



NORTH GROWTH
MANAGEMENT



JUNE 2022 MONTHLY REPORT

JULY 8, 2022

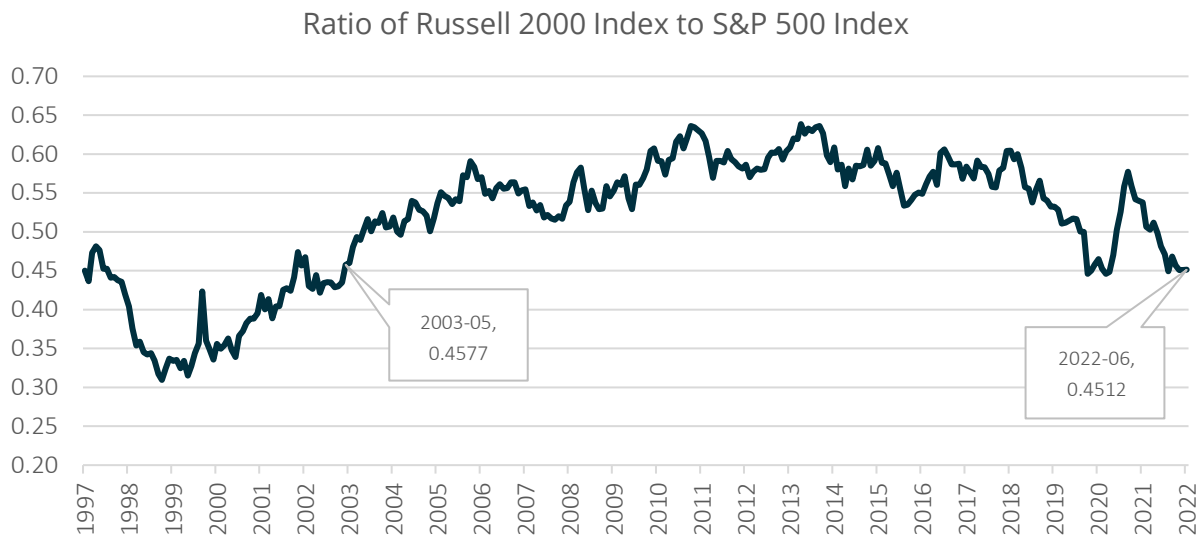
Market and Fund Performance Update

June was abysmal for equities, culminating in the S&P 500's worst first half of a year since 1970. Accelerating inflation and rising interest rates continued to fuel the market rout as expectations of an ensuing economic recession have become the consensus.

A BROADER, DEEPER BEAR MARKET

Despite many headlines highlighting the S&P 500's official entry into a bear market (down 20% from its most recent closing high) last month, it is noteworthy that the broad market, as represented by the smaller-capitalization Russell 2000 and NASDAQ Composite indices, has been in bearish territory since January. For the most part, stocks have suffered a longer and more severe downturn than the S&P 500 would suggest.

The Russell 2000 closed June off 30% from its peak in November 2021, while the NASDAQ has declined more than 30% from its high also marked last November. As we have reiterated in multiple reports over the past year, the U.S. stock market has been dominated by the very largest technology behemoths, with extreme lack of performance breadth in the rest of the market. Relative to the concentrated S&P 500 index, the smaller-capitalization Russell 2000 has lagged in performance. This is illustrated by the following chart, which shows that small-cap stocks are the most oversold since the start of the pandemic and since 2003.



Source: Bloomberg data

More importantly, the fundamentals—earnings growth and financial health—of many smaller-cap shares have remained strong. As the underperformance of the majority of the market has not been the product of poor underlying operating results, stock multiples are not as expensive as the S&P 500 would imply. The thinning of U.S. equity market breadth over the past year has given rise to numerous attractive investment opportunities.

The major advantage of a bear market is that many high-calibre companies trade at bargain valuations. Notwithstanding the frustrating near-term performance, we continue to avail ourselves of the trading opportunities provided by heightened market volatility. Adhering diligently to our “Growth at a Reasonable Price” investment philosophy, we remain committed to adjusting the weightings of portfolio constituents and upgrading the quality of portfolio holdings as market conditions permit.

Bull markets always follow bear markets, just as market leadership alternates between large-cap and small-cap stocks. We believe the Funds are well positioned to outperform coming out of the bear market recovery, when reasonable valuations and sustainable earnings growth are given credit. We maintain a positive long-term outlook for the North Growth Equity Funds, eagerly anticipating the beginning of the next bull market.

U.S. EQUITY FUND

In June, the North Growth U.S. Equity Fund declined -11.8%. The Fund lagged all the indices we regularly track: the S&P 500 which lost -8.3%, the S&P 400 MidCap and S&P 600 SmallCap which depreciated -9.6% and -8.6% respectively, as well as the NASDAQ Composite which was down -8.7%. In Canadian dollars, the Fund’s return was -10.1% versus the S&P 500 which declined -6.5%.

For the first half of 2022, the U.S. Equity Fund fell -28.3%. Except for the NASDAQ Composite which was down -29.2%, the Fund underperformed the other indices we follow. Year-to-date, the S&P 500 lost -20.0% while the S&P 400 MidCap and S&P 600 SmallCap depreciated -19.5% and -18.9% respectively. In Canadian dollars, the Fund declined -27.1% during the first half of 2022 versus the S&P 500 which was down -18.7%.

CANADIAN EQUITY FUND, SERIES N

June served as a reminder of how quickly sentiment can shift in these markets. The S&P/TSX Composite had its worst month since March 2020 with a negative return of -8.7%. Quarter-end rebalancing accompanied by fears of a recession meant that Financials, Energy and Materials contributed to over 80% of those losses. The North Growth Canadian Equity Fund, Series N, which currently does not have any holdings in any of these sectors, outperformed with a decline of -5.9%.

The Fund benefitted from an earlier than anticipated approval from Investment Canada regarding the go-private transaction involving Intertape Polymer—closing on June 28th instead of the previously anticipated date of September 30th, 2022. This contributed to a larger than usual cash holding at the end of the period. The team is working diligently to take advantage of opportunities in the market to deploy the cash in equities that fit our “Growth at a Reasonable Price” philosophy.

The Fund also benefitted from a one-time eligible special dividend paid by Dorel Industries that we highlighted in the January Monthly Report. As a result, the Fund expects to generate an income (eligible dividend) distribution of approximately \$1.50 per unit.

Currently, the world is full of doom and gloom forecasters. This is a complete reversal from the euphoria we saw last summer. Then, when the markets were notching all-time highs, one simply couldn't buy stocks fast enough no matter how high the valuations. Now, suddenly, one can't get rid of one's holdings fast enough no matter how low the valuations; and the sentiment has pivoted to “hold cash because the everything crash is here.” This focus on timing the markets is extremely counter-productive. As Rudy often says, it is not about timing the market, but time in the market, that matters. Outsized returns are not generated from going in and out of the market, but rather staying invested and maintaining conviction during periods of market distress. Great companies endure. Whether there is a recession, inflation, supply crisis, or war, a well-run company led by a proven management team will always find a way.

Long-term outperformance requires one to remain rational while others are making emotional decisions. At North Growth Management, our mandate is to outperform the market over the long-term. The market oscillates wildly over the short-term, but being able to see beyond this short-term noise is why we believe investing is as much an art as it is a science.

We are pleased to report that the North Growth Canadian Equity Fund celebrated 10 years since its prospectus was filed on June 15, 2012. Since the prospectus filing, the Canadian Equity Fund, Series N, has returned, on average, 11.3% per year compared to 8.2% annualized for the S&P/TSX Composite.

North Growth U.S. Equity Fund

SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2022

	1 Month	3 Months	6 Months	YTD
NGM U.S. Equity Fund \$CDN	-10.14	-17.39	-27.13	-27.13
S&P 500 in \$CDN	-6.53	-13.48	-18.65	-18.65
NGM U.S. Equity Fund \$U.S.	-11.80	-19.89	-28.31	-28.31
S&P 500 \$U.S.	-8.25	-16.10	-19.96	-19.96
S&P 400 MidCap \$U.S.	-9.62	-15.42	-19.54	-19.54
S&P 600 SmallCap \$U.S.	-8.55	-14.11	-18.94	-18.94
NASDAQ Composite \$U.S.	-8.65	-22.27	-29.22	-29.22

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2022

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
NGM U.S. Equity Fund \$CDN	-25.10	5.38	8.21	13.14	8.96	9.54	11.93
S&P 500 \$CDN	-7.07	10.03	11.15	15.65	9.93	8.19	10.04
NGM U.S. Equity Fund \$U.S.	-27.96	5.93	8.37	10.51	7.58	10.44	11.79
S&P 500 \$U.S.	-10.62	10.60	11.31	12.96	8.54	9.08	9.91
S&P 400 MidCap \$U.S.	-14.64	6.87	7.02	10.90	8.05	9.55	11.38
S&P 600 SmallCap \$U.S.	-16.81	7.30	7.21	11.26	8.03	9.58	10.89
NASDAQ Composite \$U.S.	-23.40	12.20	13.51	15.48	11.32	11.80	*10.44

Source: Bloomberg "Total Return Analysis" as of June 30, 2022

* 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	\$ 41.85 CDN \$ 32.47 US
Total Assets in Fund	\$ 508.7 Million CDN

North Growth Canadian Equity Fund, Series N

SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2022

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund Series N	-5.88	-16.33	-17.99	-17.99
S&P / TSX \$CDN	-8.71	-13.19	-9.87	-9.87

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2022

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Prospectus
NGM Canadian Equity Fund Series N*	-14.91	9.40	7.94	11.09	11.33
S&P / TSX \$CDN	-3.87	7.97	7.62	8.18	8.23

The prospectus inception of the Fund: June 15, 2012.

Unit Price \$ 22.59 CDN

Total Assets in Fund \$ 60.8 Million CDN

North Growth Canadian Money Market Fund

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2022

	*Current Yield	1 Year	3 Years	5 Years	10 Years	15 Years
NGM Canadian Money Market Fund	1.49	0.25	0.57	0.88	0.79	1.00
30 Day Treasury Bill	N/A	0.30	0.60	0.86	0.79	0.98

** 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. We believe the Fund has superior liquidity characteristics due to its very low average maturity. The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate.

The current yield quoted above is net of the management fee.

Equity Fund Holdings

U.S. EQUITY FUND — HOLDINGS AS AT JUNE 30, 2022

Ranking	Security	% of Net Assets
1	Ciena Corp.	5.07
2	Jabil Inc.	4.44
3	Bristol-Myers Squibb Company	4.40
4	Qualcomm Inc.	3.95
5	HP Inc.	3.68
6	Lumentum Holdings Inc.	3.66
7	II-VI Inc.	3.51
8	Elevance Health, Inc.	3.46
9	SolarEdge Technologies Inc.	3.24
10	Applied Materials Inc.	3.09
11	Horizon Therapeutics, plc.	2.85
12	D.R. Horton, Inc.	2.83
13	Motorola Solutions Inc.	2.79
14	Jacobs Engineering Group Inc.	2.76
15	FedEx Corp.	2.70
16	RH	2.39
17	Syneos Health Inc.	2.29
18	Warner Bros. Discovery Inc.	2.07
19	Capri Holdings Ltd.	2.06
20	Fiserv, Inc.	2.02
21	Funko Inc.	1.99
22	Best Buy Co., Inc.	1.98
23	Nvidia Corp.	1.86
24	Tempur Sealy International, Inc.	1.81
25	Johnson Controls International plc.	1.80
26	Electronic Arts Inc.	1.79
27	Texas Instruments Inc.	1.77
28	InMode Ltd.	1.74

Ranking	Security	% of Net Assets
29	Thermo Fisher Scientific, Inc.	1.70
30	Microsoft Corporation	1.67
31	Align Technology, Inc.	1.63
32	Apple Inc.	1.57
33	Booking Holdings Inc.	1.41
34	Generac Holdings Inc.	1.36
35	Fortune Brands Home & Security Inc.	1.32
36	Brinker International Inc.	1.26
37	Crocs, Inc.	1.06
38	Abercrombie & Fitch Co.	1.03
39	Watts Water Technologies Inc.	1.02
40	Foot Locker, Inc.	0.88
41	United Rentals, Inc.	0.87
42	Old Dominion Freight Line, Inc.	0.71
43	Biogen Inc.	0.54
44	EVgo Inc.	0.43
Total Equities		96.46
Cash		3.54
Total Assets		100.00

CANADIAN EQUITY FUND — HOLDINGS AS AT JUNE 30, 2022

Ranking	Security	% of Net Assets	Ranking	Security	% of Net Assets
1	ATS Automation Tooling Systems Inc.	6.97	29	Ballard Power Systems Inc.	0.40
2	TFI International Inc.	6.34	30	Shopify Inc.	0.35
3	Calian Group Ltd.	6.23	31	Quisitive Technology Solutions Inc.	0.33
4	Aritzia Inc.	5.94	32	Blackberry Ltd.	0.31
5	CAE Inc.	5.12	33	Perimeter Medical Imaging AI, Inc.	0.29
6	IBI Group Inc.	4.80	34	Xebec Adsorption Inc.	0.17
7	Leon's Furniture Ltd.	4.47		Total Equities	88.19
8	Heroux-Devtek Inc.	3.91		Cash	11.81
9	Innergex Renewable Energy Inc.	3.66		Total Assets	100.00
10	TELUS Corporation	3.52			
11	Knight Therapeutics Inc.	3.39			
12	Open Text Corporation	3.28			
13	Sierra Wireless Inc.	3.08			
14	Polaris Infrastructure Inc.	2.76			
15	Converge Technology Solutions Corp.	2.65			
16	Dorel Industries Inc., Class B	2.45			
17	Bombardier Inc., Class B	2.30			
18	Dollarama Inc.	2.27			
19	AutoCanada Inc.	2.23			
20	Profound Medical Corp.	2.20			
21	Restaurant Brands International	2.02			
22	Canadian Solar Inc.	1.56			
23	Evertz Technologies Limited	1.50			
24	Constellation Software Inc.	1.10			
25	Zymeworks Inc	0.84			
26	Bombardier Recreational Products Inc.	0.77			
27	Lululemon Athletica Inc.	0.52			
28	Dentalcorp Holdings Inc.	0.46			

Investing with Us

INVESTING WITH NORTH GROWTH MANAGEMENT:

North Growth Management is a focused firm. Our objective is to achieve 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 to view the Fund’s daily prices or to be added to our e-mail list to receive daily notification of the Funds’ prices.

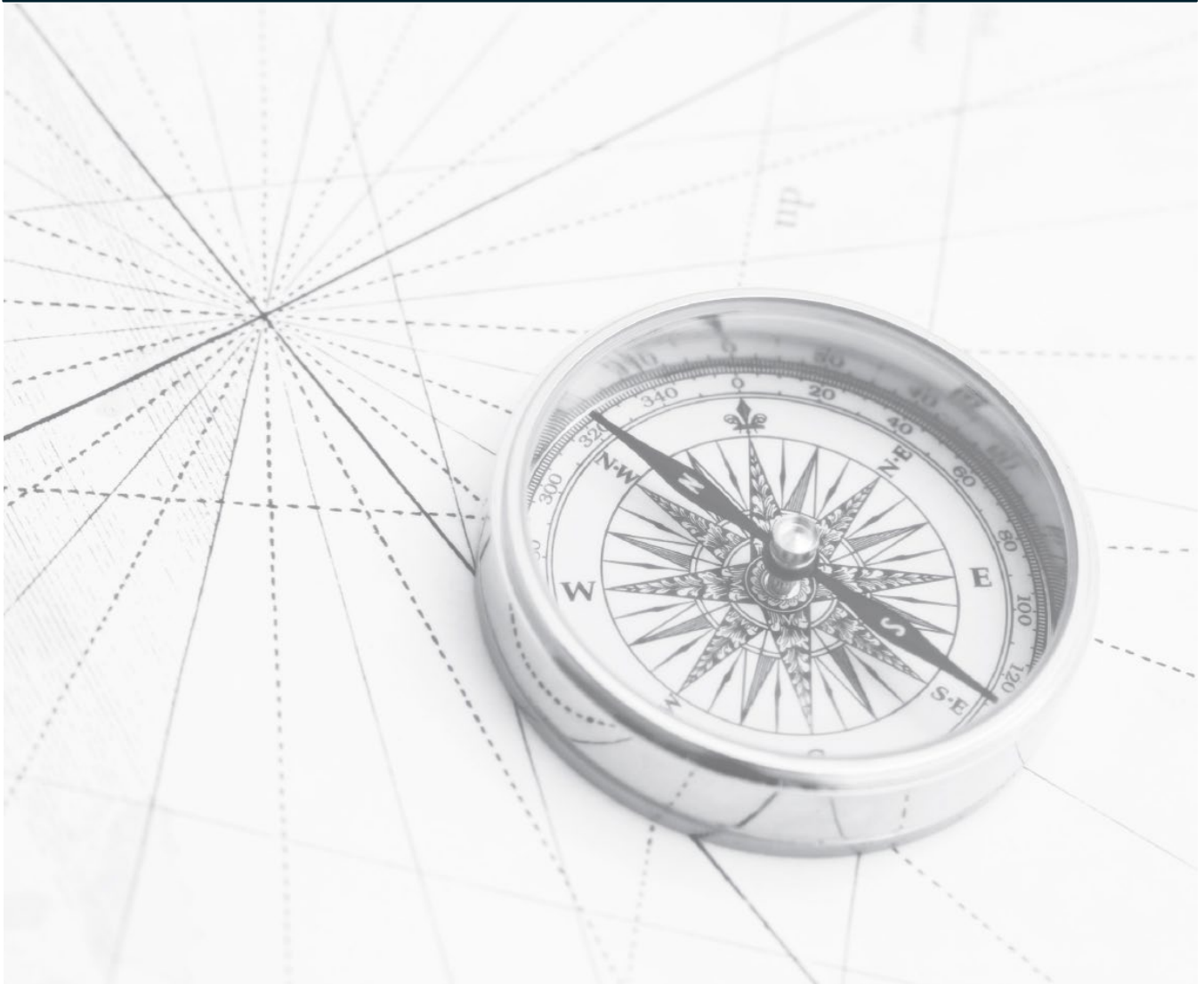


A NOTE ON FORWARD-LOOKING STATEMENTS

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.



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