



NORTH GROWTH
MANAGEMENT



JUNE 2022 MONTHLY REPORT

JULY 8, 2022

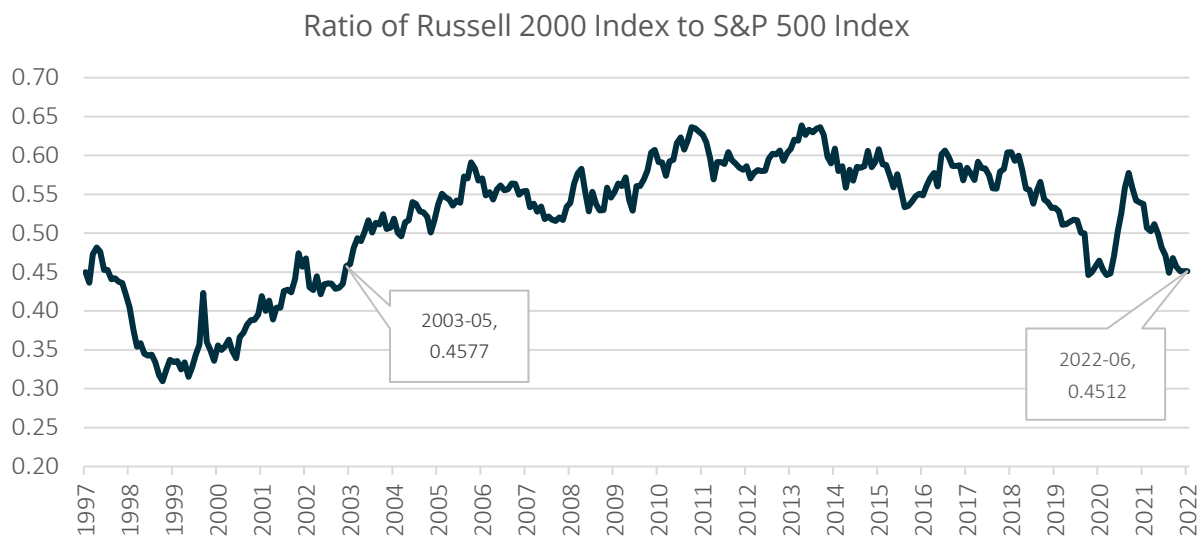
Market and Fund Performance Update

June was abysmal for equities, culminating in the S&P 500’s worst first half of a year since 1970. Accelerating inflation and rising interest rates continued to fuel the market rout as expectations of an ensuing economic recession have become the consensus.

A BROADER, DEEPER BEAR MARKET

Despite many headlines highlighting the S&P 500’s official entry into a bear market (down 20% from its most recent closing high) last month, it is noteworthy that the broad market, as represented by the smaller-capitalization Russell 2000 and NASDAQ Composite indices, has been in bearish territory since January. For the most part, stocks have suffered a longer and more severe downturn than the S&P 500 would suggest.

The Russell 2000 closed June off 30% from its peak in November 2021, while the NASDAQ has declined more than 30% from its high also marked last November. As we have reiterated in multiple reports over the past year, the U.S. stock market has been dominated by the very largest technology behemoths, with extreme lack of performance breadth in the rest of the market. Relative to the concentrated S&P 500 index, the smaller-capitalization Russell 2000 has lagged in performance. This is illustrated by the following chart, which shows that small-cap stocks are the most oversold since the start of the pandemic and since 2003.



Source: Bloomberg data

More importantly, the fundamentals—earnings growth and financial health—of many smaller-cap shares have remained strong. As the underperformance of the majority of the market has not been the product of poor underlying operating results, stock multiples are not as expensive as the S&P 500 would imply. The thinning of U.S. equity market breadth over the past year has given rise to numerous attractive investment opportunities.

The major advantage of a bear market is that many high-calibre companies trade at bargain valuations. Notwithstanding the frustrating near-term performance, we continue to avail ourselves of the trading opportunities provided by heightened market volatility. Adhering diligently to our “Growth at a Reasonable Price” investment philosophy, we remain committed to adjusting the weightings of portfolio constituents and upgrading the quality of portfolio holdings as market conditions permit.

Bull markets always follow bear markets, just as market leadership alternates between large-cap and small-cap stocks. We believe the funds are well positioned to outperform coming out of the bear market recovery, when reasonable valuations and sustainable earnings growth are given credit. We maintain a positive long-term outlook for the North Growth Equity funds, eagerly anticipating the beginning of the next bull market.

U.S. EQUITY ADVISOR FUND

In June, the Fund declined -11.8% (Series F), in US dollars. The Fund lagged all the indices we regularly track: the S&P 500 which lost -8.3%, the S&P 400 MidCap and S&P 600 SmallCap which depreciated -9.6% and -8.6% respectively, as well as the NASDAQ Composite which was down -8.7%. In Canadian dollars, the Fund's Series F return was -10.1% versus the S&P 500 which declined -6.5%.

For the first half of 2022, the Fund fell -27.6% (Series F). Except for the NASDAQ Composite which was down -29.2%, the Fund underperformed the other indices we follow. Year-to-date, the S&P 500 lost -20.0% while the S&P 400 MidCap and S&P 600 SmallCap depreciated -19.5% and -18.9% respectively. In Canadian dollars, the Fund declined -26.8% (Series F) during the first half of 2022 versus the S&P 500 which was down -18.7%.

CANADIAN EQUITY FUND

June served as a reminder of how quickly sentiment can shift in these markets. The S&P/TSX Composite had its worst month since March 2020 with a negative return of -8.7%. Quarter-end rebalancing accompanied by fears of a recession meant that Financials, Energy and Materials contributed to over 80% of those losses. The Fund, which currently does not have any holdings in any of these sectors, outperformed with a decline of -5.9% (Series F).

The Fund benefitted from an earlier than anticipated approval from Investment Canada regarding the go-private transaction involving Intertape Polymer—closing on June 28th instead of the previously anticipated date of September 30th, 2022. This contributed to a larger than usual cash holding at the end of the period. The team is working diligently to take advantage of opportunities in the market to deploy the cash in equities that fit our “Growth at a Reasonable Price” philosophy.

The Fund also benefitted from a one-time eligible special dividend paid by Dorel Industries that we highlighted in the January Monthly Report. As a result, the Fund expects to generate an income (eligible dividend) distribution of approximately \$1.50 per unit.

Currently, the world is full of doom and gloom forecasters. This is a complete reversal from the euphoria we saw last summer. Then, when the markets were notching all-time highs, one simply couldn't buy stocks fast enough no matter how high the valuations. Now, suddenly, one can't get rid of one's holdings fast enough no matter how low the valuations; and the sentiment has pivoted to “hold cash because the everything crash is here.” This focus on timing the markets is extremely counter-productive. As Rudy often says, it is not about timing the market, but time in the market, that matters. Outsized returns are not generated from going in and out of the market, but rather staying invested and maintaining conviction during periods of market distress. Great companies endure. Whether there is a recession, inflation, supply crisis, or war, a well-run company led by a proven management team will always find a way.

Long-term outperformance requires one to remain rational while others are making emotional decisions. At North Growth Management, our mandate is to outperform the market over the long-term. The market oscillates wildly over the short-term, but being able to see beyond this short-term noise is why we believe investing is as much an art as it is a science.

We are pleased to report that the North Growth Canadian Equity Fund celebrated 10 years since its prospectus was filed on June 15, 2012. Since the prospectus filing, the Canadian Equity Fund, Series F has returned, on average, 11.6% per year compared to 8.2% annualized for the S&P/TSX Composite.

North Growth U.S. Equity Advisor Fund

SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2022

	1 Month	3 Months	6 Months	YTD
North Growth U.S. Equity Advisor Fund \$CDN (Series F)	-10.14	-17.31	-26.80	-26.80
North Growth U.S. Equity Advisor Fund \$CDN (Series D)	-10.16	-17.37	-26.91	-26.91
S&P 500 in \$CDN	-8.25	-16.10	-19.96	-19.96
North Growth U.S. Equity Advisor Fund \$U.S. (Series F)	-11.80	-19.81	-27.63	-27.63
North Growth U.S. Equity Advisor Fund \$U.S. (Series D)	-11.82	-19.87	-28.09	-28.09
S&P 500 \$U.S.	-6.53	-13.48	-18.65	-18.65

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2022

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
NGM U.S. Equity Advisor Fund \$CDN (Series F)	-24.75	5.70	8.44	13.13	12.34
NGM U.S. Equity Advisor Fund \$CDN (Series D)	-24.98	5.39	8.12	12.72	11.91
S&P 500 \$CDN	-7.07	10.03	11.15	15.65	14.42
NGM U.S. Equity Advisor Fund \$U.S. (Series F)	-27.63	6.25	8.60	10.49	10.56
NGM U.S. Equity Advisor Fund \$U.S. (Series D)	-27.85	5.93	8.27	10.10	10.14
S&P 500 \$U.S.	-10.62	10.60	11.31	12.96	12.60

Source: Bloomberg "Total Return Analysis" as of June 30, 2022

*Date of inception: October 23, 2009.

North Growth Canadian Equity Fund

SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2022

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund Series F	-5.85	-16.27	-17.87	-17.87
NGM Canadian Equity Fund Series D	-5.88	-16.33	-17.99	-17.99
Benchmark*	-8.71	-13.19	-9.87	-9.87

ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2022

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
NGM Canadian Equity Fund Series F	-14.65	9.73	8.26	11.30	11.55
NGM Canadian Equity Fund Series D	-14.91	9.40	7.94	10.90	10.90
Benchmark**	-3.87	7.97	7.62	8.18	8.23

* 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

U.S. EQUITY ADVISOR FUND — HOLDINGS AS AT JUNE 30, 2022

Ranking	Security	% of Net Assets
1	Ciena Corp.	5.09
2	Jabil Inc.	4.46
3	Bristol-Myers Squibb Company	4.42
4	Qualcomm Inc.	3.97
5	HP Inc.	3.70
6	Lumentum Holdings Inc.	3.68
7	II-VI Inc.	3.53
8	Elevance Health, Inc.	3.47
9	SolarEdge Technologies Inc.	3.25
10	Applied Materials Inc.	3.10
11	Horizon Therapeutics, plc.	2.86
12	D.R. Horton, Inc.	2.85
13	Motorola Solutions Inc.	2.80
14	Jacobs Engineering Group Inc.	2.78
15	FedEx Corp.	2.72
16	RH	2.36
17	Syneos Health Inc.	2.30
18	Warner Bros. Discovery Inc.	2.08
19	Capri Holdings Ltd.	2.07
20	Fiserv, Inc.	2.03
21	Funko Inc.	2.00
22	Best Buy Co., Inc.	1.98
23	Nvidia Corp.	1.86

Ranking	Security	% of Net Assets
29	Thermo Fisher Scientific, Inc.	1.71
30	Microsoft Corporation	1.68
31	Align Technology, Inc.	1.64
32	Apple Inc.	1.58
33	Booking Holdings Inc.	1.41
34	Generac Holdings Inc.	1.37
35	Fortune Brands Home & Security Inc.	1.33
36	Brinker International Inc.	1.27
37	Crocs, Inc.	1.07
38	Abercrombie & Fitch Co.	1.04
39	Watts Water Technologies Inc.	1.03
40	Foot Locker, Inc.	0.89
41	United Rentals, Inc.	0.88
42	Old Dominion Freight Line, Inc.	0.72
43	Biogen Inc.	0.54
44	EVgo Inc.	0.42
	Total Equities	96.86
	Cash	3.14
	Total Assets	100.00

24	Tempur Sealy International, Inc.	1.82
25	Johnson Controls International plc.	1.81
26	Electronic Arts Inc.	1.79
27	Texas Instruments Inc.	1.77
28	InMode Ltd.	1.75

CANADIAN EQUITY FUND — HOLDINGS AS AT JUNE 30, 2022

Ranking	Security	% of Net Assets
1	ATS Automation Tooling Systems Inc.	6.97
2	TFI International Inc.	6.34
3	Calian Group Ltd.	6.23
4	Aritzia Inc.	5.94
5	CAE Inc.	5.12
6	IBI Group Inc.	4.80
7	Leon's Furniture Ltd.	4.47
8	Heroux-Devtek Inc.	3.91
9	Innergex Renewable Energy Inc.	3.66
10	TELUS Corporation	3.52
11	Knight Therapeutics Inc.	3.39
12	Open Text Corporation	3.28
13	Sierra Wireless Inc.	3.08
14	Polaris Infrastructure Inc.	2.76

Ranking	Security	% of Net Assets
29	Ballard Power Systems Inc.	0.40
30	Shopify Inc.	0.35
31	Quisitive Technology Solutions Inc.	0.33
32	Blackberry Ltd.	0.31
33	Perimeter Medical Imaging AI, Inc.	0.29
34	Xebec Adsorption Inc.	0.17
Total Equities		88.19
Cash		11.81
Total Assets		100.00

15	Converge Technology Solutions Corp.	2.65
16	Dorel Industries Inc., Class B	2.45
17	Bombardier Inc., Class B	2.30
18	Dollarama Inc.	2.27
19	AutoCanada Inc.	2.23
20	Profound Medical Corp.	2.20
21	Restaurant Brands International	2.02
22	Canadian Solar Inc.	1.56
23	Evertz Technologies Limited	1.50
24	Constellation Software Inc.	1.10
25	Zymeworks Inc	0.84
26	Bombardier Recreational Products Inc.	0.77
27	Lululemon Athletica Inc.	0.52
28	Dentalcorp Holdings Inc.	0.46

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

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

For any questions contact:

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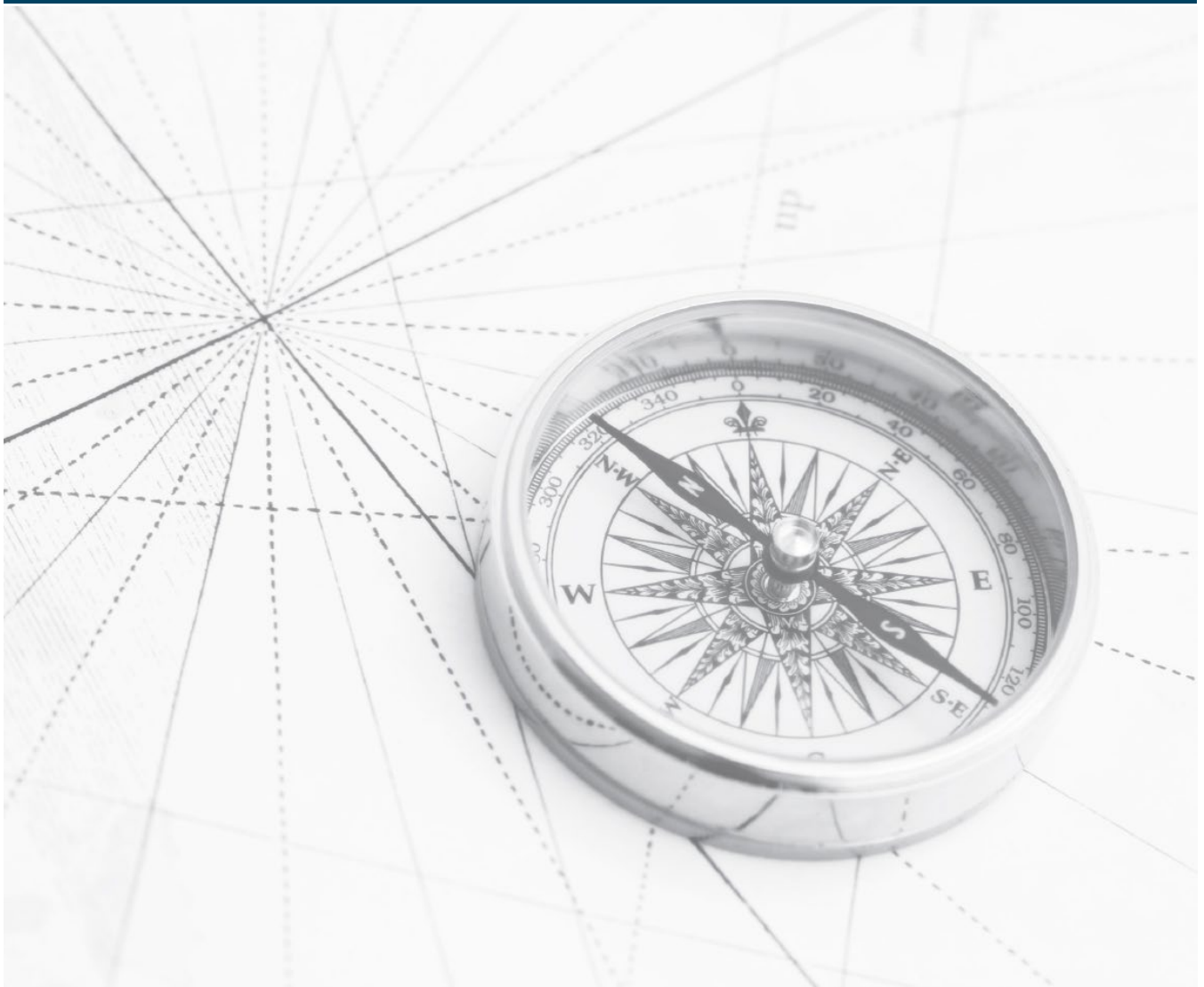
A NOTE ON FORWARD-LOOKING STATEMENTS

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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