



NORTH GROWTH  
MANAGEMENT



# JULY 2022 MONTHLY REPORT

AUGUST 12, 2022

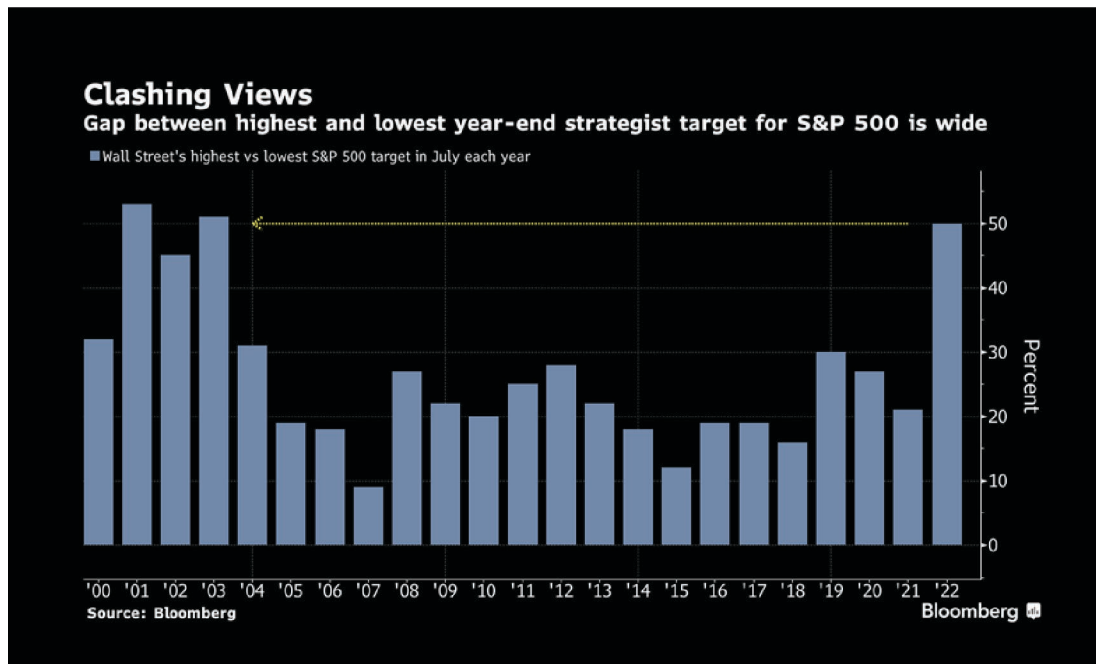


## Market and Fund Performance Update

After a tough first half of the year, equities rebounded strongly in July. Better-than-expected earnings reports combined with weaker economic data leading to expectations of a slower pace of interest rate rises helped the U.S. stock indices deliver their best month of performance since 2020.

### THE FUTILITY OF MARKET TIMING

Elevated market volatility has become the norm. Given that financial markets face a multitude of major variables and that uncertainty reigns in the post-pandemic world, it is not surprising a coherent investment narrative is absent. According to Bloomberg, the range of outcomes or predictions by S&P 500 strategists is among the widest on record. Wall Street's highest S&P 500 target tops the lowest by 50%, highlighting how little can be known with confidence in the market and economy.



Of course, the future has never been predictable. And we have made it clear that we do not engage in timing the market cycles or make decisions based on top-down economic forecasts. Confusing as all the projections are currently, we believe the market volatility offers an abundance of long-term investment opportunities.

With share dispersion widening, the quality of fundamental analysis matters more than ever and there is greater value in stock selection. Opportunities abound during this period of supposed lack of clarity. As always, we remain singularly focused on actively managing the equity funds, picking individual stocks that adhere to our “Growth at a Reasonable Price” investment philosophy.

## U.S. EQUITY ADVISOR FUND

In July, the North Growth U.S. Equity Advisor Fund, Series F appreciated 13.4% in US dollars. The Fund outperformed all the indices we normally follow: the S&P 500 which gained 9.2%, the S&P 400 MidCap and S&P 600 SmallCap which advanced 10.9% and 10.0% respectively, as well as the NASDAQ Composite which was up 12.4%. A slightly stronger Canadian currency against its U.S. counterpart lowered the Series F’s monthly return to 12.9% in Canadian dollars versus the S&P 500’s 8.7% Canadian-dollar July return.

## CANADIAN EQUITY FUND

The S&P/TSX Composite, powered by Industrials, Financials and Energy, posted a return of 4.7% to record its strongest month since June 2021, overcoming its worst six-month period since March 2020. The North Growth Canadian Equity Fund, Series F, recorded its strongest month since November 2020, outperforming the index with a return of 10.4% coming off its worst six-month period since September 2015.

While the Bank of Canada announced its single highest interest rate hike since 1998, and the market remains overwhelmed by fears of a recession, we maintain our belief that great companies always find a way. We look forward to August when a majority of our companies will release their financial reports for the period ending June 30, 2022. We believe companies usually provide a clear view on what is happening in the economy in real-time.

The month began with a continuation of what has been a theme for the Fund this year—external validation of the attractive valuations of the firms within the portfolio. IBI Group, an engineering services firm and a core holding in the portfolio, announced on July 18th an agreement to be acquired by Arcadis NV for \$19.50 per share. Initiated in March 2021, the position will generate a return in excess of 80% for the Fund when the deal closes later this year.

As mentioned during the last monthly report, the team is working diligently to allocate the excess cash that is currently held in the portfolio. We continue to seek out opportunities that fit our “Growth at a Reasonable Price” investment philosophy.

Finally, as outlined in the June monthly report, the Fund expects to generate an income (eligible dividend) distribution of approximately \$1.50 per unit after benefitting from a one-time special dividend paid by Dorel Industries in February.

## North Growth U.S. Equity Advisor Fund

### SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED JULY 31, 2022

	1 Month	3 Months	6 Months	YTD
<b>North Growth U.S. Equity Advisor Fund \$CDN (Series F)</b>	<b>12.89</b>	<b>0.87</b>	<b>-11.22</b>	<b>-17.37</b>
North Growth U.S. Equity Advisor Fund \$CDN (Series D)	12.87	0.79	-11.35	-17.51
S&P 500 in \$CDN	8.69	0.64	-7.05	-11.57
<b>North Growth U.S. Equity Advisor Fund \$U.S. (Series F)</b>	<b>13.44</b>	<b>0.62</b>	<b>-11.95</b>	<b>-18.31</b>
North Growth U.S. Equity Advisor Fund \$U.S. (Series D)	13.41	0.54	-12.08	-18.45
S&P 500 \$U.S.	9.22	0.39	-7.81	-12.58

### ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED JULY 31, 2022

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
<b>NGM U.S. Equity Advisor Fund \$CDN (Series F)</b>	<b>-14.70</b>	<b>9.13</b>	<b>11.49</b>	<b>15.06</b>	<b>13.32</b>
NGM U.S. Equity Advisor Fund \$CDN (Series D)	-14.96	8.81	11.16	14.66	12.89
S&P 500 \$CDN	-1.87	12.42	13.44	16.63	15.07
<b>NGM U.S. Equity Advisor Fund \$U.S. (Series F)</b>	<b>-17.11</b>	<b>10.05</b>	<b>10.90</b>	<b>12.27</b>	<b>11.58</b>
NGM U.S. Equity Advisor Fund \$U.S. (Series D)	-17.36	9.72	10.56	11.87	11.16
S&P 500 \$U.S.	-4.64	13.36	12.83	13.80	13.29

Source: Bloomberg "Total Return Analysis" as of July 31, 2022

\*Date of inception: October 23, 2009.

## North Growth Canadian Equity Fund

### SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED JULY 31, 2022

	1 Month	3 Months	6 Months	YTD
<b>NGM Canadian Equity Fund Series F</b>	<b>10.39</b>	<b>2.15</b>	<b>-6.94</b>	<b>-9.33</b>
<b>NGM Canadian Equity Fund Series D</b>	10.37	2.07	-7.08	-9.49
Benchmark*	4.66	-4.40	-5.29	-5.68

### ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED JULY 31, 2022

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
<b>NGM Canadian Equity Fund Series F</b>	<b>-7.00</b>	<b>13.15</b>	<b>10.82</b>	<b>12.54</b>	<b>12.54</b>
<b>NGM Canadian Equity Fund Series D</b>	-7.28	12.81	10.49	12.14	11.89
Benchmark**	-0.20	9.50	8.62	8.59	8.65

\* The Benchmark Since Inception return is calculated from the Series F Date of Inception, June 15, 2012. The Series D Date of Inception is June 29, 2012.

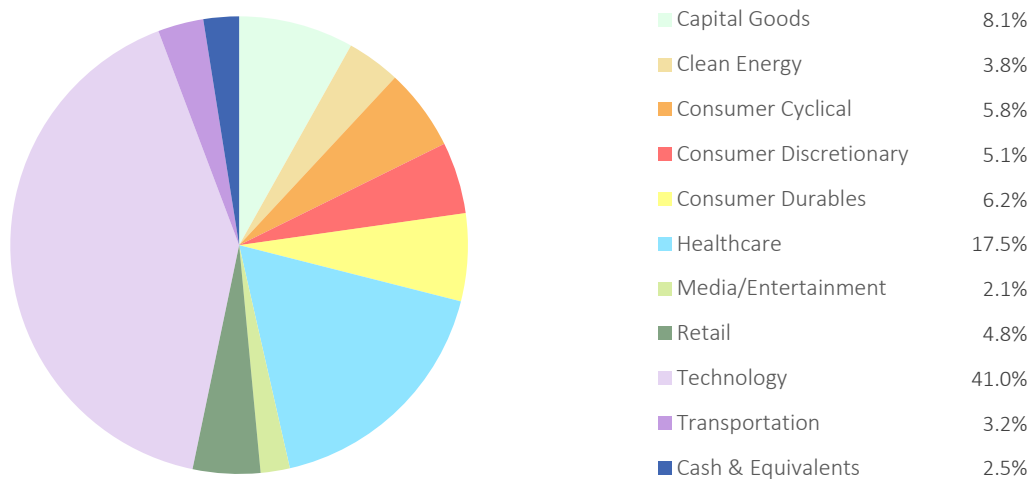
\*\* Benchmark = S&P/TSX Composite Index

## Equity Fund Holdings and Composition

### U.S. EQUITY ADVISOR FUND — TOP 10 HOLDINGS AS AT JULY 31, 2022

Ranking	Security	% of Net Assets
1	Ciena Corp.	5.10
2	Jabil Inc.	4.49
3	Qualcomm Inc.	4.00
4	SolarEdge Technologies Inc.	3.79
5	Bristol-Myers Squibb Company	3.76
6	Lumentum Holdings Inc.	3.72
7	HP Inc.	3.34
8	II-VI Inc.	3.23
9	Applied Materials Inc.	3.21
10	Elevance Health, Inc.	3.05
<b>Top 10</b>		<b>37.79</b>
<b>Total Equities</b>		<b>96.49</b>
<b>Cash</b>		<b>2.51</b>
<b>Total Assets</b>		<b>100.00</b>

### U.S. EQUITY ADVISOR FUND — SECTOR MIX AS AT JULY 31, 2022

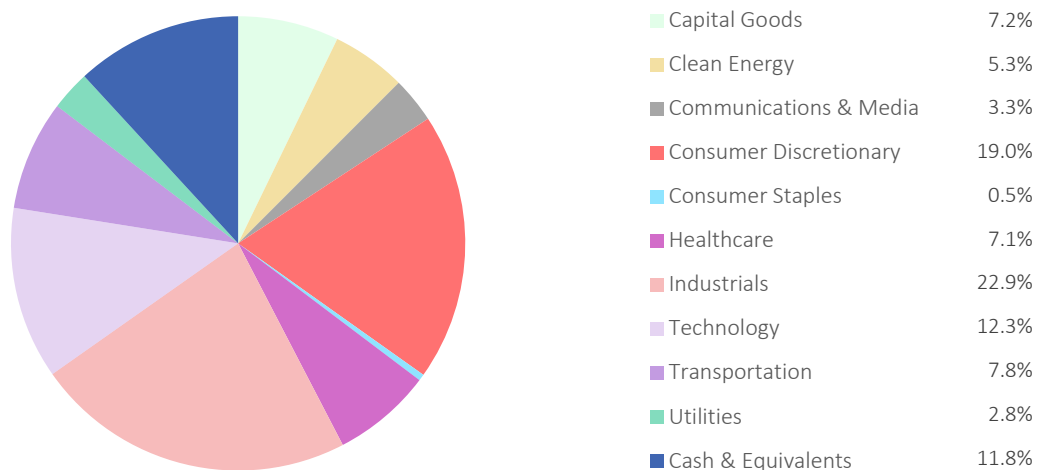




## CANADIAN EQUITY FUND — TOP 10 HOLDINGS AS AT JULY 31, 2022

Ranking	Security	% of Net Assets
1	Aritzia Inc.	7.42
2	ATS Automation Tooling Systems Inc.	7.19
3	TFI International Inc.	7.06
4	Calian Group Ltd.	6.13
5	IBI Group Inc.	5.77
6	CAE Inc.	4.92
7	Leon's Furniture Ltd.	4.27
8	Innergex Renewable Energy Inc.	3.66
9	Heroux-Devtek Inc.	3.61
10	Knight Therapeutics Inc.	3.30
<b>Top 10</b>		<b>53.33</b>
<b>Total Equities</b>		<b>88.16</b>
<b>Cash</b>		<b>11.84</b>
<b>Total Assets</b>		<b>100.00</b>

## CANADIAN EQUITY FUND — SECTOR MIX AS AT JULY 31, 2022



## 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.

### FUND CODES

<b>Canadian Equity Fund</b> (only Canadian dollar investments)	<b>Series D</b> reference Fund Code <b>NGM 272</b> <b>Series F</b> reference Fund Code <b>NGM 270</b>
<b>U.S. Equity Advisor Fund</b> (for investments in Canadian dollars)	<b>Series D</b> reference Fund Code <b>NGM 372</b> <b>Series F</b> reference Fund Code <b>NGM 370</b>
<b>U.S. Equity Advisor Fund</b> (for investments in U.S. dollars)	<b>Series D</b> reference Fund Code <b>NGM 373</b> <b>Series F</b> reference Fund Code <b>NGM 371</b>

For any questions contact:

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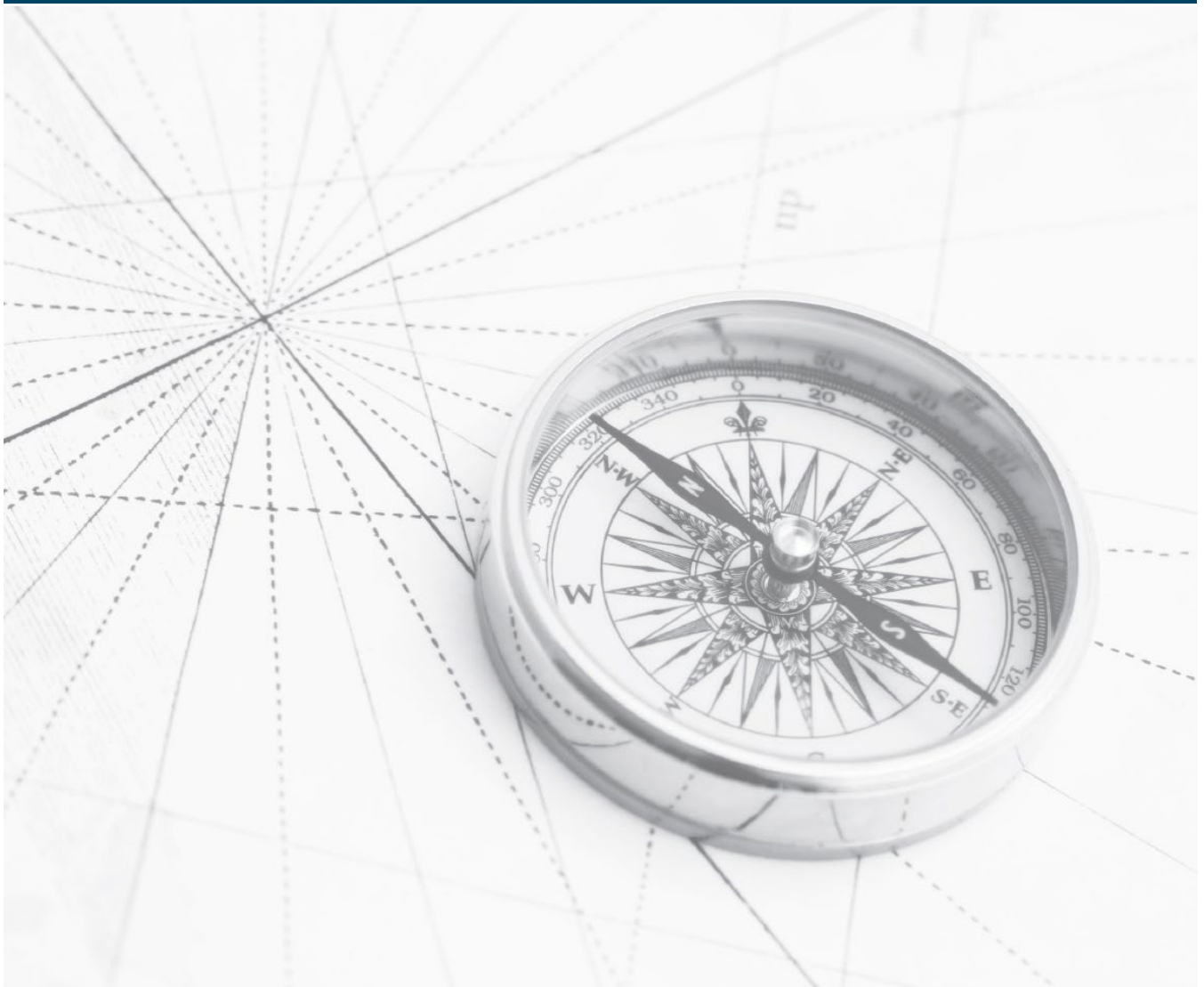
## A NOTE ON FORWARD-LOOKING STATEMENTS

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.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.



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