



NORTH GROWTH  
MANAGEMENT



## JANUARY 2023 MONTHLY REPORT

FEBRUARY 7, 2023



## Market and Fund Performance Update

Equities got off to a strong start in 2023. Better-than-feared fourth quarter earnings reports and encouraging inflation data overshadowed any downbeat headlines to fuel January's spectacular rally. In a dramatic reversal from the bearish sentiment last year, the risk appetite of market participants returned with a vengeance in January as there appeared to be indiscriminate buying across the board.

### OUR VIEW

Notably, the 50 worst-performing stocks of 2022 registered solid gains in January. On average, these equities increased 20.1% last month (Truist Advisory Service). By contrast, the 50 best-performing stocks of 2022 were up an average of only 1.9%. January's market action seemed to reflect a short-term reversion of oversold names rather than a fundamental change in market leadership.

As we stated in our recently published Annual Report, given continued extreme uncertainty over the economy and global events, we believe market volatility will remain elevated this year. We are actively looking for and researching investment opportunities amid the volatility.

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 gained 10.4%. The Fund outperformed the S&P 500 which increased 6.3%, as well as the S&P 400 MidCap and S&P 600 SmallCap indices which were up 9.2% and 9.5% respectively. The Fund slightly lagged the NASDAQ Composite which rallied 10.7%. A stronger Canadian currency lowered the Fund's January return to 8.8% in Canadian dollars versus the S&P 500's 4.8% Canadian-dollar monthly return.

### CANADIAN EQUITY FUND, SERIES N

2023 started off with a strong risk-on sentiment from the global equity markets. With a strong belief that the worst of the macroeconomic uncertainty is behind us, market participants reduced their short exposure and went all-in on risky assets. Further fueled by dovish commentary from the Bank of Canada on the pace and size of future rate hikes, the S&P/TSX Composite posted a return of 7.4%. Despite

Financials, Materials and Energy being three of the top four sectors, the North Growth Canadian Equity Fund, Series N, outperformed the index with a return of 8.5% in January.

### T3, T5008, T4RIF AND T4RSP TAX SLIPS

We are in the process of generating T3, T5008, T4RIF and T4RSP slips for the 2022 tax year. We plan on mailing these out on or before February 17<sup>th</sup>. Please contact our CFO, Rachid Nayel, [rachid@northgrowth.com](mailto: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 2022 tax year is Wednesday, March 1<sup>st</sup>. 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 2023 is \$6,500. If you have never contributed to a TFSA and have been eligible since its introduction in 2009, your cumulative contribution room will be \$88,000 in 2023.

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

## North Growth U.S. Equity Fund

### SHORT TERM RATES OF RETURN (%) FOR PERIODS ENDED JANUARY 31, 2023

	1 Month	3 Months	6 Months	YTD
<b>North Growth U.S. Equity Fund \$CDN</b>	<b>8.82</b>	<b>12.47</b>	<b>7.19</b>	<b>8.82</b>
S&P 500 in \$CDN	4.76	3.44	3.64	4.76
<b>North Growth U.S. Equity Fund \$U.S.</b>	<b>10.40</b>	<b>14.99</b>	<b>2.97</b>	<b>10.40</b>
S&P 500 \$U.S.	6.28	5.76	-0.44	6.28
S&P 400 MidCap \$U.S.	9.23	9.49	6.47	9.23
S&P 600 SmallCap \$U.S.	9.49	6.40	3.02	9.49
NASDAQ Composite \$U.S.	10.73	5.70	-6.06	10.73

### ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED JANUARY 31, 2023

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
<b>North Growth U.S. Equity Fund \$CDN</b>	<b>-5.18</b>	<b>9.72</b>	<b>10.26</b>	<b>14.88</b>	<b>11.39</b>	<b>10.17</b>	<b>12.38</b>
S&P 500 \$CDN	-3.66	10.21	11.36	16.01	11.80	9.56	10.27
<b>North Growth U.S. Equity Fund \$U.S.</b>	<b>-9.66</b>	<b>9.40</b>	<b>8.45</b>	<b>11.58</b>	<b>9.30</b>	<b>10.90</b>	<b>12.12</b>
S&P 500 \$U.S.	-8.22	9.88	9.54	12.68	9.70	10.28	10.02
S&P 400 MidCap \$U.S.	2.34	11.41	7.99	10.98	9.98	11.31	11.76
S&P 600 SmallCap \$U.S.	-0.94	10.53	7.28	11.20	9.92	11.33	11.13
NASDAQ Composite \$U.S.	-17.92	9.08	10.38	15.20	12.33	12.66	*10.41

Source: Bloomberg "Total Return Analysis" as of January 31, 2023

\* This return is a simple price appreciation because total return data is not available on Bloomberg.

The inception of the Fund: October 13, 1992.

	January 31, 2023
Unit Price	\$ 50.58 CDN / \$ 37.89 US
Total Assets in Fund	\$ 601.5 Million CDN

## North Growth Canadian Equity Fund, Series N

### SHORT TERM RATES OF RETURN (%) FOR PERIODS ENDED JANUARY 31, 2023

	1 Month	3 Months	6 Months	YTD
<b>North Growth Canadian Equity Fund, Series N</b>	<b>8.53</b>	<b>12.67</b>	<b>11.20</b>	<b>8.53</b>
Benchmark	7.41	7.81	7.22	7.41

### ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED JANUARY 31, 2023

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Prospectus
<b>North Growth Canadian Equity Fund, Series N</b>	<b>3.33</b>	<b>11.24</b>	<b>10.99</b>	<b>11.80</b>	<b>12.82</b>
Benchmark	1.55	9.50	8.69	8.27	8.94

Source: Bloomberg "Total Return Analysis" as of January 31, 2023

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

North Growth Canadian Equity Fund Benchmark: S&P/TSX Composite Index.

	January 31, 2023
Unit Price	\$ 25.65 CDN
Total Assets in Fund	\$ 70.5 Million CDN

## North Growth Canadian Money Market Fund

### ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED JANUARY 31, 2023

	Current Yield*	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs
<b>North Growth Canadian Money Market Fund</b>	<b>4.28</b>	<b>2.11</b>	<b>0.88</b>	<b>1.15</b>	<b>0.93</b>	<b>0.95</b>
30 Day Treasury Bill	N/A	2.04	0.87	1.13	0.92	0.94

\* 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.

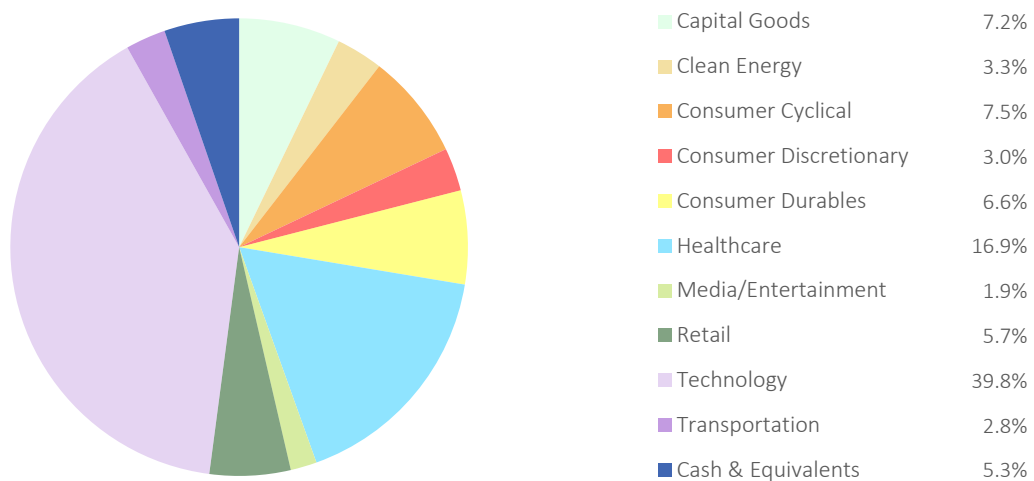
The current yield quoted above is net of the management fee.

## Equity Fund Holdings and Composition

### U.S. EQUITY FUND — TOP 10 HOLDINGS AS AT JANUARY 31, 2023

Ranking	Security	% of Net Assets
1	Jabil Inc.	5.97
2	Ciena Corp.	5.39
3	Applied Materials Inc.	3.74
4	Horizon Therapeutics, plc.	3.43
5	SolarEdge Technologies Inc.	3.31
6	Qualcomm Inc.	3.24
7	Bristol-Myers Squibb Company	3.19
8	D.R. Horton, Inc.	3.05
9	Motorola Solutions Inc.	3.00
10	Elevance Health, Inc.	2.88
<b>Top 10</b>		<b>37.20</b>
<b>Total Equities</b>		<b>94.71</b>
<b>Cash</b>		<b>5.29</b>
<b>Total Assets</b>		<b>100.00</b>

### U.S. EQUITY FUND — SECTOR MIX AS AT JANUARY 31, 2023

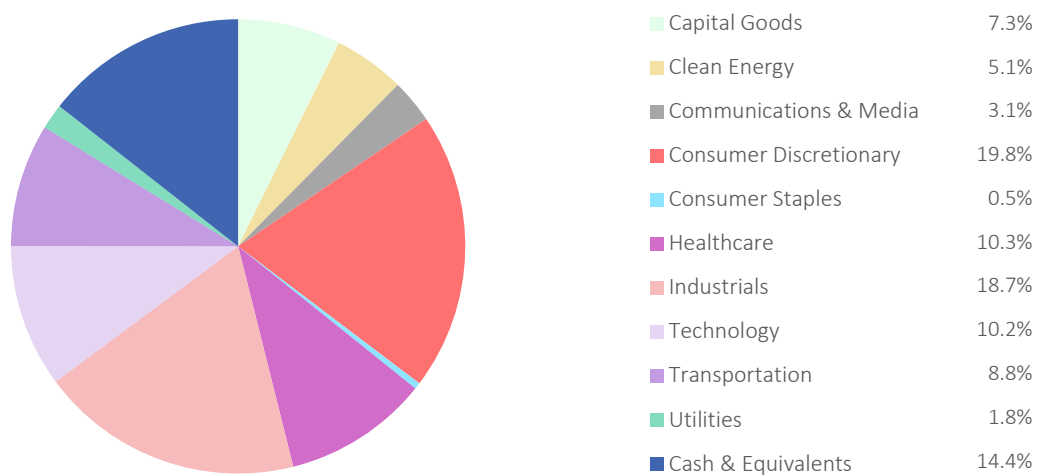




## CANADIAN EQUITY FUND — TOP 10 HOLDINGS AS AT JANUARY 31, 2023

Ranking	Security	% of Net Assets
1	Aritzia Inc.	7.34
2	ATS Corporation	7.32
3	TFI International Inc.	7.08
4	Calian Group Ltd.	5.54
5	Leon's Furniture Ltd.	5.01
6	Bombardier Inc., Class B	4.89
7	CAE Inc.	4.59
8	Heroux-Devtek Inc.	3.72
9	Profound Medical Corp.	3.55
10	Converge Technology Solutions Corp.	3.25
<b>Top 10</b>		<b>52.29</b>
<b>Total Equities</b>		<b>85.59</b>
<b>Cash</b>		<b>14.41</b>
<b>Total Assets</b>		<b>100.00</b>

## CANADIAN EQUITY FUND — SECTOR MIX AS AT JANUARY 31, 2023



## 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.

Please contact:

**Marcus Vander Leek, CFA**

*Director of Business Development and Client Service*

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### WHERE TO FIND NGM FUND PRICES

Please visit [www.northgrowth.com](http://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.

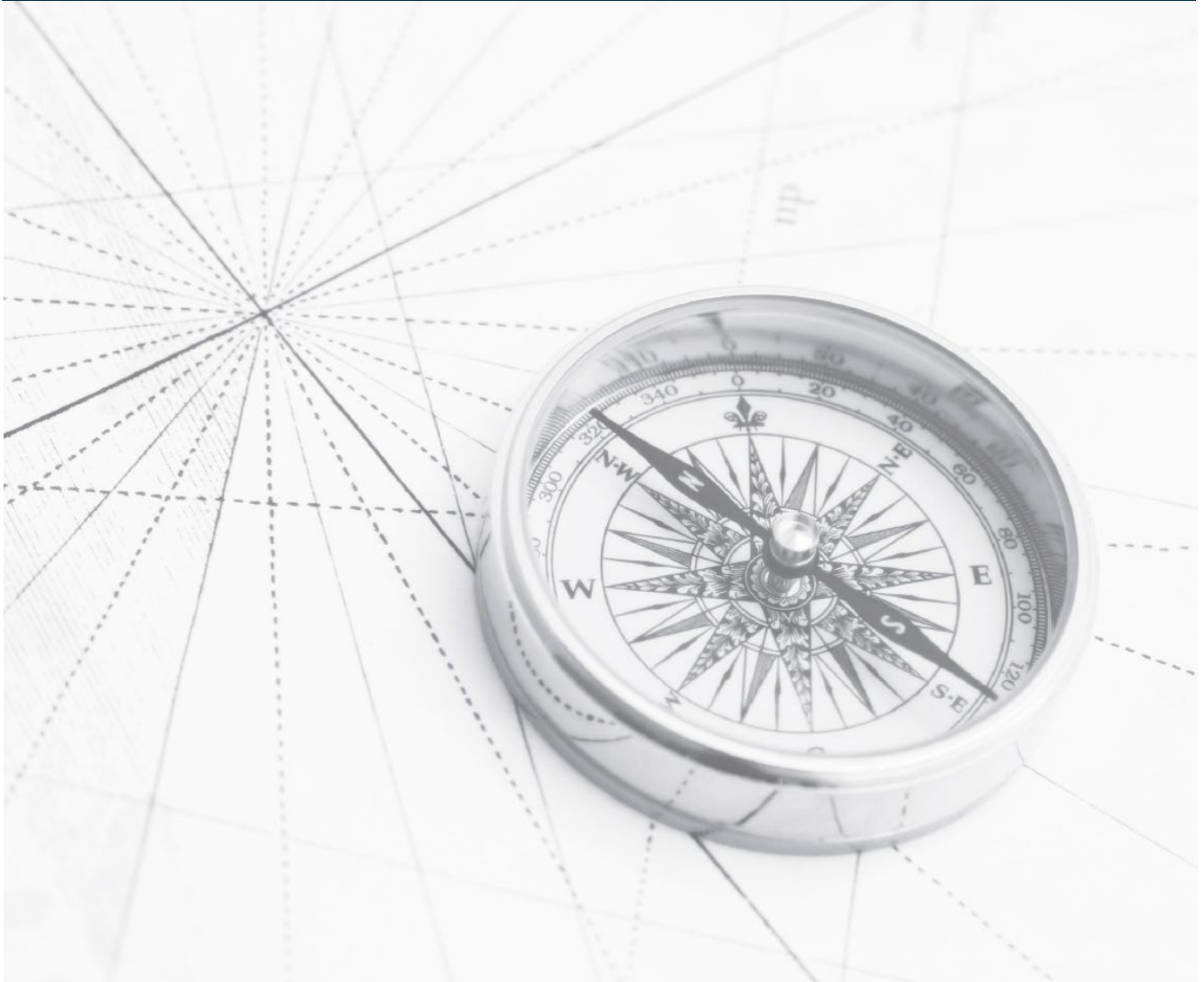


## A NOTE ON FORWARD-LOOKING STATEMENTS

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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