



NORTH GROWTH  
MANAGEMENT



## JULY 2023 MONTHLY REPORT

AUGUST 2, 2023



# Market and Fund Performance Update

Equities continued to advance in July as market sentiment has swung from extreme negativity and skepticism since the beginning of the year to increasing bullishness. Amid mounting economic data that suggests inflation is easing while business activity, consumer confidence, and employment remain resilient, a positive narrative for stocks has emerged.

## FADING RECESSION FEARS

With the Federal Reserve near the end of its trajectory of interest rate hikes, the prospect of a “soft landing” has improved. Inflation is cooling and economic growth is holding up. This so-called Goldilocks scenario is the underpinning of the rising tide in stocks last month.

In July, the 2023 equity advance expanded to include even speculative assets. The currency market saw a broad risk-on move as traders sold the U.S. dollar, a long-favoured haven, and sought higher returns from virtually every other currency including the euro and Mexican peso. A Goldman Sachs Group Inc. basket of unprofitable technology firms rallied the most since January. And money managers cut their short positions while deploying cash to stocks.

Despite the drastic improvement in market sentiment, the list of concerns continues to be long. Bankruptcy filings have ramped up as companies faced spiking interest costs over the past year. Additionally, while perhaps delayed, the threat of a recession nonetheless lingers as the yield curve remains firmly inverted. An inverted yield curve, one in which the 10-year Treasury yield trades lower than that of the 2-year, has historically been a reliable predictor of every recession over the past 50 years even though the downturn has not been immediate.

## OUR VIEW

Markets have climbed a wall of worry so far in 2023, and whether that continues is anyone’s guess. We do not make macro-driven investment decisions. Based on company fundamentals, we are encouraged by the availability of attractive equity investment opportunities. Accordingly, we continue to adjust the weightings of portfolio constituents and upgrade the quality of portfolio holdings as market conditions permit.

As always, we believe stock selection is the key to outperformance, and we remain focused on the analysis of individual stocks that adhere to our long term “Growth at a Reasonable Price” investment philosophy.

## U.S. EQUITY FUND

In July, the North Growth U.S. Equity Fund appreciated 2.9%. The Fund underperformed the indices we normally follow: the S&P 500 which gained 3.2%, the S&P MidCap and S&P 600 SmallCap which advanced 4.1% and 5.5% respectively, as well as the NASDAQ Composite which was up 4.1%. A stronger Canadian currency against its U.S. counterpart lowered the Fund's monthly return to 2.4% in Canadian dollars versus the S&P 500's 2.7% Canadian-dollar July return.

## CANADIAN EQUITY FUND, SERIES N

Smashing expectations in July, Canadian jobs data reinforced the notion that May's job loss was merely a blip in the long-term trend. With fears of a recession abating and a "soft landing" coming into focus again, the Bank of Canada raised rates by another 25 basis points or 0.25%. The S&P/TSX Composite continued its streak of strong performance with a 2.6% return for July, driven primarily by strength in commodities. Expectations for both a production cut for oil by OPEC+ and increased demand in an expansionary economy provided tailwinds to the energy and materials sectors. The North Growth Canadian Fund, Series N, underperformed the index with a loss of -1.5%.

## North Growth U.S. Equity Fund

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

	1 Month	3 Months	6 Months	YTD
<b>North Growth U.S. Equity Fund \$CDN</b>	<b>2.41</b>	<b>8.02</b>	<b>7.61</b>	<b>17.10</b>
S&P 500 in \$CDN	2.72	7.25	12.05	17.38
<b>North Growth U.S. Equity Fund \$U.S.</b>	<b>2.90</b>	<b>11.31</b>	<b>9.02</b>	<b>20.36</b>
S&P 500 \$U.S.	3.21	10.51	13.52	20.65
S&P 400 MidCap \$U.S.	4.13	10.04	3.76	13.33
S&P 600 SmallCap \$U.S.	5.51	12.19	2.17	11.87
NASDAQ Composite \$U.S.	4.08	17.58	24.38	37.72

### ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED JULY 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>15.35</b>	<b>9.35</b>	<b>9.84</b>	<b>13.48</b>	<b>12.57</b>	<b>9.70</b>	<b>12.44</b>
S&P 500 \$CDN	16.13	13.07	12.47	15.50	13.06	9.77	10.51
<b>North Growth U.S. Equity Fund \$U.S.</b>	<b>12.26</b>	<b>9.97</b>	<b>9.57</b>	<b>10.69</b>	<b>10.70</b>	<b>10.05</b>	<b>12.23</b>
S&P 500 \$U.S.	13.02	13.72	12.20	12.66	11.17	10.12	10.30
S&P 400 MidCap \$U.S.	10.47	15.26	8.28	9.99	10.21	10.51	11.69
S&P 600 SmallCap \$U.S.	5.26	15.71	5.70	9.67	10.10	10.30	11.02
NASDAQ Composite \$U.S.	16.74	11.00	14.38	15.99	14.15	12.34	11.00*

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

	July 31, 2023
Unit Price	\$ 54.43 CDN / \$ 41.31 US
Total Assets in Fund	\$ 624.5 Million CDN

## North Growth Canadian Equity Fund, Series N

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

	1 Month	3 Months	6 Months	YTD
<b>North Growth Canadian Equity Fund, Series N</b>	<b>-1.53</b>	<b>0.77</b>	<b>-2.59</b>	<b>5.72</b>
Benchmark	2.58	0.78	0.95	8.43

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

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Prospectus
<b>North Growth Canadian Equity Fund, Series N</b>	<b>8.33</b>	<b>12.32</b>	<b>9.77</b>	<b>9.89</b>	<b>11.95</b>
Benchmark	8.23	11.73	7.92	8.37	8.61

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

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

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

	July 31, 2023
Unit Price	\$ 24.99 CDN
Total Assets in Fund	\$ 67.0 Million CDN

## North Growth Canadian Money Market Fund

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

	Current Yield*	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs
<b>North Growth Canadian Money Market Fund</b>	<b>4.78</b>	<b>4.02</b>	<b>1.48</b>	<b>1.47</b>	<b>1.11</b>	<b>1.00</b>
30 Day Treasury Bill	N/A	3.97	1.49	1.46	1.10	1.00

*\* 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 tends to correspond with changes in the Bank of Canada's overnight rate.

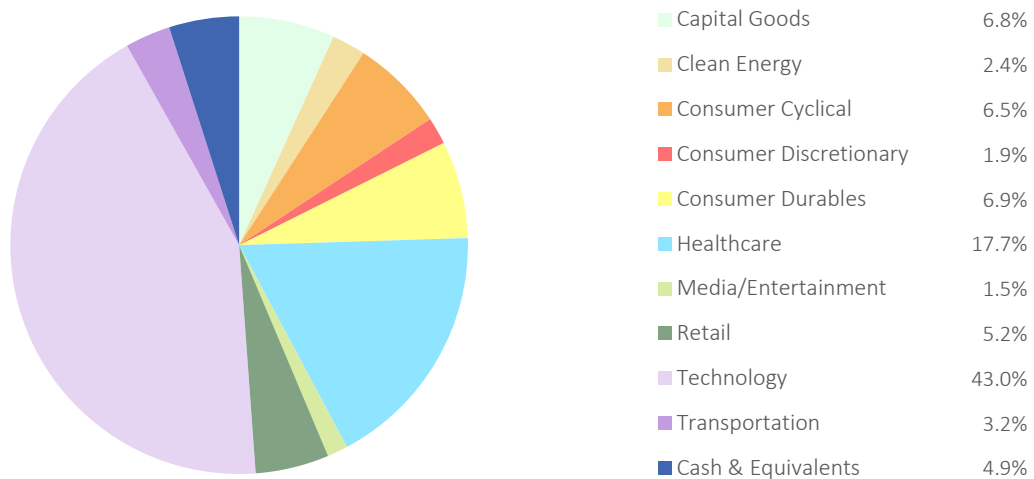
The current yield quoted above is net of the management fee.

## Equity Fund Holdings and Composition

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

Ranking	Security	% of Net Assets
1	Jabil Inc.	7.99
2	Applied Materials Inc.	4.83
3	Ciena Corp.	4.36
4	InMode Ltd.	3.22
5	Motorola Solutions Inc.	3.18
6	Horizon Therapeutics, plc.	3.18
7	HP Inc.	3.07
8	Qualcomm Inc.	3.06
9	Coherent Corp.	2.94
10	Nvidia Corp.	2.59
<b>Top 10</b>		<b>38.42</b>
<b>Total Equities</b>		<b>95.05</b>
<b>Cash</b>		<b>4.95</b>
<b>Total Assets</b>		<b>100.00</b>

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

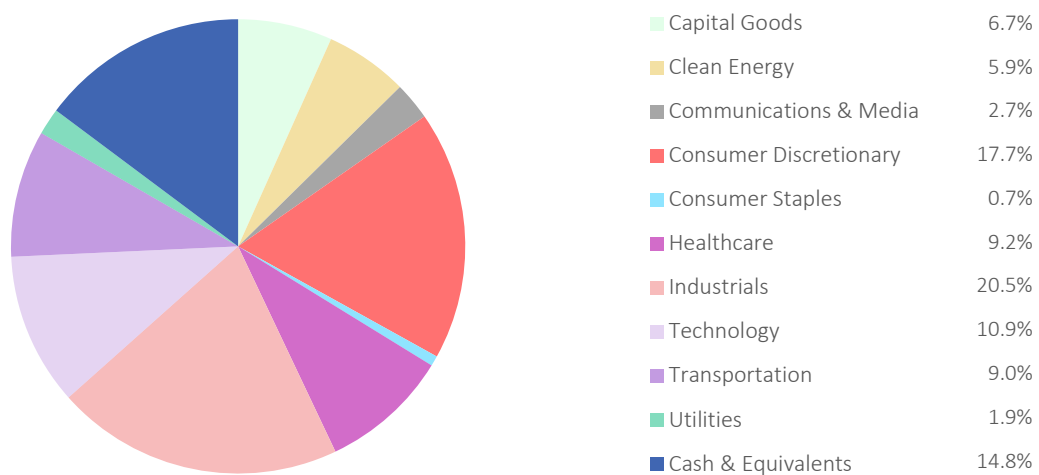




## CANADIAN EQUITY FUND — TOP 10 HOLDINGS AS AT JULY 31, 2023

Ranking	Security	% of Net Assets
1	TFI International Inc.	7.27
2	ATS Corporation	6.71
3	Leon's Furniture Ltd.	6.22
4	Calian Group Ltd.	5.99
5	Bombardier Inc., Class B	5.56
6	CAE Inc.	4.84
7	Heroux-Devtek Inc.	4.07
8	Open Text Corporation	3.91
9	Canadian Solar Inc.	3.36
10	Restaurant Brands International	2.95
<b>Top 10</b>		<b>50.88</b>
<b>Total Equities</b>		<b>85.21</b>
<b>Cash</b>		<b>14.79</b>
<b>Total Assets</b>		<b>100.00</b>

## CANADIAN EQUITY FUND — SECTOR MIX AS AT JULY 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:

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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.

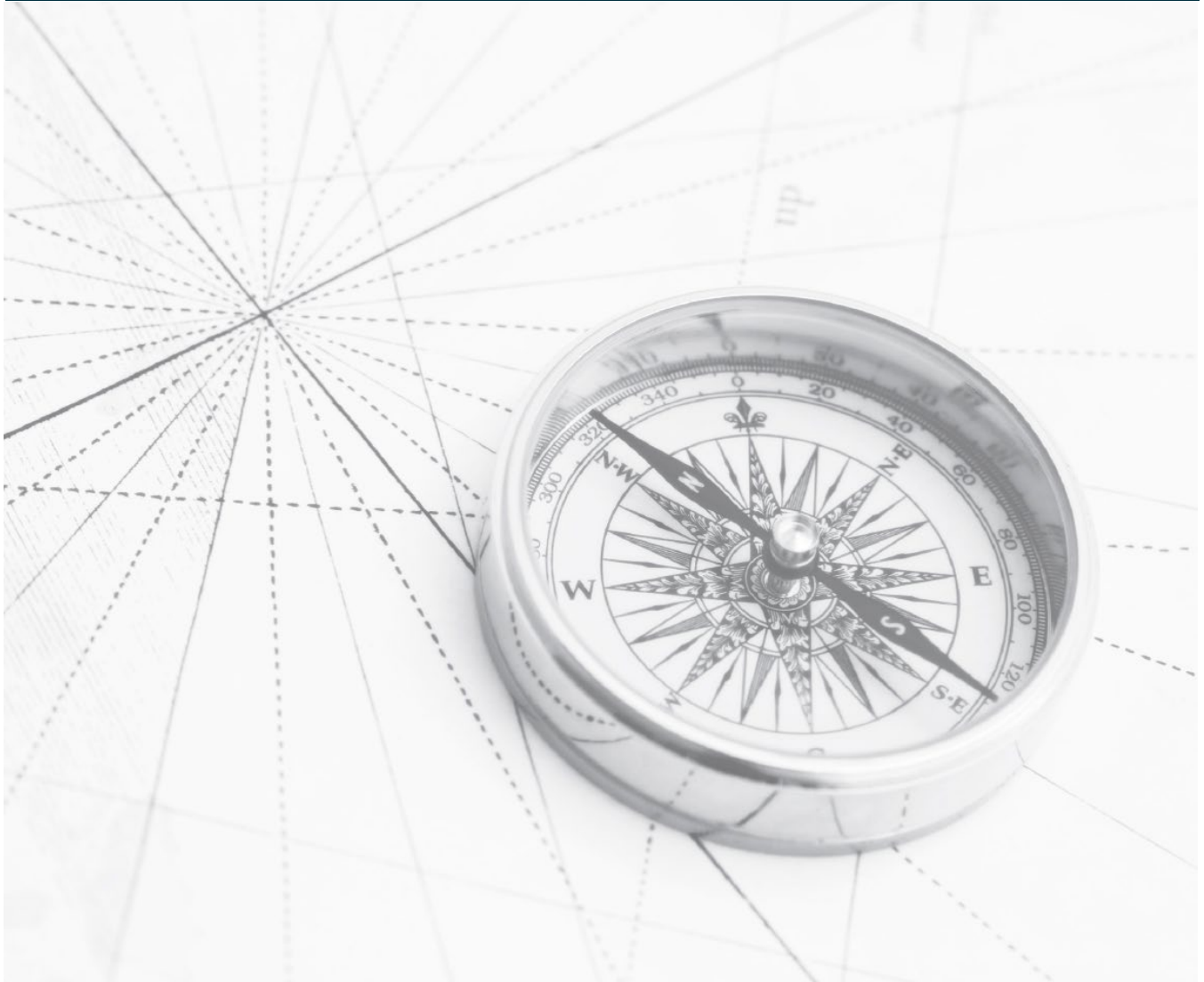


## A NOTE ON FORWARD-LOOKING STATEMENTS

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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