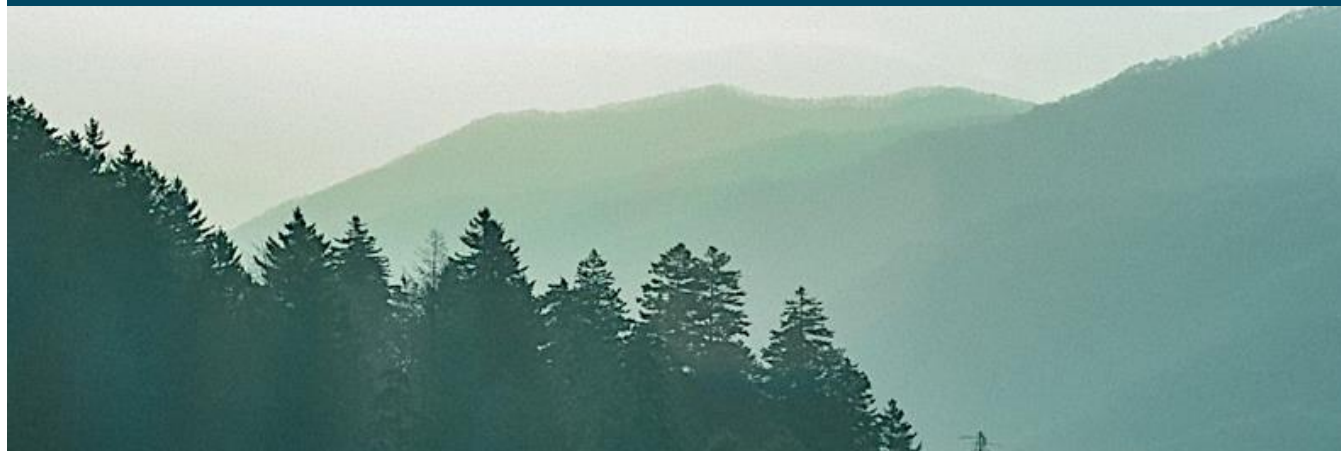




NORTH GROWTH  
MANAGEMENT



# ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31, 2022

## NORTH GROWTH CANADIAN EQUITY FUND

### ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2022

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. You can obtain a copy of the audited annual financial statements at your request, and at no cost, by calling collect 1-604-688-5440, by writing to us at North Growth Management Ltd., Suite 830 One Bentall Centre, 505 Burrard Street, Box 56, Vancouver, BC V7X 1M4 or by visiting our website at [www.northgrowth.com](http://www.northgrowth.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Security holders may also contact us by using one of these methods to request a copy of the Fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure. The Fund's Simplified Prospectus and Fund Facts are similarly available.

#### **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, among other things, 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, without limitation, 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, catastrophic events and the risks detailed from time to time in the Fund's simplified prospectus. 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. The forward-looking information contained in this report is current only as of the date of this report. The Manager of the Fund does not undertake, and specifically disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

# NORTH GROWTH CANADIAN EQUITY FUND

Management Discussion of Fund Performance	1
Investment Objective and Strategies	1
Risk	1
Results of Operations	1
Recent Developments	2
Related Party Transactions	3
Financial Highlights	4
Series F – Net Assets Per Unit	4
Series F – Ratios and Supplemental Data	5
Series D – Net Assets Per Unit	6
Series D – Ratios and Supplemental Data	7
Management Fee	8
Past Performance	9
Year-by-Year Returns	9
Annual Compound Returns	10
Summary of Investment Portfolio	11

---

# Management Discussion of Fund Performance

## INVESTMENT OBJECTIVE AND STRATEGIES

The investment objective of the North Growth Canadian Equity Fund (the “Fund”) is to provide long-term capital growth by investing in common shares of Canadian-based corporations in line with our carbon and tobacco free mandate. In order to achieve this objective, we invest in companies that are undervalued in relation to their expected growth potential. In assessing which companies fit within our “growth at a reasonable price” strategy, we look for superior growth trends, companies within industries that should provide a positive environment for future growth, companies that are dominant within an industry or that have a niche within an industry and companies with management teams that are likely to guide their companies to superior growth.

## RISK

There were no material changes to the Fund over the year that affected its overall level of risk.

This Fund is ideally suited for investors looking for long-term capital appreciation through investment in equity securities of Canadian corporations. Investors should have a medium to high tolerance for risk and a minimum investment horizon of five years.

The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus. The Fund classifies risk using the methodology prescribed in *National Instrument 81-102 – Investment Funds*.

## RESULTS OF OPERATIONS

For the twelve-month period ending December 31, 2022, the Series F and D units of the Fund fell - 6.98% and - 7.25%, respectively. The difference in performance between the Series F and the Series D units is mostly attributed to the 0.30% trailer commissions paid on the Series D units of the Fund. Both series lagged the S&P/TSX Composite Index, which fell - 5.84%.

During 2022, global equity markets were marked by turbulence and significant drawdowns. Concerns of escalating price pressures, aggravated by the Russia-Ukraine conflict as well as lingering supply chain and labour constraints, helped push inflation levels to multi-decade highs. Central banks around the world responded by adopting aggressive monetary policies. Domestically, Bank of Canada Governor, Tiff Macklem, hiked its policy interest rate by 400 basis points, or 4.00%, to end the year at 4.25%. Tightening financial conditions around the world, combined with falling corporate earnings and softening economic growth, drove equity valuations broadly lower.

In the U.S., the S&P 500 Index fell- 18.11% while the NASDAQ Composite dropped- 32.51% in 2022. The S&P/TSX Composite Index fared better and dropped only- 5.84% as strong gains in energy stocks helped offset losses in the financial and technology sectors. The Fund's lack of exposure in the energy sector detracted from performance in the first half of the year although strong operational execution from several core holdings in the second half of 2022 helped narrow the underperformance gap for the full year. The acquisitions of Intertape Polymer Group, IBI Group and Sierra Wireless were additional positive contributors to the Fund.

During 2022, the Manager initiated six new positions: Constellation Software, dentalcorp Holdings, Lululemon Athletica, Canadian National Railway, Shopify and Jamieson Wellness. Seven positions were eliminated: IBI Group, Intertape Polymer Group, Novanta, Dorel Industries, Real Matters, Ballard Power Systems, and Magellan Aerospace. As always, the Manager continues to look for attractively valued businesses that have secular long-term growth potential, inherent competitive advantages, effective management teams and strong balance sheets.

Distributions were paid on December 15th and were \$1.93 per unit (consisting of \$1.59 of income and \$0.34 of capital gains) for the Series F units and \$1.68 per unit (consisting of \$1.34 of income and \$0.34 of capital gains) for the Series D units of the Fund.

## RECENT DEVELOPMENTS

Market volatility remains high and sentiment remains depressed despite significant valuation compression. Recent signs of cooling inflation have been welcome news although the lagged effects of the global monetary tightening have yet to be reflected in economic data and corporate earnings. As such, markets are expected to remain volatile throughout 2023.

Effective June 1, 2022, the Manager ceased paying trailing commissions on Series D units held in accounts for which the dealer does not make a suitability determination, such as accounts at Order Execution Only (OEO) dealers. The trailing commission ban is a regulatory requirement mandated by the Canadian Securities Administrators. Accounts at OEO dealers that held Series D units of the Fund have had those units automatically switched to Series F units of the Fund. Going forward, accounts at OEO dealers will only be able to purchase or sell Series F units of the Fund.

The Manager's core investment philosophy remains focused on identifying investment opportunities that meet its "Growth at a Reasonable Price" criteria. The Manager seeks well-managed companies that offer compelling long term growth potential and are priced at reasonable valuations.

During 2022, there were no changes to the composition of the Fund's Independent Review Committee.

## RELATED PARTY TRANSACTIONS

North Growth Management Ltd. is the Manager and portfolio advisor of the Fund. It provides investment and portfolio management services to the Fund and is responsible for the overall operations of the Fund. The Fund pays the Manager for services provided (see *Management Fee*).

During the year ended December 31, 2022, the Manager redeemed 6,029 Series F units and did not purchase any units of the Fund (2021 – neither purchased nor redeemed).

As at December 31, 2022, the Manager, its affiliates and their officers and directors beneficially owned 3.02% (December 31, 2021 – 3.81%) of the outstanding Series D and Series F units of the Fund.

On December 31, 2022, the Fund carried an outstanding payable balance to the Manager for management fees in the amount of \$53,783 (December 31, 2021 – \$57,943).

## Financial Highlights

For the year ended December 31, 2022 and comparative years ended December 31, 2018 through 2021

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years.

### SERIES F – NET ASSETS PER UNIT

Net Assets Per Unit <sup>1</sup>	December 31				
	2022	2021	2020	2019	2018
Net Assets, beginning of year	<b>\$28.13</b>	\$24.77	\$22.09	\$16.40	\$20.70
<b>Increase (decrease) from operations:</b>					
Total revenue	<b>1.88</b>	0.39	0.26	0.23	0.22
Total expenses	<b>(0.19)</b>	(0.22)	(0.18)	(0.15)	(0.16)
Realized gains for the year	<b>0.81</b>	1.79	2.56	1.47	0.57
Unrealized (losses) / gains for the year	<b>(4.44)</b>	2.81	1.57	4.64	(4.23)
<b>Total (decrease) / increase from operations<sup>2</sup></b>	<b>(0.99)</b>	4.34	3.85	6.19	(4.09)
<b>Distributions:</b>					
From income	<b>(1.59)</b>	(0.05)	-	-	-
From capital gains	<b>(0.34)</b>	(1.52)	(0.51)	(0.51)	(0.69)
<b>Total Annual Distributions<sup>3</sup></b>	<b>(1.93)</b>	(1.57)	(0.51)	(0.51)	(0.69)
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>\$24.26</b>	\$28.13	\$24.77	\$22.09	\$16.40

- This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes due to the timing of unitholder transactions during the period. An explanation of these differences can be found in the notes to the financial statements. Due to potential rounding differences, the sum of the individual components of the disclosed information does not necessarily amount to the "Net assets at December 31<sup>st</sup> of year shown" balance.*
- Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from operations is based on the weighted average number of units outstanding over the financial period.*
- Distributions were paid in cash or reinvested in additional units of the Fund.*

## Financial Highlights (continued)

### SERIES F – RATIOS AND SUPPLEMENTAL DATA

Ratios and Supplemental Data	December 31				
	2022	2021	2020	2019	2018
Total net asset value (000's) <sup>4</sup>	<b>\$10,664</b>	\$5,280	\$2,076	\$2,034	\$1,586
Number of units outstanding (000's) <sup>4</sup>	<b>439</b>	188	84	92	97
Management expense ratio <sup>5</sup>	<b>0.70%</b>	0.70%	0.70%	0.70%	0.70%
Management expense ratio before waivers and absorptions <sup>6</sup>	<b>0.73%</b>	0.74%	0.76%	0.76%	0.73%
Trading expense ratio <sup>7</sup>	<b>0.06%</b>	0.10%	0.09%	0.03%	0.06%
Portfolio turnover rate <sup>8</sup>	<b>24.44%</b>	17.46%	18.75%	2.01%	17.27%
Net asset value per unit	<b>\$24.26</b>	\$28.13	\$24.77	\$22.09	\$16.40

4. *This information is provided as at December 31<sup>st</sup> of the year shown.*
5. *Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.*
6. *The Manager pays all fees related to the IRC; the Management expense ratio before waivers and absorptions represents what the MER would be if the Fund paid the IRC fees.*
7. *The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.*
8. *The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.*

## Financial Highlights (continued)

### SERIES D – NET ASSETS PER UNIT

Net Assets Per Unit <sup>1</sup>	December 31				
	2022	2021	2020	2019	2018
Net Assets, beginning of year	<b>\$28.50</b>	\$25.09	\$22.32	\$16.59	\$20.88
<b>Increase (decrease) from operations:</b>					
Total revenue	<b>1.88</b>	0.39	0.26	0.23	0.22
Total expenses	<b>(0.29)</b>	(0.32)	(0.24)	(0.20)	(0.22)
Realized gains for the year	<b>0.81</b>	1.79	2.56	1.47	0.57
Unrealized (losses) / gains for the year	<b>(4.44)</b>	2.81	1.57	4.64	(4.23)
<b>Total (decrease) / increase from operations<sup>2</sup></b>	<b>(6.09)</b>	4.37	5.23	6.14	(3.93)
<b>Distributions:</b>					
From income	<b>(1.34)</b>	-	-	-	-
From capital gains	<b>(0.34)</b>	(1.50)	(0.47)	(0.47)	(0.59)
<b>Total Annual Distributions<sup>3</sup></b>	<b>(1.68)</b>	(1.50)	(0.47)	(0.47)	(0.59)
<b>Net assets at December 31<sup>st</sup> of year shown</b>	<b>\$24.77</b>	\$28.50	\$25.09	\$22.32	\$16.59

- This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes due to the timing of unitholder transactions during the period. An explanation of these differences can be found in the notes to the financial statements. Due to potential rounding differences, the sum of the individual components of the disclosed information does not necessarily amount to the "Net assets at December 31<sup>st</sup> of year shown" balance.*
- Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from operations is based on the weighted average number of units outstanding over the financial period.*
- Distributions were paid in cash or reinvested in additional units of the Fund.*



## Financial Highlights (continued)

### SERIES D – RATIOS AND SUPPLEMENTAL DATA

Ratios and Supplemental Data	December 31				
	2022	2021	2020	2019	2018
Net asset value (000's) <sup>4</sup>	<b>\$845</b>	\$6,803	\$3,293	\$1,941	\$1,203
Number of units outstanding (000's) <sup>4</sup>	<b>36</b>	239	131	87	73
Management expense ratio <sup>5</sup>	<b>1.00%</b>	1.00%	1.00%	1.00%	1.00%
Management expense ratio before waivers and absorptions <sup>6</sup>	<b>1.03%</b>	1.04%	1.06%	1.06%	1.03%
Trading expense ratio <sup>7</sup>	<b>0.06%</b>	0.10%	0.09%	0.03%	0.06%
Portfolio turnover rate <sup>8</sup>	<b>24.44%</b>	17.46%	18.75%	2.01%	17.27%
Net asset value per unit	<b>\$24.77</b>	\$28.50	\$25.09	\$22.32	\$16.59

4. *This information is provided as at December 31<sup>st</sup> of the year shown.*
5. *Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.*
6. *The Manager pays all fees related to the IRC; the Management expense ratio before waivers and absorptions represents what the MER would be if the Fund paid the IRC fees.*
7. *The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.*
8. *The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.*

## Financial Highlights (continued)

### MANAGEMENT FEE

North Growth Management Ltd. is the trustee, fund accountant, transfer agent, portfolio advisor and manager of the Fund and receives a management fee from the Fund for these services. The Fund has two prospectus qualified series: Series D and Series F. The management fee for both series is 0.70% of assets under management, calculated daily and paid monthly based on the daily net asset value of each series.

The Manager pays all operating costs of the Fund from its management fee, except for brokerage fees, any taxes payable, interest charges, if any, and trailer fees. It is not reimbursed for these costs.

The Fund is distributed by registered dealers. Series D pays a trailing commission of 0.30%. Series F units do not pay a trailing commission and are available through discount brokers and dealers who are generally compensated by their clients on a fee-for-service basis.

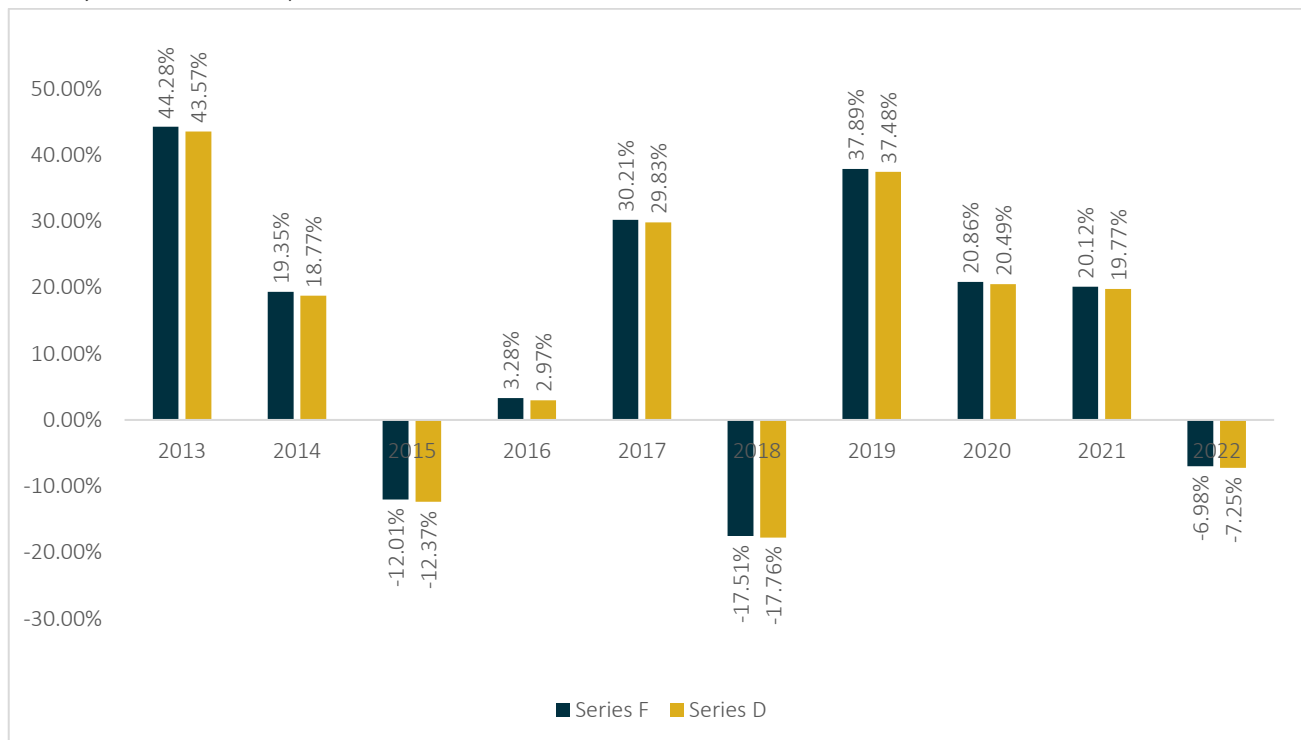
## Past Performance

The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. Past performance does not necessarily indicate how the Fund will perform in the future. The Fund's returns are after the deduction of fees and expenses, and the difference in returns between series of units is primarily due to the 0.30% per annum trailing commission on the Series D units. See *Financial Highlights* for the management expense ratio.

### YEAR-BY-YEAR RETURNS

The bar chart indicates the Fund's annual performance for each of the years shown and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year in Canadian dollars.

*Year-by-Year Returns Expressed in Canadian Dollars*



## Past Performance (Continued)

### ANNUAL COMPOUND RETURNS

The S&P/TSX Composite Total Return Index is widely regarded as the best single gauge of the Canadian equities market. It is comprised of leading companies in leading industries of the Canadian economy.

The table below shows the most recent annual return for each series and the annual compound rate of return of each series for the periods indicated ended on the last day of the Fund's financial year compared to the S&P/TSX Composite Total Return Index in Canadian dollars.

*Annual Compound Returns Expressed in Canadian Dollars*

	Year Ended December 31, 2022	Past 3 Years	Past 5 Years	Past 10 Years
<b>Series F</b>	<b>-6.98%</b>	<b>10.54%</b>	<b>8.96%</b>	<b>12.09%</b>
<b>Series D</b>	<b>-7.25%</b>	<b>10.20%</b>	<b>8.64%</b>	<b>11.70%</b>
S&P/TSX Composite Index	-5.84%	7.54%	6.85%	7.74%

## Summary of Investment Portfolio

As at December 31, 2022

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. It is updated quarterly, within 60 days of quarter end, and is available as indicated on the front cover of this report.

### Top 25 Holdings

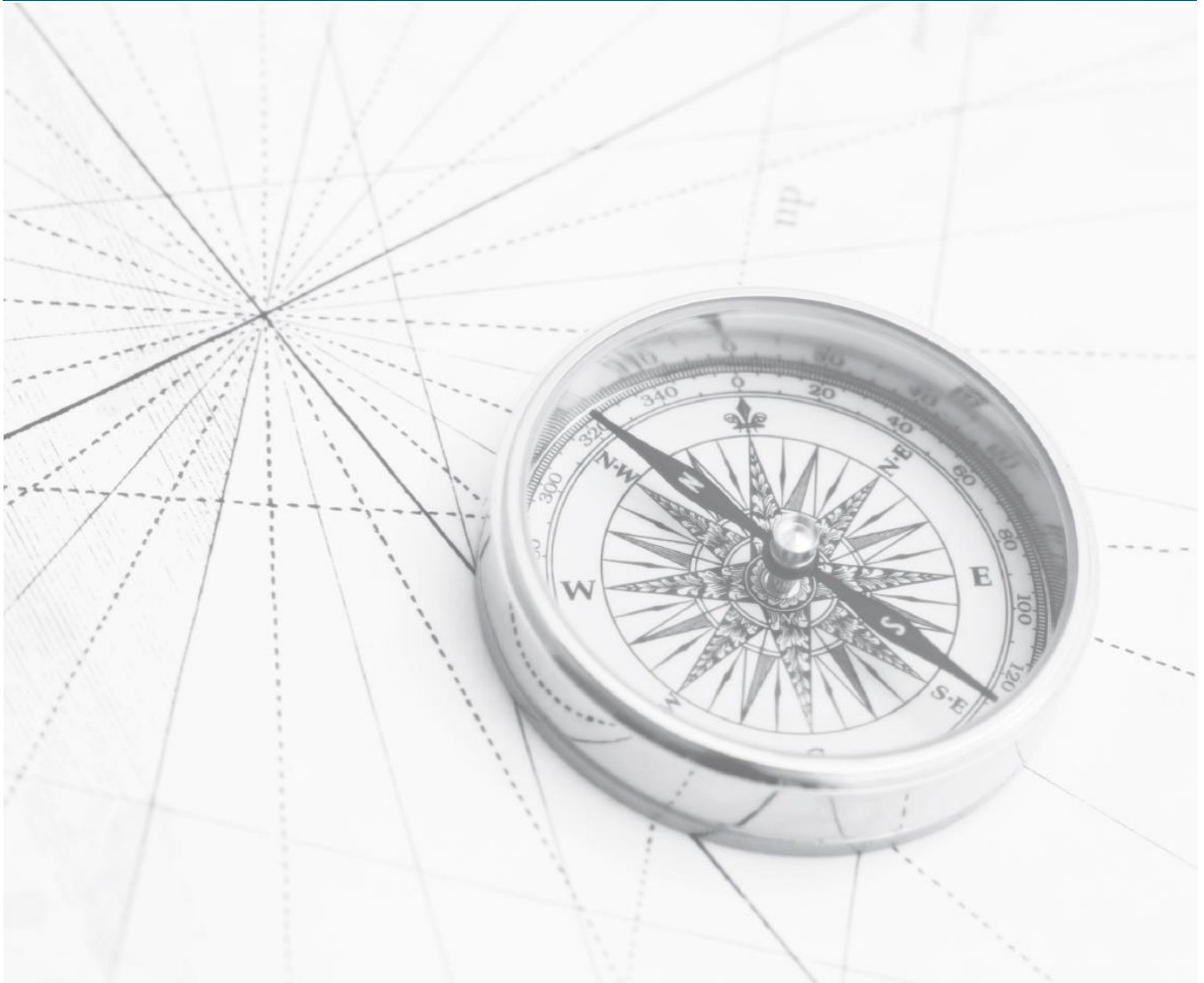
Ranking	Security	% of Net Assets
1	Aritzia Inc.	8.33
2	TFI International Inc.	7.58
3	ATS Corporation	6.74
4	Calian Group Ltd.	6.51
5	Bombardier Inc., Class B	4.99
6	Leon's Furniture Ltd.	4.90
7	CAE Inc.	4.34
8	Heroux-Devtek Inc.	3.55
9	Profound Medical Corp.	3.48
10	Innergex Renewable Energy Inc.	3.29
11	Sierra Wireless Inc.	3.19
12	Knight Therapeutics Inc.	3.16
13	TELUS Corporation	3.08
14	Open Text Corporation	2.85
15	Converge Technology Solutions Corp.	2.84
16	Restaurant Brands International	2.64
17	Dollarama Inc.	2.13
18	Canadian Solar Inc.	1.94
19	Polaris Renewable Energy Inc.	1.92
20	Canadian National Railway Company	1.84
21	Constellation Software Inc.	1.67
22	AutoCanada Inc.	1.55
23	dentalcorp Holdings Inc.	1.51
24	Evertz Technologies Limited	1.41
25	Zymeworks Inc.	1.23

### Sector Allocation

Sector	% of Net Assets
Consumer Discretionary	21.12
Industrials	19.39
Technology	12.95
Healthcare	9.62
Transportation	9.43
Capital Goods	6.74
Clean Energy	5.24
Communications & Media	3.08
Utilities	1.92
Consumer Staples	0.46
<b>Equities Total</b>	<b>89.94</b>
<b>Cash and Cash Equivalents</b>	<b>10.06</b>
<b>Portfolio Total</b>	<b>100.00</b>



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

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