

# **North Growth Canadian Equity Fund**

Interim Financial Statements  
(unaudited)

Period ended June 30, 2023

# North Growth Canadian Equity Fund

June 30, 2023

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## Management's Responsibility for Financial Reporting

August 18, 2023

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The accompanying financial statements of the Fund (as defined in Note 1) have been prepared by North Growth Management Ltd. (the "Manager"). The Manager of the Funds is responsible for the information and representations contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. These financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Funds are described in Note 2 to the financial statements.

The Board of Directors of the Manager is responsible for reviewing and approving the financial statements of the Fund (as defined in Note 1) after reviewing management's report of its financial reporting responsibilities.

*"Erica Lau"*

Erica Lau, CFA  
Chief Executive Officer  
North Growth Management Ltd.

## Notice to Unitholders

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**The Auditor of the Fund has not reviewed these financial statements.**

North Growth Management Ltd., the Manager of the Fund, appoints an independent auditor to audit the Funds' annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Funds' interim financial statements, this must be disclosed in an accompanying notice.

**North Growth Canadian Equity Fund**  
**Statements of financial position**  
**June 30, 2023**

(All amounts in thousands of dollars, except per unit amounts) (unaudited)

	Note	June 30, 2023	December 31, 2022
<b>Assets</b>			
Cash		\$ 1,757	\$ 3,250
Receivable for units issued		-	2
Interest receivable		32	27
Dividends receivable		124	115
Broker receivable		-	275
Short term notes		6,891	2,967
Equity investments, at fair value (Cost: \$46,899; 2022: \$47,517)		59,149	58,462
		<b>67,953</b>	<b>65,098</b>
<b>Liabilities</b>			
Accrued liabilities	12	52	54
Payable for units redeemed		1	34
		<b>53</b>	<b>88</b>
<b>Net assets attributable to holders of redeemable units</b>		<b>\$ 67,900</b>	<b>\$ 65,010</b>
<b>Represented by:</b>			
<b>Net assets attributable to holders of redeemable units</b>			
<b>Series F</b>		<b>\$ 11,085</b>	<b>\$ 10,664</b>
<b>Series N</b>		<b>55,923</b>	<b>53,454</b>
<b>Series D</b>		<b>892</b>	<b>892</b>
<b>Net assets attributable to holders of redeemable units per unit</b>			
<b>Series F</b>		<b>\$ 26.09</b>	<b>\$ 24.26</b>
<b>Series N</b>		<b>25.38</b>	<b>23.64</b>
<b>Series D</b>		<b>26.59</b>	<b>24.77</b>

APPROVED ON BEHALF OF THE MANAGER,  
NORTH GROWTH MANAGEMENT LTD.

*“Erica Lau”*

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Erica Lau,  
CEO and Director

**North Growth Canadian Equity Fund**  
**Statements of comprehensive income**  
**Period ended June 30, 2023**

(All amounts in thousands of dollars, except per unit amounts) (unaudited)

	Note	June 30, 2023	December 31, 2022
<b>Revenue:</b>			
Dividend income		\$ 375	\$ 4,908
Interest and other income		188	117
Income tax refund		26	30
Net realized gain on foreign currencies		5	6
Change in fair value of investments			
Net realized gain		3,125	2,185
Change in unrealized appreciation		1,377	(11,945)
<b>Total revenue</b>		<b>5,096</b>	<b>(4,699)</b>
<b>Expenses:</b>			
Management fees	8, 12	319	637
Transaction costs	11	9	39
Trailer fees	8	1	8
<b>Total operating expenses</b>		<b>329</b>	<b>684</b>
<b>Increase / (Decrease) in net assets attributable to holders of redeemable units, from operations excluding distributions</b>		<b>4,767</b>	<b>(5,383)</b>
<b>Distribution to holders of redeemable units</b>			
From net investment income		-	(4,194)
From net realized gain on investments	5	-	(912)
		-	(5,106)
<b>Increase / (Decrease) in net assets attributable to holders of redeemable units, from operations</b>		<b>\$ 4,767</b>	<b>\$ (10,489)</b>
<b>Increase / (Decrease) in net assets attributable to holders of redeemable units, from operations</b>			
<b>Series F</b>		<b>\$ 797</b>	<b>\$ (1,155)</b>
<b>Series N</b>		<b>3,905</b>	<b>(8,702)</b>
<b>Series D</b>		<b>65</b>	<b>(632)</b>
<b>Increase / (Decrease) in net assets attributable to holders of redeemable units, from operations (excluding distributions)</b>			
<b>Series F</b>	13	<b>\$ 797</b>	<b>\$ (360)</b>
<b>Series N</b>	13	<b>3,905</b>	<b>(4,447)</b>
<b>Series D</b>	13	<b>65</b>	<b>(576)</b>
<b>Increase / (Decrease) in net assets attributable to holders of redeemable units per unit, from operations (excluding distributions)</b>			
<b>Series F</b>	13	<b>\$ 1.81</b>	<b>\$ (0.99)</b>
<b>Series N</b>	13	<b>1.75</b>	<b>(1.99)</b>
<b>Series D</b>	13	<b>1.82</b>	<b>(6.09)</b>

## North Growth Canadian Equity Fund

### Statements of changes in net assets attributable to holders of redeemable units

#### Period ended June 30, 2023

(All amounts in thousands of dollars) (unaudited)

#### June 30, 2023

	Series F	Series N	Series D
<b>Net assets attributable to holders of redeemable units, beginning of period</b>	<b>\$ 10,664</b>	<b>\$ 53,454</b>	<b>\$ 892</b>
Increase in net assets attributable to holders of redeemable units, from operations	797	3,905	65
Proceeds from redeemable units issued	1,715	85	40
Redemption of redeemable units	(2,091)	(1,521)	(105)
<b>Net decrease from redeemable unit transactions</b>	<b>(376)</b>	<b>(1,436)</b>	<b>(65)</b>
<b>Net increase in net assets attributable to holders of redeemable units</b>	<b>421</b>	<b>2,469</b>	<b>-</b>
<b>Net assets attributable to holders of redeemable units, end of period</b>	<b>\$ 11,085</b>	<b>\$ 55,923</b>	<b>\$ 892</b>

#### December 31, 2022

	Series F	Series N	Series D
<b>Net assets attributable to holders of redeemable units, beginning of period</b>	<b>\$ 5,280</b>	<b>\$ 61,803</b>	<b>\$ 6,803</b>
Decrease in net assets attributable to holders of redeemable units, from operations	(1,155)	(8,702)	(632)
Proceeds from redeemable units issued	4,171	508	216
Reinvestment of distributions to holders of redeemable units	710	1,392	57
Inter-series transfers	4,759	-	(4,759)
Redemption of redeemable units	(3,101)	(1,547)	(793)
<b>Net increase / (decrease) from redeemable unit transactions</b>	<b>6,539</b>	<b>353</b>	<b>(5,279)</b>
<b>Net increase / (decrease) in net assets attributable to holders of redeemable units</b>	<b>5,384</b>	<b>(8,349)</b>	<b>(5,911)</b>
<b>Net assets attributable to holders of redeemable units, end of period</b>	<b>\$ 10,664</b>	<b>\$ 53,454</b>	<b>\$ 892</b>

**North Growth Canadian Equity Fund**  
**Statements of cash flows**  
**Period ended June 30, 2023**

*(All amounts in thousands of dollars) (unaudited)*

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>Cash provided by / (used in):</b>		
<b>Operating activities</b>		
Increase / (Decrease) in net assets attributable to holders of redeemable units, from operations	\$ 4,767	\$ (10,489)
<b>Adjust for:</b>		
Net realized gain on sale of investments	(3,125)	(2,185)
Interest income on short term notes	(108)	(12)
Change in unrealized appreciation of investments	(1,377)	11,945
Dividend income	(375)	(4,908)
Purchases of investments	(14,400)	(22,881)
Proceeds from sale of investments	14,407	23,727
Change in broker receivable	275	(275)
Change in interest receivable	(5)	(27)
Change in accrued liabilities and payables for investments purchased	(2)	(6)
Dividends received	366	4,885
<b>Net cash flow from/(used in) operating activities</b>	<b>423</b>	<b>(226)</b>
<b>Financing activities</b>		
Reinvested distributions paid to holders of redeemable units	-	2,159
Proceeds from issuances of redeemable units	1,842	4,976
Amounts paid on redemption of redeemable units	(3,750)	(5,452)
<b>Net cash (used in)/provided by financing activities</b>	<b>(1,908)</b>	<b>1,683</b>
Net (decrease)/increase in cash	(1,485)	1,457
Change in unrealized appreciation of cash	(8)	63
Cash at beginning of period	3,250	1,730
<b>Cash at end of period</b>	<b>\$ 1,757</b>	<b>\$ 3,250</b>



**North Growth Canadian Equity Fund**  
**Schedule of equity investment portfolio**  
**June 30, 2023**

*(Amounts in thousands of dollars, number of shares expressed in thousands) (unaudited)*

Number of Shares	Canadian Common Shares	Cost	Carrying Value
80	ATS Corporation	\$ 1,016	\$ 4,899
31	TFI International Inc.	1,391	4,631
188	Leon's Furniture Ltd.	3,422	4,119
110	Aritzia Inc.	2,305	4,038
63	Calian Group Ltd.	3,810	3,897
54	Bombardier Inc., Class B	2,566	3,500
108	CAE Inc.	1,487	3,192
176	Heroux-Devtek Inc.	1,876	2,697
46	Open Text Corporation	1,046	2,548
45	Canadian Solar Inc.	2,050	2,293
122	Profound Medical Corp.	2,124	2,069
20	Restaurant Brands International	1,532	2,012
77	TELUS Corporation	1,467	1,978
397	Knight Therapeutics Inc.	2,478	1,960
132	Innergex Renewable Energy Inc.	2,132	1,630
456	Converge Technology Solutions Corp.	2,973	1,458
16	Dollarama Inc.	885	1,448
1	Constellation Software Inc.	1,045	1,414
120	Zymeworks Inc.	1,135	1,375
89	Polaris Renewable Energy Inc.	1,538	1,261
7	Canadian National Railway Company	1,139	1,195
148	dentalcorp Holdings Inc.	1,333	1,085
72	Evertz Technologies Limited	1,208	990
9	Bombardier Recreational Products Inc.	965	971
43	AutoCanada Inc.	1,684	831
16	Jamieson Wellness Inc.	539	479
5	Shopify Inc.	432	450
27	Blackberry Ltd.	367	201
-	Lululemon Athletica Inc.	160	200
98	Perimeter Medical Imaging AI, Inc.	339	175
347	Quisitive Technology Solutions Inc.	455	125
2	Lumine Group Inc.	-	28
<b>Total investments</b>		<b>\$ 46,899</b>	<b>\$ 59,149</b>

**North Growth Canadian Equity Fund**  
**Schedule of short-term debt investment portfolio**  
**June 30, 2023**

*(All amounts in thousands of dollars) (unaudited)*

**June 30, 2023**

Par Value \$	Short Term Notes (treasury bills 100%)	Cost \$	Fair Value \$
7,000	Government of Canada, 4.59%, September 28, 2023	\$ 6,891	\$ 6,891
<b>Total short term note investments</b>		<b>\$ 6,891</b>	<b>\$ 6,891</b>

**December 31, 2022**

Par Value \$	Short Term Notes (treasury bills 100%)	Cost \$	Fair Value \$
3,000	Government of Canada, 4.41%, January 19, 2023	\$ 2,967	\$ 2,967
<b>Total short term note investments</b>		<b>\$ 2,967</b>	<b>\$ 2,967</b>

# North Growth Canadian Equity Fund

Notes to the financial statements

Period ended June 30, 2023

(Amounts in thousands of dollars unless otherwise stated) (unaudited)

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## 1. The Fund

The North Growth Canadian Equity Fund (the "Fund") is an open-ended mutual fund established under the laws of the Province of British Columbia and is governed by the Declaration of Trust (the "Declaration of Trust"), as amended on May 11, 2012. The address of the Fund's registered office is 830 - 505 Burrard Street, Vancouver, British Columbia. The Fund invests in equity securities of Canadian companies. The financial statements are presented in Canadian dollars ("CAD"), which is the Fund's functional currency. The financial statements were authorized for issue by North Growth Management Ltd. (the "Manager") on August 18, 2023.

For purposes of these financial statements, reference herein to "year" or "years" includes, where applicable, "period" or "periods".

## 2. Basis of Presentation

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") including International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as published by the International Accounting Standards Board ("IASB"). The accounting standards have been applied on a basis consistent with those applied in the Fund's audited financial statements for the year ended December 31, 2022.

## 3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods in the financial statements.

### (a) Basis of Measurement

The financial statements are based on the historical cost basis except for investments which are measured at fair value.

### (b) Financial instruments

#### (i) Recognition and measurement

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

# North Growth Canadian Equity Fund

Notes to the financial statements

Period ended June 30, 2023

(Amounts in thousands of dollars unless otherwise stated) (unaudited)

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## 3. Significant Accounting Policies (continued)

### (b) Financial instruments (continued)

#### (i) Recognition and measurement (continued)

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. The Fund derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Fund may irrevocably elect to measure financial assets that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so results in more relevant information.

Financial assets are not reclassified subsequent to their initial recognition, unless the Fund changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Fund has not classified any of its financial assets as FVOCI.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivatives liabilities. The Fund may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

# North Growth Canadian Equity Fund

Notes to the financial statements

Period ended June 30, 2023

*(Amounts in thousands of dollars unless otherwise stated) (unaudited)*

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## 3. Significant Accounting Policies (continued)

### *(b) Financial instruments (continued)*

#### (ii) Fair value through profit and loss

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the Statements of comprehensive income in the period in which they occur. The Fund's investments in securities are classified as FVTPL.

The Fund's investment in short-term Canadian debt securities are valued at their fair value. The cost, together with accrued interest, approximates fair value using closing prices.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

#### (iii) Amortized cost

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses. The Fund classifies cash, subscription receivable, interest receivable, dividends receivable, accrued liabilities, payable for units redeemed, distributions payable to holders of redeemable units and investment payable as amortized cost.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

# North Growth Canadian Equity Fund

Notes to the financial statements

Period ended June 30, 2023

*(Amounts in thousands of dollars unless otherwise stated) (unaudited)*

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## 3. Significant Accounting Policies (continued)

### *(c) Accounting estimates*

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts in these financial statements. Actual results may differ from these estimates.

Information about significant areas of estimation uncertainty, and critical judgement in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in Note 9.

### *(d) Investment transactions, income, and transaction costs*

Interest income is recognized on an accrual basis using the effective interest method. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Investment transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined on the average cost basis of the respective investments.

Transaction costs, such as brokerage commissions included in the purchase and sale of securities by the Fund, incurred for financial instruments classified as FVTPL, are recognized in the Statement of comprehensive income in the year incurred. Transaction costs are incremental costs that are directly paid to agents, advisors, brokers, and dealers, levies by regulatory agencies and security exchanges, and transfer taxes and duties.

### *(e) Translation of foreign currencies*

The Fund's subscriptions and redemptions are denominated in CAD, which is also its functional and presentation currency. Foreign currency assets and liabilities are translated into CAD at the rate of exchange prevailing on the year-end date except for the historical costs of investments which are translated at the rate of exchange prevailing on the date of purchase. The proceeds from sale of investments and investment income in foreign currencies are translated into CAD at the approximate rate of exchange prevailing on the dates of such transactions. Gains and losses from transactions in and the translation of foreign currencies are considered to be investment transactions and accordingly are included in the change in fair value of financial instruments.

# North Growth Canadian Equity Fund

Notes to the financial statements

Period ended June 30, 2023

*(Amounts in thousands of dollars unless otherwise stated) (unaudited)*

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## 3. Significant Accounting Policies (continued)

### *(f) Redeemable units*

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Fund has designated the redeemable units as financial liabilities at FVTPL because they are managed and their performance evaluated on a fair value basis. The redeemable units provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Fund's valuation policies at each redemption date. Distributions to holders of redeemable units are recognized in the Statements of comprehensive income when they are authorized and no longer at the discretion of the Manager.

The increase/(decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase/(decrease) in net assets attributable to holders of redeemable units by the weighted average number of units outstanding during the year. Refer to Note 13 for the calculation.

### *(g) Unrealized appreciation or depreciation of investments*

The unrealized appreciation or depreciation of investments represents the aggregate of the difference between their average cost and fair value at the reporting date.

### *(h) Per unit amounts*

The net asset value per unit is calculated based on the number of units outstanding at the end of the year.

Increase/(decrease) in net assets per unit in the Statements of comprehensive income represent the increase/(decrease) in the net assets from operations excluding distribution, divided by the average number of units outstanding during the year. Refer to Note 13 for the calculation.

# North Growth Canadian Equity Fund

Notes to the financial statements

Period ended June 30, 2023

*(Amounts in thousands of dollars unless otherwise stated) (unaudited)*

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## 4. Taxation

The Fund is classified as a “Mutual Fund Trust” under the Income Tax Act (Canada). The Fund distributes to its unitholders all of its annual taxable income, including its taxable net realized capital gains, with the result that the Fund does not pay any income taxes. Accordingly, the Fund does not record any income taxes in its financial statements.

## 5. Distributions to Unitholders

The Fund makes annual distributions, typically in December, to unitholders of its taxable net investment income and the net realized capital gains on the sale of investments. No distributions occur in years when there is no taxable net investment income or net realized capital gain on the sale of investments. There were no distributions during the period ended June 30, 2023 (year ended December 31, 2022 – investment income: \$4,194, capital gains: \$912).

Distributed amounts are reinvested in additional units of the Fund unless a unitholder elects to receive his or her proportionate share of any distribution in cash.

## 6. Capital Disclosures

The capital of the Fund is represented by issued and redeemable units with no par value. The units are entitled to distributions, if any, and to payment of a proportionate share of net assets based on the Fund’s net asset value per unit upon redemption. The Fund does not have any externally imposed capital requirements.

The relevant movements in capital are shown in the Statement of changes in net assets attributable to holders of redeemable units and Note 7. In accordance with its investment objectives and strategies, and the financial risk management practices outlined in Note 10, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.



# North Growth Canadian Equity Fund

Notes to the financial statements

Period ended June 30, 2023

(Amounts in thousands of dollars unless otherwise stated) (unaudited)

## 7. Redeemable Units

The Fund has three series of units - Series N, Series F and Series D - which are similar in all material respects except that Series D units have a dealer compensation structure. Series N units are offered to investors purchasing directly through the Manager under available Securities Act prospectus exemptions. Series F and Series D are only available to investors who purchase units through authorized third-party dealers. Prior to restructuring the Fund's units into three series in 2012, all of the Fund's units were recognized as Series F units. The number of units of each series that may be issued is unlimited.

During the period ended June 30, 2023, and the year ended December 31, 2022, the number of units issued, redeemed and outstanding were as follows:

	Series F	Series N	Series D
<b>Units outstanding at January 1, 2023</b>	<b>439,497.8520</b>	<b>2,261,242.3764</b>	<b>36,011.7817</b>
Redeemable units issued	66,613.6656	3,380.8088	1,502.0885
Redeemable units redeemed	(81,164.3649)	(60,930.1878)	(3,991.3838)
<b>Units outstanding at June 30, 2023</b>	<b>424,947.1527</b>	<b>2,203,692.9974</b>	<b>33,522.4864</b>
<b>Units outstanding at January 1, 2022</b>	<b>187,688.7990</b>	<b>2,244,142.5800</b>	<b>238,736.6382</b>
Redeemable units issued	185,980.3903	19,874.7880	7,936.7376
Redeemable units transferred between series	186,058.0713	-	(183,827.4498)
Redeemable units issued on reinvestments	28,947.4088	58,204.0905	2,266.4040
Redeemable units redeemed	(149,176.8174)	(60,979.0821)	(29,100.5483)
<b>Units outstanding at December 31, 2022</b>	<b>439,497.8520</b>	<b>2,261,242.3764</b>	<b>36,011.7817</b>

# North Growth Canadian Equity Fund

Notes to the financial statements

Period ended June 30, 2023

(Amounts in thousands of dollars unless otherwise stated) (unaudited)

## 8. Management Fees and Other Expenses

The Manager provides trustee, fund accounting, transfer agent, and management services and acts as investment advisor. Management fees are calculated daily and payable monthly. Management fees for Series F and D of the Fund are calculated at an annual rate of 0.70% of the net assets of each series (2022 - 0.70%). Management fees for Series N of the Fund are calculated at an annual rate of 1.00% of the net assets of the series (2022 - 1.00%).

Trailer fees, a form of dealer compensation, apply only to Series D units and are calculated daily and payable monthly at an annual rate of 0.30% of the net asset value of the Series D units (2022 - 0.30%).

For the period ended June 30, 2023, out of its all-in management fee, the Manager has disbursed Independent Review Committee fees in the amount of \$16 (year ended December 31, 2022 - \$21).

## 9. Financial Instruments

The following tables present the carrying amounts of the Fund's financial assets by category as at June 30, 2023. All of the Fund's financial liabilities as at June 30, 2023 were carried at amortized cost, except for redeemable units at FVTPL.

Assets	Financial assets at FVTPL	Financial assets at amortized cost	Total
Equity investments	\$ 59,149	\$ -	\$ 59,149
Short term notes	6,891	-	6,891
Cash	-	1,757	1,757
Interest receivable	-	32	32
Dividends receivable	-	124	124
<b>Total</b>	<b>\$ 66,040</b>	<b>\$ 1,913</b>	<b>\$ 67,953</b>

The following tables present the carrying amounts of the Fund's financial assets by category as at December 31, 2022. All of the Fund's financial liabilities as at December 31, 2022 were carried at amortized cost, except for redeemable units at FVTPL.

Assets	Financial assets at FVTPL	Financial assets at amortized cost	Total
Equity investments	\$ 58,462	\$ -	\$ 58,462
Short term notes	2,967	-	2,967
Cash	-	3,250	3,250
Receivable for units issued	-	2	2
Interest receivable	-	27	27
Dividends receivable	-	115	115
Broker receivable	-	275	275
<b>Total</b>	<b>\$ 61,429</b>	<b>\$ 3,669</b>	<b>\$ 65,098</b>

# North Growth Canadian Equity Fund

Notes to the financial statements

Period ended June 30, 2023

(Amounts in thousands of dollars unless otherwise stated) (unaudited)

## 9. Financial Instruments (continued)

### *Fair Value Measurement*

The Fund classifies fair value measurement within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

- Level 1** Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3** Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

<b>As at June 30, 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equities	\$ 59,149	\$ -	\$ -	\$ 59,149
Short-term Notes	-	6,891	-	6,891
	\$ 59,149	\$ 6,891	\$ -	\$ 66,040

<b>As at December 31, 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equities	\$ 58,462	\$ -	\$ -	\$ 58,462
Short-term Notes	-	2,967	-	2,967
	\$ 58,462	\$ 2,967	\$ -	\$ 61,429

The carrying amount of the Fund's cash, accrued interest receivable, dividend, broker receivable, receivable for units issued, accrued liabilities and payables for units redeemed approximate fair value due to the short term nature, and net assets attributable to redeemable units also approximates fair value as they are measured at the redemption amount. They are classified as Level 2 in the fair value hierarchy.

All fair value measurements above are recurring. Fair values are classified as Level 1 when the related security is actively traded and quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. The Fund only invests in Level 1 equities and Level 2 short-term debt. Upon analysis, at June 30, 2023 and December 31, 2022, there was no requirement to reclassify any of the securities in the Fund's portfolio.

# North Growth Canadian Equity Fund

Notes to the financial statements

Period ended June 30, 2023

(Amounts in thousands of dollars unless otherwise stated) (unaudited)

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## 10. Financial Risk Management

### *Investment Strategy*

The Fund aims to achieve long-term capital growth by investing primarily in equity securities of Canadian issuers. All equity securities are subject to normal market fluctuations and present a risk of loss of capital. The Fund's manager manages this risk through a careful selection of securities. Securities are selected for key fundamental characteristics such as price earnings ratio, earnings growth and revenue growth. The goal is to identify securities of quality companies with financial strength and strong earnings growth that can be purchased at a reasonable price. The portfolio is monitored on a daily basis.

### *Financial Risk Management*

The Fund may be exposed to a variety of financial risks that are concentrated in its investment holdings. These financial risks include market risk (including interest rate risk, currency risk and price risk), liquidity risk, credit risk, and concentration risk. The Fund's overall risk management philosophy seeks to minimize the potential adverse effects of these risks on the Fund's financial performance. The maximum risk resulting from investing in financial instruments is the fair value of the financial instruments.

The Fund's risk management practice includes the monitoring of compliance to investment guidelines. The Manager manages the potential effects of these financial risks on the Fund's performance by employing and overseeing professional and experienced portfolio managers that regularly monitor the Fund's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

### *Interest Rate Risk*

Interest rate risk represents the potential loss resulting from fluctuations in interest rates and has the greatest impact on longer term debt instruments. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity as at:

Term to maturity	June 30, 2023 (%)	December 31, 2022 (%)
0-1 month	-	100
1-3 months	100	-
Total	100	100

Due to the short-term nature of the Fund's debt instrument investments, the Fund has minimal sensitivity to changes in interest rates.

# North Growth Canadian Equity Fund

Notes to the financial statements

Period ended June 30, 2023

(Amounts in thousands of dollars unless otherwise stated) (unaudited)

## 10. Financial Risk Management (continued)

### Currency Risk

The Fund invests in certain securities denominated in U.S. dollars and their value, expressed in CAD, is affected by changes in the rate of exchange between the CAD and U.S. dollars. When the value of the CAD falls in relation to the U.S. dollar, then the value of the U.S. investments rises. When the value of the CAD rises, the value of the U.S. investments falls. Currency risk represents the potential loss that the Fund could incur from fluctuations in the CAD versus the U.S. dollar exchange rate. The Fund does not attempt to manage this risk.

The table below indicates the foreign currency to which the Fund had significant exposure at June 30, 2023 and December 31, 2022, in CAD terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the CAD had strengthened or weakened by 10% in relation to the foreign currency with all other variables being held constant.

	Exposure			Impact of 10% change, in CAD, on net assets attributable to holders of redeemable units		
	Investments	Cash	Total	Investments	Cash	Total
U.S. Dollar - June 30, 2023	\$ 3,868	\$ 252	\$ 4,120	\$ 387	\$ 25	+/- \$ 412
% of net assets attributable to holders of redeemable units	5.70	0.37	6.07	0.57	0.04	0.61
U.S. Dollar - December 31, 2022	\$ 2,455	\$ 1,171	\$ 3,626	\$ 245.5	\$ 117.1	+/- \$ 363
% of net assets attributable to holders of redeemable units	3.78	1.80	5.58	0.38	0.18	0.56

### Other Price Risk

The Fund is exposed to price risk, which is the risk that the fair value of equity securities will be affected by changes in general market conditions. Changes in market conditions are influenced by corporate developments, changes in interest rates, changes in the level of inflation, and other political and economic developments. Equity securities in certain companies or companies within a certain industry may fluctuate differently because of changes in outlook for those individual companies or the particular industry.

# North Growth Canadian Equity Fund

Notes to the financial statements

Period ended June 30, 2023

(Amounts in thousands of dollars unless otherwise stated) (unaudited)

## 10. Financial Risk Management (continued)

### *Other Price Risk (continued)*

The share price of companies with smaller market capitalization (< \$2,000,000) is usually more volatile than that of more established companies with larger market capitalization.

Smaller companies may be developing new products that have not yet been tested in the marketplace or their products may quickly become obsolete. They may also have limited resources, including limited access to funds or unproven management. Smaller companies may trade less frequently and in smaller volume than shares of large companies. They may have few shares outstanding so a sale or purchase of shares may have a greater impact on the share price. The value of shares in small capitalization companies may rise and fall dramatically.

The Fund's overall exposures to small capitalization companies at the end of the preceding two years were as follows:

<b>Year</b>	<b>Fair Value (\$)</b>	<b>Net Assets (%)</b>
Investments at June 30, 2023	22,550	33.23
Investments at December 31, 2022	23,641	36.37

Management does not believe that there is a good way of predicting potential future relationships between the Fund's net assets and any given indices. Calculation of market risk is consistent with the industry norm of using a Beta calculation which is calculated based on observed historical changes in value in relationship to a given index. Management calculated the 3-year Beta of the Fund in relation to the S&P/TSX Composite Index at 0.97 (2022 - 0.80). Based on this number and, assuming all other variables are held constant, portfolio theory implies that a 10% change in the Index would have the following impact on net assets:

<b>Year</b>	<b>Benchmark</b>	<b>Change in Benchmark (%)</b>	<b>Impact on Net Assets (\$)</b>
June 30, 2023	S&P/TSX	+/- 10.00	+/- 5,737
December 31, 2022	S&P/TSX	+/- 10.00	+/- 4,677

The benchmark selected represents a general view of the Fund's investable universe. The S&P/TSX is a capitalization-weighted index that measures the performance of stocks traded on the Toronto Stock Exchange. The Fund is not managed to mimic this benchmark.

# North Growth Canadian Equity Fund

Notes to the financial statements

Period ended June 30, 2023

(Amounts in thousands of dollars unless otherwise stated) (unaudited)

## 10. Financial Risk Management (continued)

### *Liquidity Risk*

Liquidity risk represents the potential loss stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. The value of securities is subject to greater fluctuation if they are not traded regularly. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

There can be no assurance that an active trading market for the investments will exist at all times, or that the prices at which the securities trade accurately reflect their values. Thin trading in a security could make it difficult to liquidate holdings quickly.

The Fund has no restrictions with regards to the market capitalization of its investments. If the Fund becomes more highly concentrated in stocks of companies with smaller market capitalization, liquidity risk will increase.

The tables below analyze the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

<b>June 30, 2023</b>			
<b>Financial liabilities</b>	<b>On demand</b>	<b>&lt; 3 months</b>	<b>Total</b>
Accrued liabilities	\$ -	\$ 52	\$ 52
Payable for units redeemed	-	1	1
	\$ -	\$ 53	\$ 53

<b>December 31, 2022</b>			
<b>Financial liabilities</b>	<b>On demand</b>	<b>&lt; 3 months</b>	<b>Total</b>
Accrued liabilities	\$ -	\$ 54	\$ 54
Payable for units redeemed	-	34	34
	\$ -	\$ 88	\$ 88

### *Credit Risk*

Credit risk represents the potential loss that the Fund would incur if the counterparties failed to perform in accordance with the terms of their obligations to the Fund.

Payments to brokers for securities purchased are only made upon delivery of the securities to the Fund. Delivery to brokers for securities sold is only made once the Fund has received payment from the broker. Therefore, the risk of default is considered minimal.

Credit risk is generally associated with derivative contracts and debt securities, such as bonds. All of the short-term notes in the fund's portfolio at June 30, 2023 were rated as R-1 (high) (December 31, 2022 – R-1 (high)).

# North Growth Canadian Equity Fund

Notes to the financial statements

Period ended June 30, 2023

(Amounts in thousands of dollars unless otherwise stated) (unaudited)

## 10. Financial Risk Management (continued)

### *Concentration Risk*

Concentration risk arises because of the concentration of exposure within the same category, whether it is geographic location, product type or industry sector. The following is a summary of the Fund's concentration risk:

<b>Market Segment</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Capital Goods	7.22%	6.74%
Clean Energy	5.78%	5.24%
Communications and Media	2.91%	3.08%
Consumer Discretionary	20.06%	21.12%
Consumer Staples	0.71%	-
Healthcare	9.81%	0.46%
Industrials	19.57%	9.62%
Materials	-	19.39%
Technology	10.62%	12.95%
Transportation	8.58%	9.43%
Utilities	1.86%	1.92%
Other Net Assets	12.88%	10.05%

### *Capital Risk Management*

Units issued and outstanding should be considered capital of the Fund. The Fund does not have any special capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements. Unitholders are entitled to require payment of the net asset value per unit of the Fund for all or any of the units of such unitholder by giving written notice to the Manager. The written notice must be received no later than 3:00 p.m., EST (12:00 p.m. Pacific), on the valuation day upon which the units are to be redeemed. Additionally, the notice must be irrevocable. The units are redeemed for cash equal to a pro rata share of the Fund's NAV.

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## 11. Portfolio Transactions

Commissions paid to investment dealers and brokers during the period ended June 30, 2023 amounted to \$9 (year ended December 31, 2022 – \$39).



# North Growth Canadian Equity Fund

Notes to the financial statements

Period ended June 30, 2023

(Amounts in thousands of dollars unless otherwise stated) (unaudited)

## 12. Related Party Transactions

As at June 30, 2023, the Manager, and other entities under common control, own 1.96% (December 31, 2022 – 2.40%) of the units of the Fund under the same terms as arms-length unitholders.

Management fees paid to the Manager during the period ended June 30, 2023, amounted to \$319 (year ended December 31, 2022 – \$637).

Included in accounts payable and accrued liabilities are management fees owing to the Manager of the Fund in the amount of \$52 (December 31, 2022 - \$54).

## 13. Change in Net Assets Attributable to Holders of Redeemable Units Per Unit

The change in net assets attributable to holders of redeemable units per unit for the period ended June 30, 2023, and year ended December 31, 2022, are calculated as follows:

<b>June 30, 2023</b>	<b>F</b>	<b>N</b>	<b>D</b>
Increase in net assets attributable to holders of redeemable units, from operations (excluding distributions)	\$797	\$3,905	\$65
Weighted average units outstanding during the period	440	2,238	36
<b>Increase in net assets attributable to holders of redeemable units per unit, from operations (excluding distributions)</b>	<b>\$1.81</b>	<b>\$1.75</b>	<b>\$1.82</b>

  

<b>December 31, 2022</b>	<b>F</b>	<b>N</b>	<b>D</b>
Decrease in net assets attributable to holders of redeemable units, from operations (excluding distributions)	\$(360)	\$(4,447)	\$(576)
Weighted average units outstanding during the year	364	2,232	95
<b>Decrease in net assets attributable to holders of redeemable units per unit, from operations (excluding distributions)</b>	<b>\$(0.99)</b>	<b>\$(1.99)</b>	<b>\$(6.09)</b>