



NORTH GROWTH  
MANAGEMENT



## JUNE 2023 MONTHLY REPORT

JULY 8, 2023



## Market and Fund Performance Update

Equities ended June on a high note, charting strong performances for both the second quarter and first half of 2023. Driven by a spectacular rally in AI, or artificial intelligence, the NASDAQ Composite surged over 30% during the first six months of the year, its best start since 1983. Meanwhile, the S&P 500 rallied nearly 17% even though the other indices recorded much more modest gains. The U.S. market has become increasingly top-heavy and concentrated in a few mega-cap technology names.

### SEVEN COMPANIES CONTROL THE U.S. STOCK MARKET

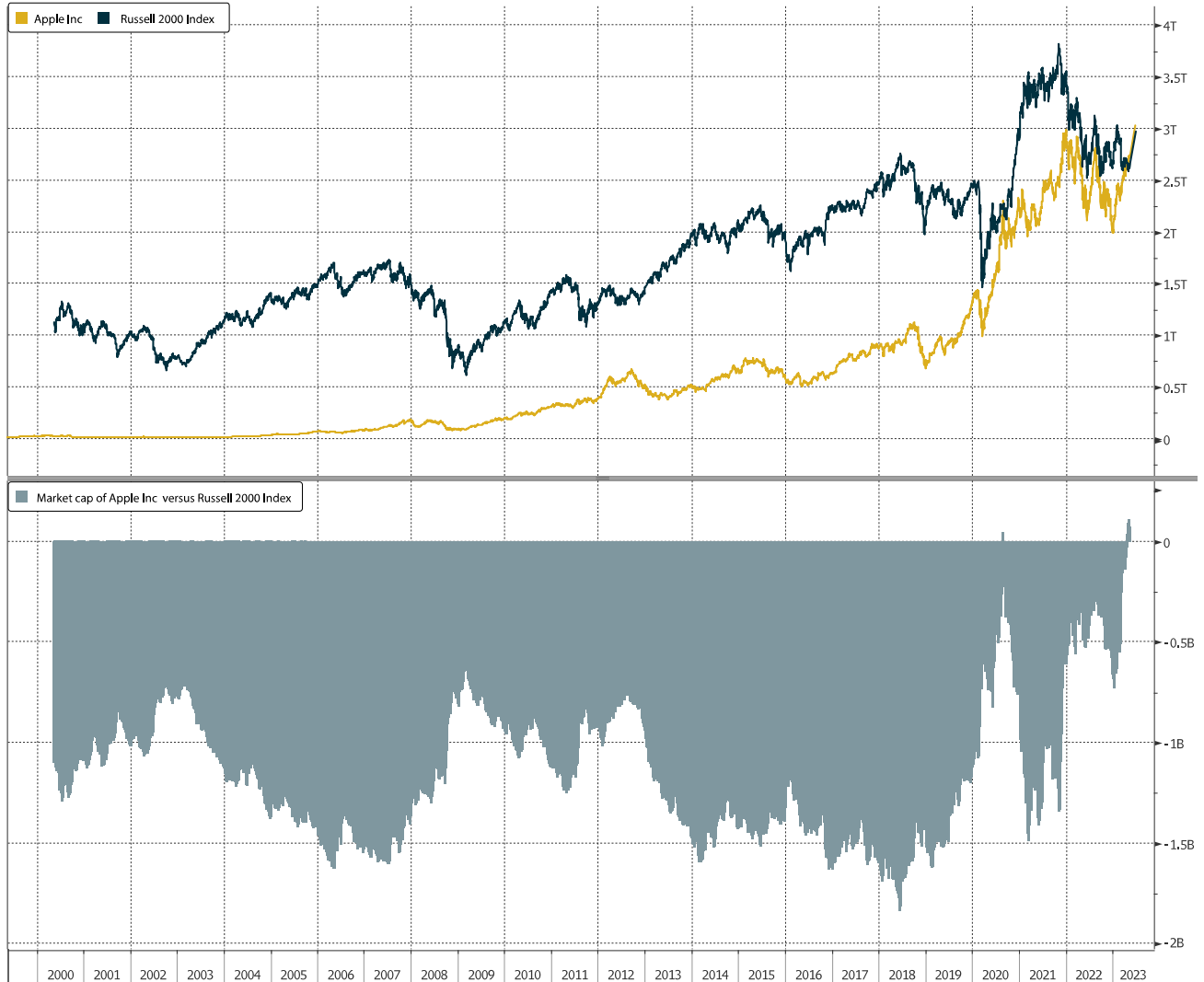
The performance of the S&P 500 index is the most concentrated it has been since the 1970s. Having climbed almost 17% this year and recorded one of the best six months in two decades, the S&P 500 has relied on just seven of its largest constituents. The technology behemoths—Apple, Microsoft, Alphabet (Google), Amazon, Nvidia, Tesla and Meta (Facebook)—have dominated the index, gaining between 36% and 190% year-to-date. The remaining 493 companies have, in aggregate, remained close to flat.

Although top-heaviness is not a new phenomenon in the U.S. market, as the big tech stocks in the S&P 500 are now similar to what oil companies or the Nifty 50 were in the past, by many measures, the concentration problem has reached extreme levels. The rally of the S&P 500 during the first half of the year masks a mediocre performance from the vast majority of stocks.

The Russell 2000, an index of 2,000 small and midsize U.S. companies, is down 23% from its record set in 2021. Lagging behind the S&P 500 by more than 7% annually over the past five years, the Russell 2000 has posted one of its worst relative five-year returns against the S&P 500 since 1926, according to Steven DeSanctis, small- and mid-cap equity strategist at Jefferies.

An illustration of the unprecedented degree to which the market is so concentrated, Apple, a single stock with a market capitalization of more than \$3 trillion, is worth more than the entire Russell 2000 index put together. Apple alone is also worth more than the U.K.'s top 100 listed companies combined.

### Excessive Market Concentration Apple More Valuable than Entire Russell 2000 Index



Source: Bloomberg as of June 2023

Notably, 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. And the thinning of U.S. equity market breadth has given rise to numerous attractive investment opportunities.

We remain focused on stock selection according to our “Growth at a Reasonable Price” philosophy. It is an encouraging environment for stock pickers as high-quality, reasonably-priced shares are readily available amid the extreme market concentration. We continue to adjust the weightings of portfolio constituents and upgrade the quality of portfolio holdings as market conditions permit. As market leadership alternates between large-cap and small-cap stocks, we believe the Funds are well-positioned to outperform in a broad market recovery.

### U.S. EQUITY ADVISOR FUND, SERIES F

In June, the North Growth U.S. Equity Advisor Fund, Series F, appreciated 8.9%. The Fund outperformed the S&P 500 which gained 6.6%, the NASDAQ Composite which increased 6.7%, as well as the S&P 600 SmallCap which was up 8.2%. The Fund lagged the S&P 400 MidCap which rallied 9.2% for the month. A strong Canadian currency reduced the Fund’s appreciation in Canadian dollars to 6.0% versus the S&P 500 which climbed 3.8% in Canadian dollars.

For the first half of 2023, the U.S. Equity Advisor Fund, Series F, gained 16.9%. Except for the NASDAQ Composite which was up 32.3%, the Fund outperformed the other indices we follow. Year-to-date, the S&P 500 appreciated 16.9%, while the S&P 400 MidCap and S&P 600 SmallCap increased 8.8% and 6.0% respectively. In Canadian dollars, both the Fund and the S&P 500 gained 14.2% during the first half of 2023.

### CANADIAN EQUITY FUND, SERIES F

The Canadian economy continued to be resilient in the second quarter despite breaking its eight-month long streak of job creation. A tight labor market, strong economic growth, sticky inflation, and a rebound in housing market activity, prompted the Bank of Canada to raise the overnight lending rate to 4.75% after declaring a pause on interest rate hikes in January.

The surprise interest rate increase powered strong performance for the energy and financials sectors and drove the S&P/TSX Composite to a return of 3.4% for the month of June. The North Growth Canadian Equity Fund, Series F, slightly outperformed the index with a monthly return of 3.6%. During the first half of 2023, the Fund appreciated 7.5% versus the S&P/TSX Composite which gained 5.7%.

## North Growth U.S. Equity Advisor Fund

### SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2023

	1 Month	3 Months	6 Months	YTD
<b>North Growth U.S. Equity Advisor Fund \$CDN (Series F)</b>	<b>5.97</b>	<b>5.62</b>	<b>14.25</b>	<b>14.24</b>
<b>North Growth U.S. Equity Advisor Fund \$CDN (Series D)</b>	<b>5.95</b>	<b>5.64</b>	<b>14.17</b>	<b>14.17</b>
S&P 500 in \$CDN	3.76	8.74	14.27	14.27
<b>North Growth U.S. Equity Advisor Fund \$U.S. (Series F)</b>	<b>8.88</b>	<b>5.62</b>	<b>16.86</b>	<b>16.86</b>
<b>North Growth U.S. Equity Advisor Fund \$U.S. (Series D)</b>	<b>8.85</b>	<b>5.64</b>	<b>16.79</b>	<b>16.79</b>
S&P 500 \$U.S.	6.61	8.74	16.89	16.89

### ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2023

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
<b>NGM U.S. Equity Advisor Fund \$CDN (Series F)</b>	<b>27.15</b>	<b>10.15</b>	<b>9.73</b>	<b>13.66</b>	<b>13.36</b>
<b>NGM U.S. Equity Advisor Fund \$CDN (Series D)</b>	<b>26.79</b>	<b>9.83</b>	<b>9.40</b>	<b>13.28</b>	<b>12.94</b>
S&P 500 \$CDN	22.88	13.50	12.43	15.49	15.02
<b>NGM U.S. Equity Advisor Fund \$U.S. (Series F)</b>	<b>23.75</b>	<b>11.22</b>	<b>9.61</b>	<b>11.07</b>	<b>11.47</b>
<b>NGM U.S. Equity Advisor Fund \$U.S. (Series D)</b>	<b>23.40</b>	<b>10.89</b>	<b>9.28</b>	<b>10.70</b>	<b>11.06</b>
S&P 500 \$U.S.	19.59	14.60	12.31	12.86	13.10

Source: Bloomberg "Total Return Analysis" as of June 30, 2023

\*Date of inception: October 23, 2009.

## North Growth Canadian Equity Fund

### SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2023

	1 Month	3 Months	6 Months	YTD
<b>NGM Canadian Equity Fund Series F</b>	<b>3.56</b>	<b>1.15</b>	<b>7.52</b>	<b>7.52</b>
<b>NGM Canadian Equity Fund Series D</b>	<b>3.54</b>	<b>1.08</b>	<b>7.36</b>	<b>7.36</b>
Benchmark**	3.35	1.10	5.70	5.70

### ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED JUNE 30, 2023

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
<b>NGM Canadian Equity Fund Series F</b>	<b>21.78</b>	<b>14.32</b>	<b>10.53</b>	<b>10.55</b>	<b>12.44</b>
<b>NGM Canadian Equity Fund Series D</b>	<b>21.42</b>	<b>13.98</b>	<b>10.19</b>	<b>10.18</b>	<b>11.82</b>
Benchmark**	10.43	12.42	7.62	8.43	8.43

Source: Bloomberg "Total Return Analysis" as of June 30, 2023

\* 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, 2023

Ranking	Security	% of Net Assets	Ranking	Security	% of Net Assets
1	Jabil Inc	7.96	29	Tapestry Inc	1.97
2	Applied Materials Inc.	4.70	30	Booking Holdings Inc	1.86
3	Ciena Corp	4.46	31	Texas Instruments Inc.	1.76
4	Motorola Solutions Inc	3.32	32	Apple Inc.	1.69
5	Horizon Therapeutics, plc	3.30	33	Fortune Brands Innovations, Inc.	1.65
6	Coherent Corp.	3.21	34	Microsoft Corporation	1.64
7	HP Inc.	2.93	35	Electronic Arts Inc.	1.62
8	Nvidia Corp.	2.86	36	Brinker International Inc.	1.55
9	InMode Ltd.	2.84	37	Crocs, Inc.	1.54
10	Qualcomm Inc.	2.81	38	Warner Bros. Discovery Inc.	1.42
11	Bristol-Myers Squibb Company	2.73	39	Revvity Inc	1.38
12	SolarEdge Technologies Inc.	2.70	40	Watts Water Technologies Inc	1.31
13	Elevance Health, Inc.	2.49	41	Charles River Laboratories International, Inc.	1.30
14	FedEx Corp.	2.32	42	Abercrombie & Fitch Co.	1.13
15	Lumentum Holdings Inc.	2.22	43	NVR Inc.	1.07
16	Jacobs Solutions Inc.	2.20	44	United Rentals, Inc.	1.02
17	Johnson Controls International plc	2.17	45	Foot Locker, Inc.	0.99
18	Best Buy Co., Inc.	2.11		<b>Total Equities</b>	<b>93.84</b>
19	Global Payments Inc.	2.07		<b>Cash</b>	<b>6.16</b>
20	RH	2.03		<b>Total Assets</b>	<b>100.00</b>
21	Tempur Sealy International, Inc.	2.02			
22	Align Technology, Inc.	2.01			
23	Jabil Inc	7.96			
24	Applied Materials Inc.	4.70			
25	Ciena Corp	4.46			
26	Motorola Solutions Inc	3.32			
27	Horizon Therapeutics, plc	3.30			
28	Coherent Corp.	3.21			



## CANADIAN EQUITY FUND — HOLDINGS AS AT JUNE 30, 2023

Ranking	Security	% of Net Assets	Ranking	Security	% of Net Assets
1	ATS Corporation	7.22	29	Lululemon Athletica Inc.	0.29
2	TFI International Inc	6.82	30	Perimeter Medical Imaging AI, Inc.	0.26
3	Leon's Furniture Ltd	6.07	31	Qusitive Technology Solutions Inc.	0.18
4	Aritzia Inc	5.95	32	Lumine Group Inc.	0.04
5	Calian Group Ltd	5.74		<b>Total Equities</b>	<b>87.12</b>
6	Bombardier Inc., Class B	5.15		<b>Cash</b>	<b>12.88</b>
7	CAE Inc.	4.70		<b>Total Assets</b>	<b>100.00</b>
8	Heroux-Devtek Inc.	3.97			
9	Open Text Corporation	3.75			
10	Canadian Solar Inc.	3.38			
11	Profound Medical Corp	3.05			
12	Restaurant Brands International	2.96			
13	TELUS Corporation	2.91			
14	Knight Therapeutics Inc	2.89			
15	Innergex Renewable Energy Inc	2.40			
16	Converge Technology Solutions Corp	2.15			
17	Dollarama Inc.	2.13			
18	Constellation Software Inc	2.08			
19	Zymeworks Inc	2.03			
20	Polaris Renewable Energy Inc	1.86			
21	Canadian National Railway Company	1.76			
22	dentalcorp Holdings Inc	1.60			
23	Evertz Technologies Limited	1.46			
24	Bombardier Recreational Products Inc.	1.43			
25	AutoCanada Inc	1.22			
26	Jamieson Wellness Inc.	0.71			
27	Shopify Inc.	0.66			
28	Blackberry Ltd.	0.30			

## 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>

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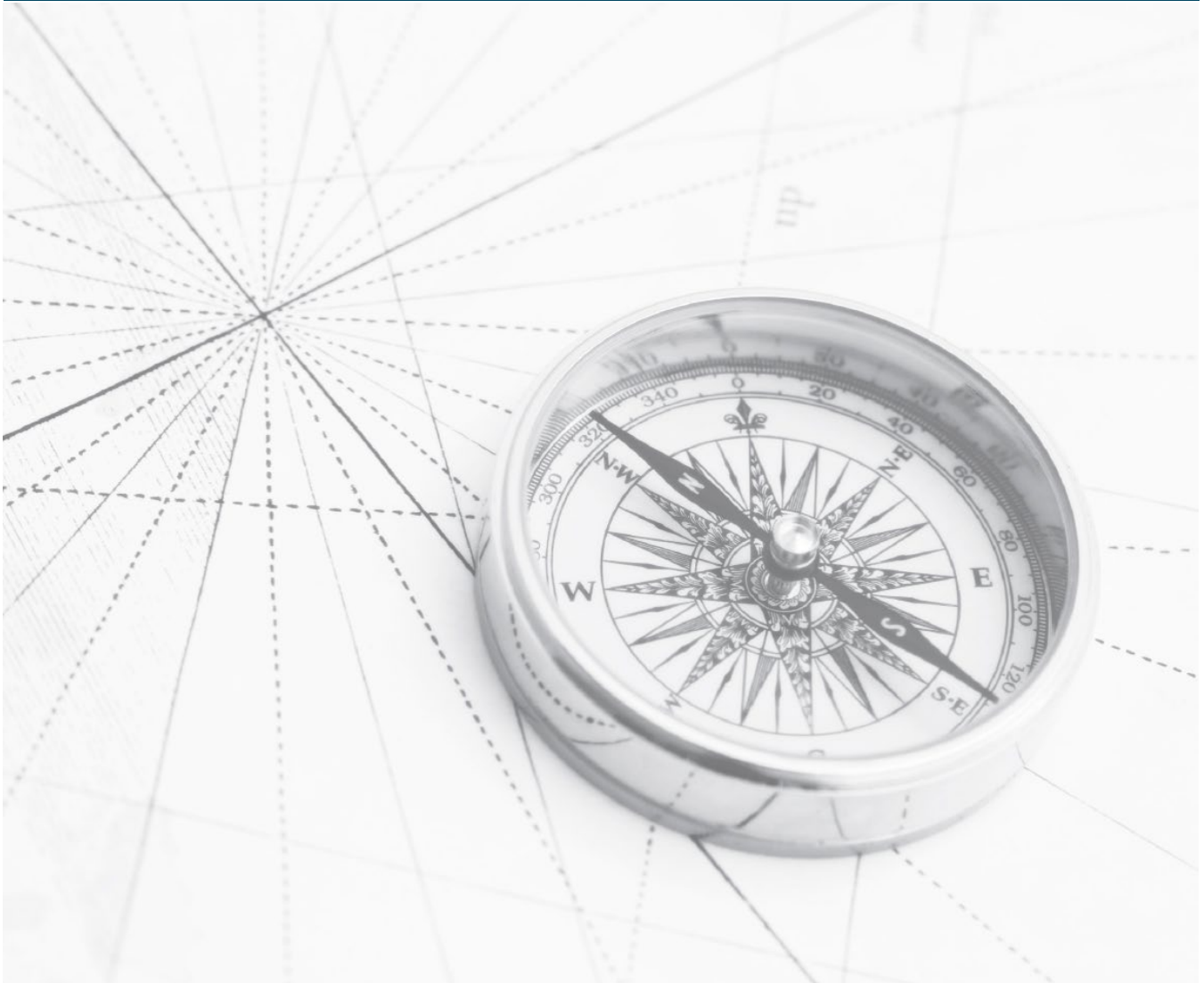
## A NOTE ON FORWARD-LOOKING STATEMENTS

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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