MANAGEMENT



Suite 830, One Bentall Centre
505 Burrard Street, Box 56
Vancouver, BC V7X 1M4

T: 604-688-5440
F: 604-688-5402
info@northgrowth.com

northgrowth.com