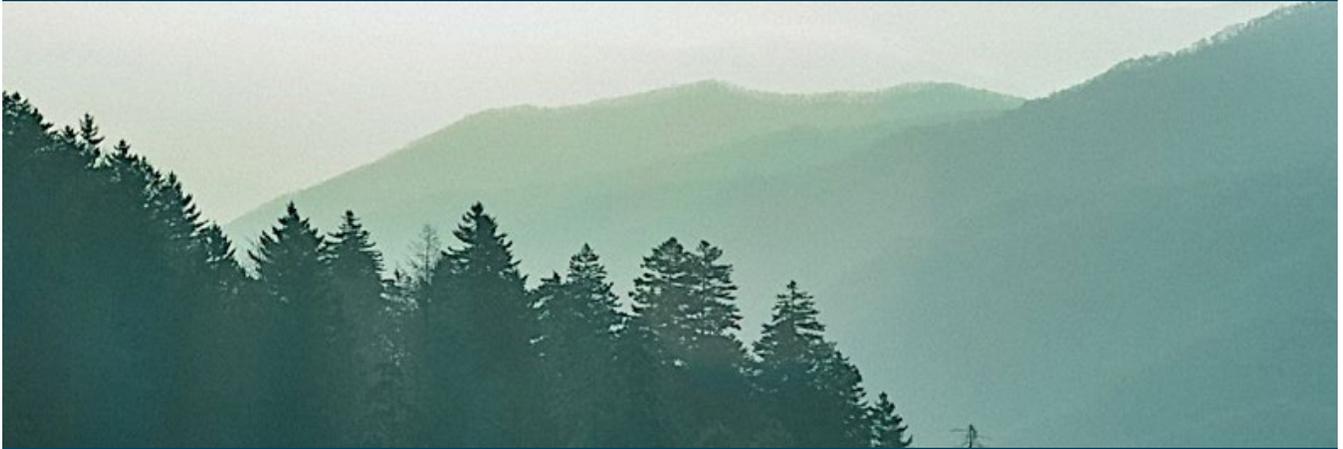




NORTH GROWTH  
MANAGEMENT



## MAY 2023 MONTHLY REPORT

JUNE 8, 2023



## Market and Fund Performance Update

Equities ended May in a mixed state. Apart from the explosion of artificial intelligence (AI) stocks which drove the NASDAQ Composite up almost 6% for the month, most other shares underperformed as the market became exceedingly top-heavy and more concentrated in technology. Macroeconomic concerns, combined with the U.S. debt ceiling negotiations, dominated news headlines, weighing on continued negative investor sentiment.

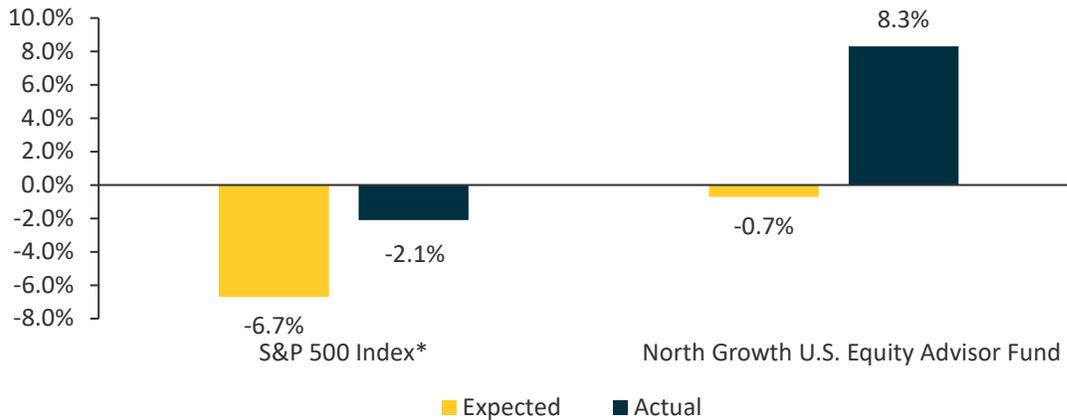
### FIRST QUARTER EARNINGS

With the earnings reporting season for the first quarter of 2023 coming to a close, many public companies have reported positive earnings and revenue surprises. The widely anticipated economic recession has yet to materialize, confounding economists and business executives. So, while corporate profits are expected to remain challenged over the rest of the year, analysts nonetheless project a small increase of 1.2% in S&P 500 earnings for 2023.

As of June 1<sup>st</sup>, with 99% of the S&P 500 having reported results, weighted average earnings declined -2.1% while sales grew 4.1% during the latest quarter. FactSet data indicates that 78% of the reporting companies posted actual EPS (earnings per share) above estimates. Moreover, five of the eleven sectors reported year-over-year earnings growth, led by Consumer Discretionary and Industrials.

The North Growth U.S. Equity Advisor Fund delivered solid earnings results. To date, 93% of the portfolio has reported, and 83% of the profit reports have exceeded analysts' estimates. Earnings on a weighted-average basis grew 8.3% over a year ago, ahead of estimates of a -0.7% decline. Notably, given the absence of Energy's outsized influence on the S&P 500's earnings, the Fund's profit performance once again compares favourably against that of the index.

### 1Q 2023 Earnings Growth Year-over-Year



\*Source for S&P 500 Index: FactSet Earnings Insight

Overall, the U.S. Equity Advisor Fund’s growth profile remains solid and broad-based, albeit more macro-economically sensitive than that of the S&P 500. As always, we remain steadfastly disciplined in identifying and picking stocks that fit our “Growth at a Reasonable Price” investment philosophy. We continue to engage in active stock selection rather than macro-driven investment decisions.

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

In May, the North Growth U.S. Equity Advisor Fund, Series F, declined –0.6% in \$US dollars. The Fund’s monthly performance was mixed compared to the indices we regularly follow: while it lagged the S&P 500 and NASDAQ Composite which increased 0.4% and 5.9% respectively, the Fund outperformed the S&P 400 MidCap and S&P 600 SmallCap which depreciated –3.2% and –1.8% respectively. In Canadian dollars, the Fund was down –0.4% versus the S&P 500 which was up 0.6%.

### CANADIAN EQUITY FUND, SERIES F

Economic data in Canada was mixed during May. The Office of the Superintendent of Bankruptcy Canada released data early in the month that showed consumer proposals, or alternative arrangements to settle debts with creditors, rose 36% in March 2023 compared to a year earlier. This is the highest reading since at least 2011. Total insolvencies, which also include bankruptcies, jumped to their highest since the end of 2019. However, at the same time, Canada added 41,400 jobs in April, which is the

longest uninterrupted streak of job gains since 2017. And the unemployment rate held near a record low at 5%, where it's been since December.

Given these conflicting signals, volatility in the S&P/TSX Composite increased after dropping to lows not seen since April 2022. The S&P/TSX 60 VIX Index, which tracks volatility for the next month in the 60 largest companies in Canada, rose over 30% during May. The S&P/TSX had its weakest month since June 2022 with a performance of -5.0% as only one sector, Information Technology, managed to generate a positive return. The North Growth Canadian Equity Fund, Series F, which benefited from holding the top two performers in the IT sector, outperformed the index with a return of -1.1%.

## North Growth U.S. Equity Advisor Fund

### SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED MAY 31, 2023

	1 Month	3 Months	6 Months	YTD
<b>North Growth U.S. Equity Advisor Fund \$CDN (Series F)</b>	<b>-0.41</b>	<b>-2.26</b>	<b>4.68</b>	<b>7.80</b>
<b>North Growth U.S. Equity Advisor Fund \$CDN (Series D)</b>	<b>-0.43</b>	<b>-2.24</b>	<b>4.54</b>	<b>7.76</b>
S&P 500 in \$CDN	0.62	5.70	4.06	10.13
<b>North Growth U.S. Equity Advisor Fund \$U.S. (Series F)</b>	<b>-0.59</b>	<b>-2.21</b>	<b>3.95</b>	<b>7.33</b>
<b>North Growth U.S. Equity Advisor Fund \$U.S. (Series D)</b>	<b>-0.62</b>	<b>-2.20</b>	<b>3.81</b>	<b>7.30</b>
S&P 500 \$U.S.	0.43	5.76	3.33	9.65

### ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED MAY 31, 2023

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
<b>NGM U.S. Equity Advisor Fund \$CDN (Series F)</b>	<b>7.82</b>	<b>8.22</b>	<b>8.72</b>	<b>12.98</b>	<b>12.96</b>
<b>NGM U.S. Equity Advisor Fund \$CDN (Series D)</b>	<b>7.51</b>	<b>7.90</b>	<b>8.40</b>	<b>12.60</b>	<b>12.54</b>
S&P 500 \$CDN	10.69	12.42	12.12	15.07	14.80
<b>NGM U.S. Equity Advisor Fund \$U.S. (Series F)</b>	<b>0.25</b>	<b>8.70</b>	<b>7.65</b>	<b>9.95</b>	<b>10.85</b>
<b>NGM U.S. Equity Advisor Fund \$U.S. (Series D)</b>	<b>-0.04</b>	<b>8.38</b>	<b>7.33</b>	<b>9.58</b>	<b>10.44</b>
S&P 500 \$U.S.	2.92	12.92	11.01	11.99	12.65

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

\*Date of inception: October 23, 2009.

## North Growth Canadian Equity Fund

### SHORT TERM RATES OF RETURN (%) FOR THE PERIOD ENDED MAY 31, 2023

	1 Month	3 Months	6 Months	YTD
<b>NGM Canadian Equity Fund Series F</b>	<b>-1.13</b>	<b>-3.57</b>	<b>2.74</b>	<b>3.83</b>
<b>NGM Canadian Equity Fund Series D</b>	<b>-1.16</b>	<b>-3.64</b>	<b>2.58</b>	<b>3.70</b>
Benchmark**	-4.95	-2.40	-2.74	2.27

### ANNUALIZED RATES OF RETURN (%) FOR THE PERIOD ENDED MAY 31, 2023

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
<b>NGM Canadian Equity Fund Series F</b>	<b>10.71</b>	<b>14.85</b>	<b>9.72</b>	<b>10.42</b>	<b>12.18</b>
<b>NGM Canadian Equity Fund Series D</b>	<b>10.38</b>	<b>14.50</b>	<b>9.39</b>	<b>10.04</b>	<b>11.55</b>
Benchmark**	-2.46	12.10	7.27	7.66	8.17

Source: Bloomberg "Total Return Analysis" as of May 31, 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

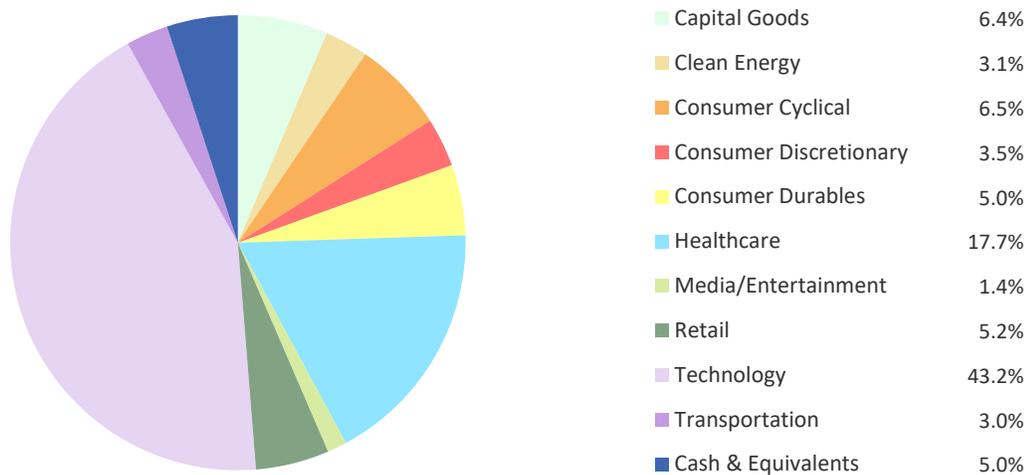
\*\* Benchmark = S&P/TSX Composite Index

## Equity Fund Holdings and Composition

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

Ranking	Security	% of Net Assets
1	Jabil Inc.	7.14
2	Ciena Corp.	5.08
3	Applied Materials Inc.	4.69
4	Horizon Therapeutics, plc.	3.47
5	D.R. Horton, Inc.	3.46
6	Motorola Solutions Inc.	3.45
7	SolarEdge Technologies Inc.	3.09
8	HP Inc.	3.00
9	Bristol-Myers Squibb Company	2.97
10	Qualcomm Inc.	2.89
<b>Top 10</b>		<b>39.24</b>
<b>Total Equities</b>		<b>94.96</b>
<b>Cash</b>		<b>5.04</b>
<b>Total Assets</b>		<b>100.00</b>

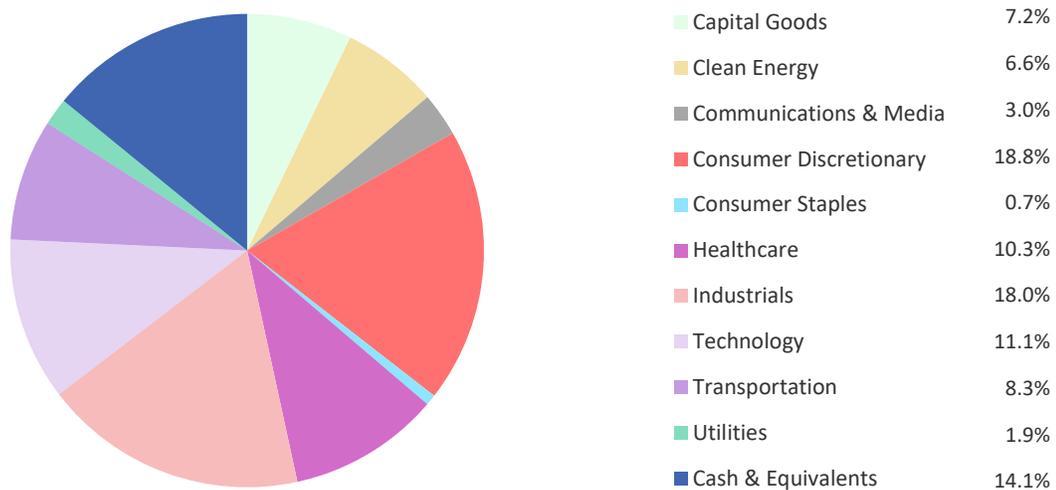
### U.S. EQUITY ADVISOR FUND — SECTOR MIX AS AT MAY 31, 2023



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

Ranking	Security	% of Net Assets
1	ATS Corporation	7.17
2	TFI International Inc.	6.58
3	Leon's Furniture Ltd.	5.89
4	Aritzia Inc.	5.73
5	Calian Group Ltd.	5.61
6	CAE Inc.	4.48
7	Bombardier Inc., Class B	4.33
8	Open Text Corporation	3.92
9	Canadian Solar Inc.	3.82
10	Profound Medical Corp.	3.77
<b>Top 10</b>		<b>51.30</b>
<b>Total Equities</b>		<b>85.90</b>
<b>Cash</b>		<b>14.10</b>
<b>Total Assets</b>		<b>100.00</b>

## CANADIAN EQUITY FUND — SECTOR MIX AS AT MAY 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.

### 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:

**Marcus Vander Leek, CFA**

*Director of Business Development and Client Service*

Email: [marcus@northgrowth.com](mailto:marcus@northgrowth.com) Phone: 604-354-9275



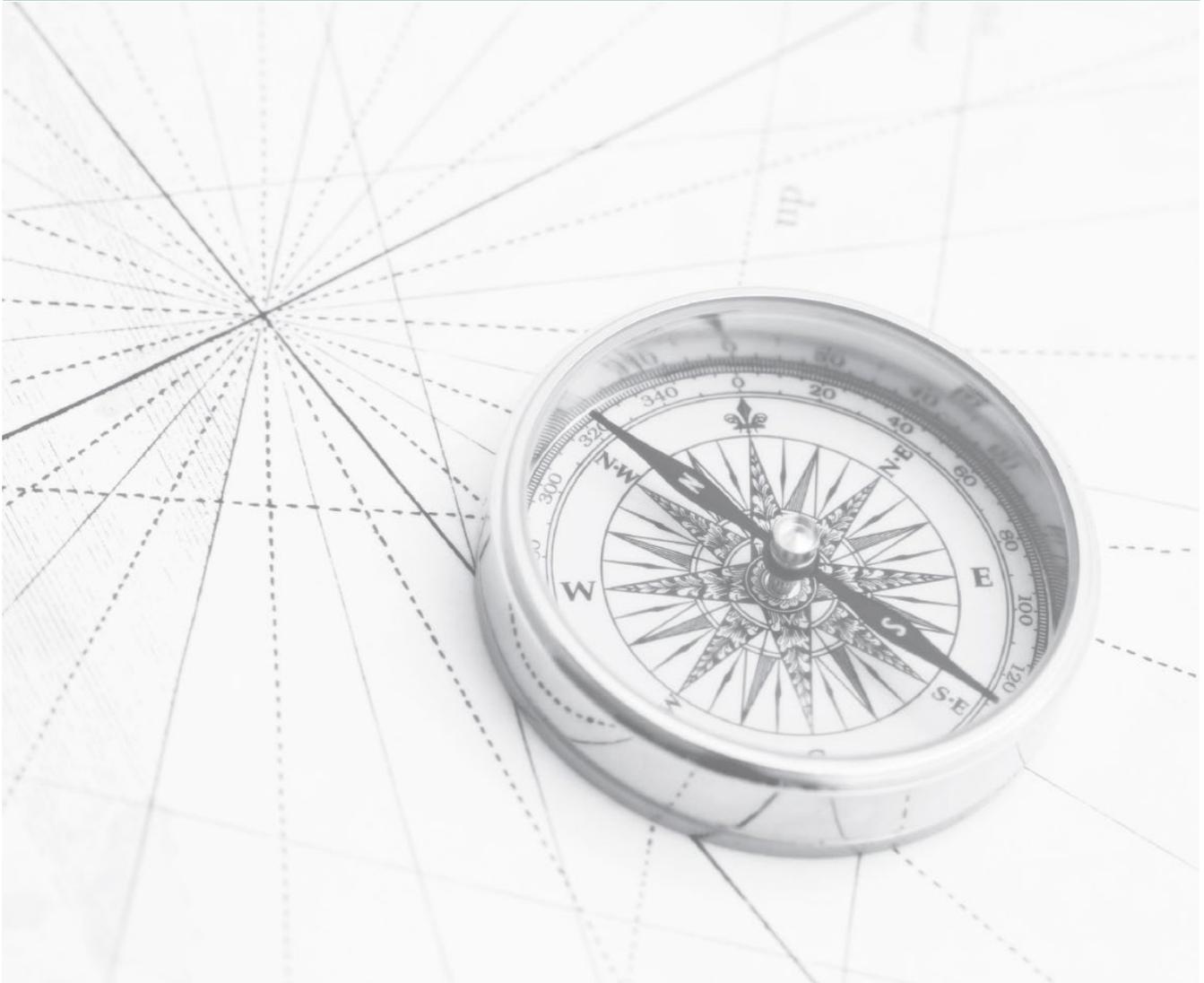
## A NOTE ON FORWARD-LOOKING STATEMENTS

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.



NORTH GROWTH  
MANAGEMENT



Suite 830, One Bentall Centre  
505 Burrard Street, Box 56  
Vancouver, BC V7X 1M4

T: 604-688-5440  
F: 604-688-5402  
info@northgrowth.com

[northgrowth.com](http://northgrowth.com)