



NORTH GROWTH  
MANAGEMENT



## SEPTEMBER 2021 MONTHLY REPORT

OCTOBER 8, 2021

## Market and Fund Performance Update

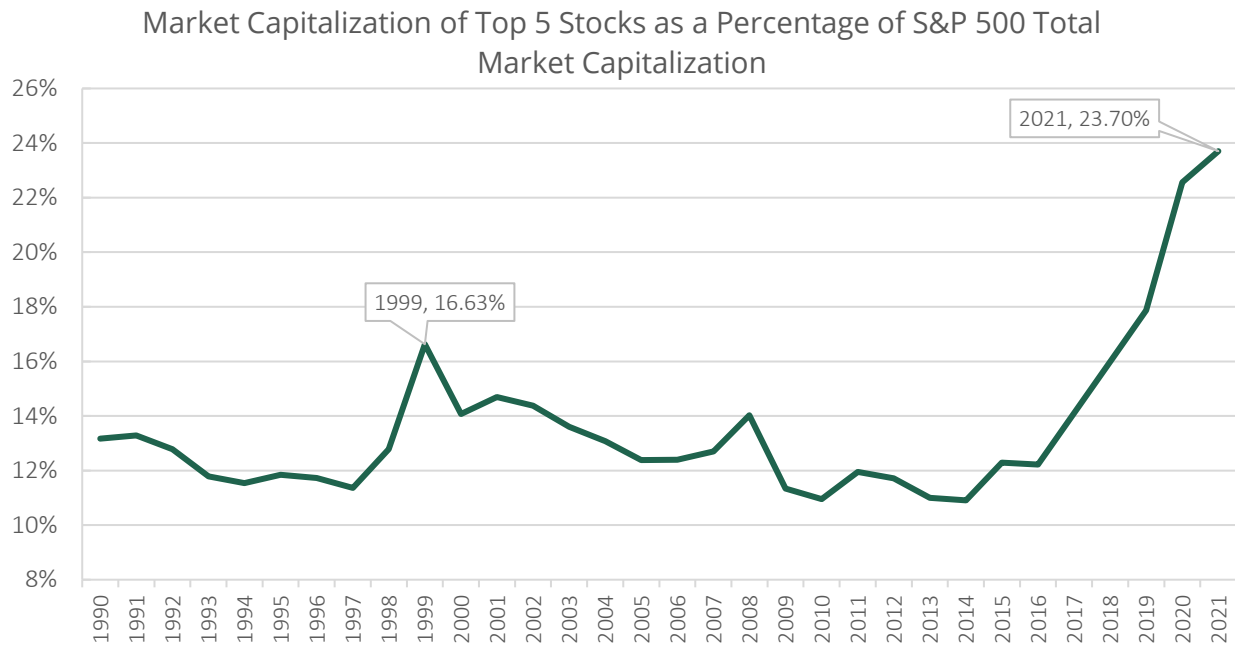
U.S. equities sold off in September, capping a tumultuous quarter during which the majority of the companies in the S&P 500 Index fell in value. Percolating investor anxiety drove stocks lower last month as the list of concerns confronting the markets continues to grow. Mixed U.S. economic data suggesting a slowing recovery, higher inflation readings that presage tighter monetary policy, fears of contagion from the heavily indebted property developer China Evergrande Group, as well as continued wrangling in Washington top the mounting worries.

Despite all the headwinds, the S&P 500 still registered its sixth consecutive quarter of gains. Yet the strength has not been broad-based. Below the headline returns has been constant rotation and churning in the market as cyclical and economically sensitive shares have borne the brunt of losses since the summer.

### AN UNPRECEDENTED CONCENTRATED MARKET

In a sharp reversal from the improved market breadth and “reopening” trade that characterized the first half of 2021, smaller-capitalization and cyclical shares have lagged in relative performance over the past quarter. The S&P 500’s positive return was due primarily to the ascent of the technology behemoths that so dominate the index.

As of September 30th, the five largest companies in the S&P 500—Facebook, Amazon, Apple, Microsoft, and Alphabet (Google)—account for 24% of the index’s market capitalization. The degree to which these megacap tech stocks influence the markets is truly at an epic proportion, and to a greater extent than tech’s influence at the peak of the bubble in the late nineties. According to data compiled by Goldman Sachs Group Inc. and Bloomberg, the S&P 500 is more concentrated than at any time since at least 1980.



Source: Bloomberg data

Such a narrowly focused market has been challenging for the North Growth U.S. Equity Fund. While the Fund's relative underperformance of late may be attributed to the unparalleled market conditions, the upside of the high concentration within the S&P 500 is increased investment opportunities. We continue to find an expanding number of quality companies that trade at attractive valuation levels.

Furthermore, enhanced volatility in the markets 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 fundamental analysis and individual stock selection. The candidates are there for the picking as the Funds already hold some amazingly compelling "growth at a reasonable price" names.

## TAX INFORMATION UPDATE

Wednesday, December 15<sup>th</sup> 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 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.

We currently estimate 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 estimate for the distributions may change materially over the coming months. Last year, the distribution for the U.S. Fund was 15% of the unit price and for the Canadian Fund was 7% of the unit price.

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 Monday, November 29<sup>th</sup>.

## U.S. EQUITY FUND

In the latest quarter ended September 30th, the North Growth U.S. Equity Fund declined –8.0%. The Fund underperformed all the indices we regularly track: the S&P 500 which gained 0.6%, the smaller-capitalization S&P 400 MidCap and S&P 600 SmallCap which lost -1.8% and –2.8% respectively, and the NASDAQ Composite which was down slightly by –0.2%. Due to the weakening of the Canadian currency against its U.S. counterpart during the last three months, the Fund fell –6.0% in Canadian dollars versus the S&P 500's positive 2.8% return in Canadian dollars.

## CANADIAN EQUITY FUND, SERIES N

The North Growth Canadian Equity Fund, Series N, appreciated 0.9% in the quarter ended September 30<sup>th</sup>, outperforming the S&P/TSX Composite which gained 0.2%. Year-to-date, the Fund is up 16.5% versus the S&P/TSX Composite's gain of 17.5%.

## North Growth U.S. Equity Fund

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

	1 Month	3 Months	6 Months	YTD
<b>NGM U.S. Equity Fund \$CDN</b>	<b>-6.64</b>	<b>-5.98</b>	<b>-1.60</b>	<b>7.82</b>
S&P 500 in \$CDN	-4.27	2.81	9.99	15.34
<b>NGM U.S. Equity Fund \$U.S.</b>	<b>-7.02</b>	<b>-8.01</b>	<b>-2.32</b>	<b>8.37</b>
S&P 500 \$U.S.	-4.65	0.58	9.18	15.92
S&P 400 MidCap \$U.S.	-3.97	-1.76	1.81	15.52
S&P 600 SmallCap \$U.S.	-2.43	-2.84	1.54	20.05
NASDAQ Composite \$U.S.	-5.27	-0.22	9.44	12.67

### ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED SEPTEMBER 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>21.51</b>	<b>15.60</b>	<b>15.02</b>	<b>17.40</b>	<b>11.04</b>	<b>10.65</b>	<b>13.14</b>
S&P 500 \$CDN	23.47	15.16	16.08	18.86	11.29	8.31	10.70
<b>NGM U.S. Equity Fund \$U.S.</b>	<b>27.95</b>	<b>16.44</b>	<b>15.83</b>	<b>15.20</b>	<b>10.11</b>	<b>11.87</b>	<b>13.07</b>
S&P 500 \$U.S.	30.01	15.99	16.90	16.63	10.37	9.51	10.63
S&P 400 MidCap \$U.S.	43.68	11.08	12.97	14.72	10.38	11.05	12.23
S&P 600 SmallCap \$U.S.	57.64	9.44	13.57	15.69	10.30	11.47	11.79
NASDAQ Composite \$U.S.	30.33	22.66	23.42	21.01	14.42	13.16	*11.76

Source: Bloomberg "Total Return Analysis" as of September 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	\$ 57.34 CDN \$ 45.27 US
Total Assets in Fund	\$ 657.3 Million CDN

## North Growth Canadian Equity Fund, Series N

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

	1 Month	3 Months	6 Months	YTD
<b>NGM Canadian Equity Fund Series N</b>	<b>-4.68</b>	<b>0.92</b>	<b>8.49</b>	<b>16.48</b>
S&P / TSX \$CDN	-2.22	0.17	8.73	17.48

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

	1 Yr	3 Yrs	5 Yrs	9 Yrs	*Since Prospectus
<b>NGM Canadian Equity Fund Series N*</b>	<b>40.00</b>	<b>14.82</b>	<b>16.25</b>	<b>14.54</b>	<b>14.37</b>
S&P / TSX \$CDN	28.02	11.07	9.64	8.81	9.41

\* 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 \$ 28.37 CDN

Total Assets in Fund \$ 70.0 Million CDN

## North Growth Canadian Money Market Fund

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

	*Current Yield	1 Year	3 Years	5 Years	10 Years	15 Years
<b>NGM Canadian Money Market Fund</b>	<b>0.07</b>	<b>0.06</b>	<b>0.92</b>	<b>0.90</b>	<b>0.83</b>	<b>1.19</b>
30 Day Treasury Bill	N/A	0.10	0.92	0.88	0.83	1.17

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

## Equity Fund Holdings

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

Ranking	Security	% of Net Assets	Ranking	Security	% of Net Assets
1	Applied Materials Inc.	5.51	29	Texas Instruments Inc.	1.68
2	Ciena Corp.	4.70	30	Amgen Inc.	1.66
3	Jabil Inc.	3.85	31	Brinker International Inc.	1.63
4	Lumentum Holdings Inc.	3.34	32	Biogen Inc.	1.63
5	First Solar Inc.	3.29	33	Herman Miller Inc.	1.57
6	Motorola Solutions Inc.	3.12	34	The Walt Disney Company	1.49
7	II-VI Inc.	3.07	35	SolarEdge Technologies Inc.	1.37
8	D.R. Horton, Inc.	2.74	36	American Eagle Outfitters Inc.	1.35
9	Best Buy Co., Inc.	2.74	37	Cerner Corporation	1.34
10	Qualcomm Inc.	2.71	38	Abbott Laboratories	1.33
11	Tempur Sealy International, Inc.	2.60	39	Nautilus Inc.	1.32
12	Bristol-Myers Squibb Company	2.57	40	Nvidia Corp.	1.31
13	Anthem Inc.	2.50	41	Boston Scientific Corporation	1.26
14	Electronic Arts Inc.	2.35	42	Citrix Systems Inc.	1.19
15	HP Inc.	2.34	43	Watts Water Technologies Inc.	1.05
16	FedEx Corp.	2.22	44	Tapestry Inc.	0.93
17	Jacobs Engineering Group Inc.	2.19	45	Booking Holdings Inc.	0.93
18	Foot Locker, Inc.	2.15	46	TPI Composites Inc.	0.56
19	Zimmer Biomet Holdings Inc.	2.10	47	Urban Outfitters Inc.	0.35
20	Itron Inc.	2.02	48	Funko Inc.	0.19
21	RH	1.98		<b>Total Equities</b>	<b>96.75</b>
22	Johnson Controls International plc	1.94		<b>Cash</b>	<b>3.25</b>
23	Microsoft Corporation	1.84		<b>Total Assets</b>	<b>100.00</b>
24	Apple Inc.	1.81			
25	Fortune Brands Home & Security Inc.	1.77			
26	eBay Inc.	1.75			
27	Skechers U.S.A., Inc.	1.71			
28	Gilead Sciences Inc.	1.70			



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

Ranking	Security	% of Net Assets	Ranking	Security	% of Net Assets
1	ATS Automation Tooling Systems Inc.	7.42	29	AutoCanada Inc.	0.96
2	Aritzia Inc.	7.31	30	Quebecor Inc., Class B	0.91
3	TFI International Inc.	7.14	31	Transcontinental Inc.	0.78
4	CAE Inc.	5.31	32	Xebec Adsorption Inc.	0.50
5	Leon's Furniture Ltd.	4.87	33	Perimeter Medical Imaging AI, Inc.	0.32
6	Open Text Corporation	4.48		<b>Total Equities</b>	<b>94.53</b>
7	Heroux-Devtek Inc.	4.32		<b>Cash</b>	<b>5.47</b>
8	Bombardier Inc., Class B	4.05		<b>Total Assets</b>	<b>100.00</b>
9	Innergex Renewable Energy Inc.	3.72			
10	Intertape Polymer Group Inc.	3.71			
11	Calian Group Ltd.	3.45			
12	Profound Medical Corp.	3.41			
13	Zymeworks Inc.	3.31			
14	Knight Therapeutics Inc.	2.95			
15	Converge Technology Solutions Corp.	2.93			
16	Ballard Power Systems Inc.	2.63			
17	Novanta Inc.	2.52			
18	Restaurant Brands International	2.11			
19	IBI Group Inc.	2.00			
20	Dollarama Inc.	1.85			
21	Sierra Wireless Inc.	1.74			
22	TELUS Corporation	1.72			
23	Dorel Industries Inc., Class B	1.67			
24	Polaris Infrastructure Inc.	1.53			
25	Real Matters Inc.	1.47			
26	Evertz Technologies Limited	1.43			
27	Magellan Aerospace Corp.	1.02			
28	Bombardier Recreational Products Inc.	0.99			

## 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.

Please contact:

**Marcus Vander Leek, CFA**

*Director of Business Development and Client Service*

Email: [marcus@northgrowth.com](mailto:marcus@northgrowth.com)

### 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 Funds’ prices.

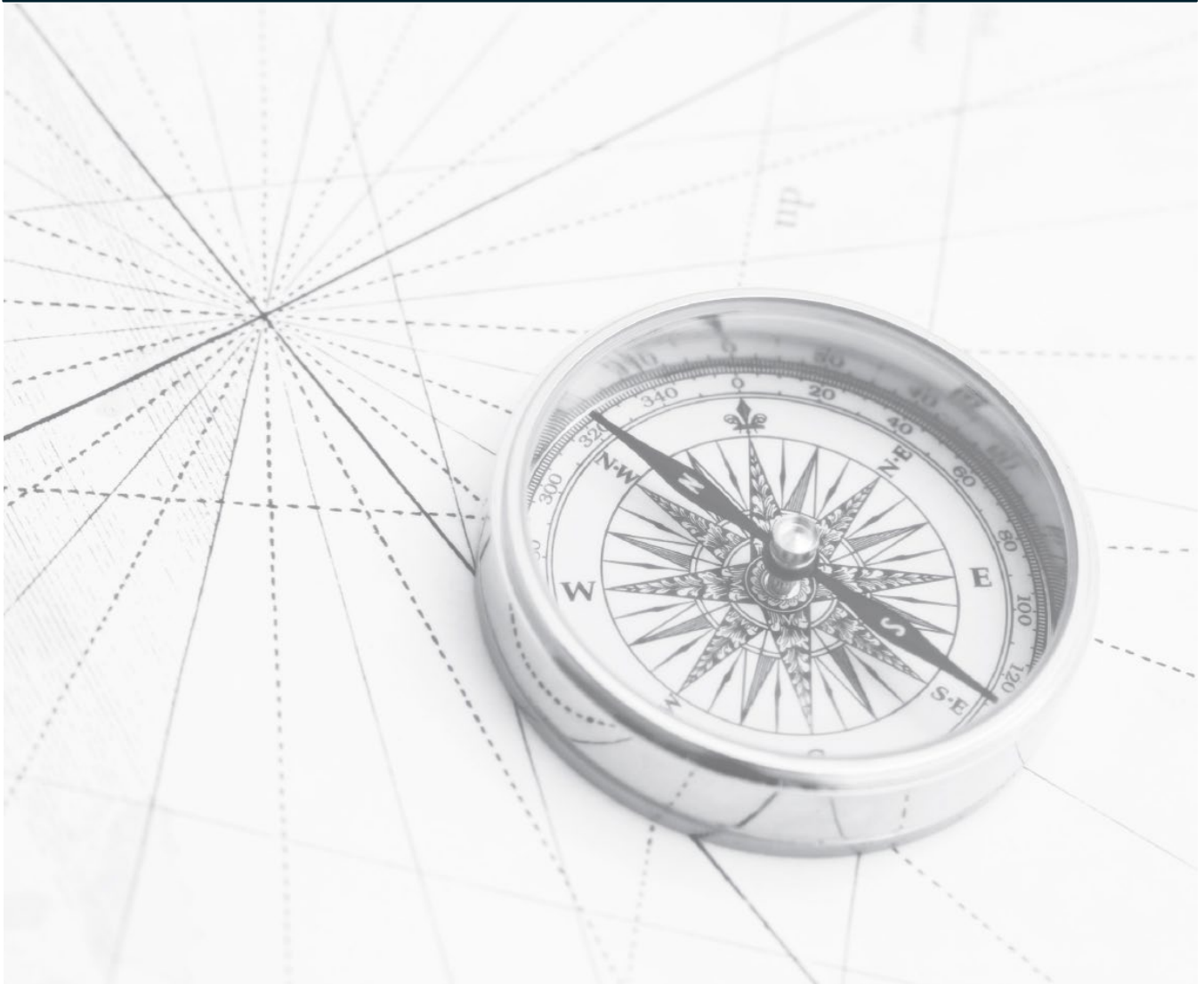


## A NOTE ON FORWARD-LOOKING STATEMENTS

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.



NORTH GROWTH  
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](mailto:info@northgrowth.com)

[northgrowth.com](http://northgrowth.com)