



NORTH GROWTH  
MANAGEMENT



## SEPTEMBER 2022 MONTHLY REPORT

OCTOBER 6, 2022

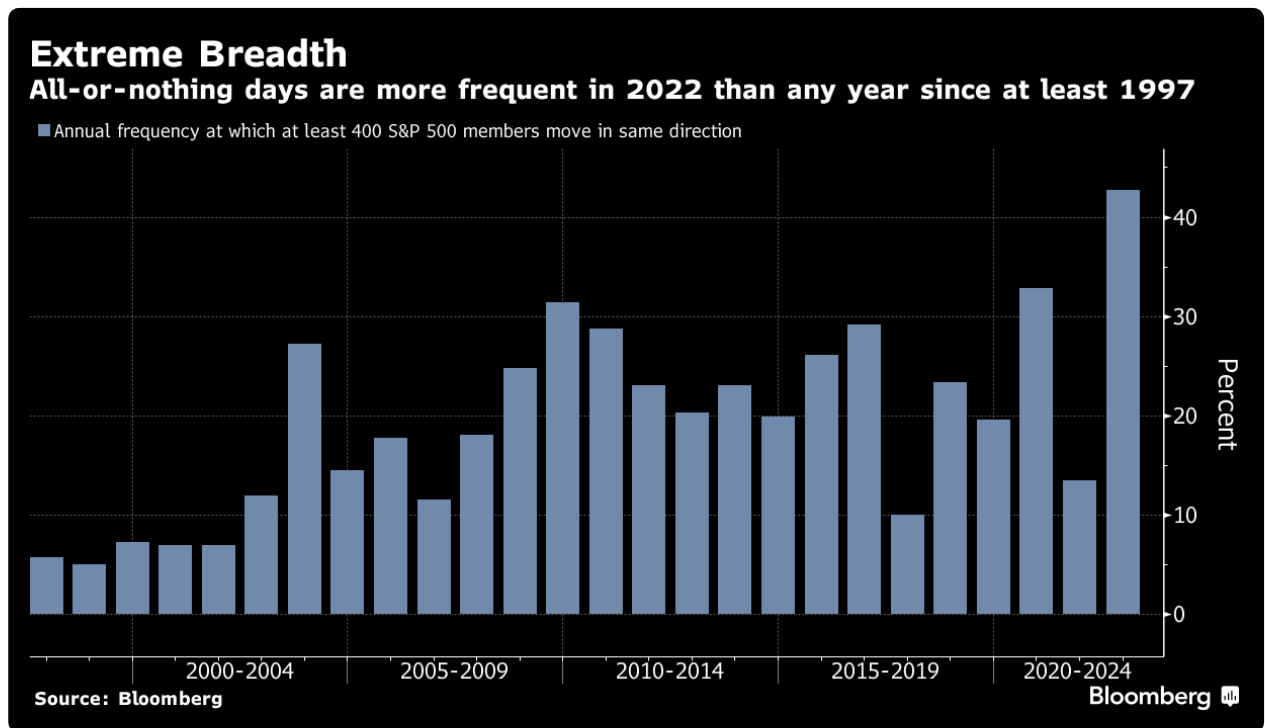


# Market and Fund Performance Update

September was yet another abysmal month for equities. With all the major U.S. stock indices firmly in bear market territory, the S&P 500 registered its worst September since 2002 as well as its worst year-to-date performance in 20 years. Amid worrisome signs that inflation is becoming more entrenched and therefore tougher to contain, central banks, including the Federal Reserve, are raising interest rates at the fastest pace in a generation. Economic pain is on track to intensify, and alongside that, a global recession seems all but certain.

## ALL-OR-NOTHING MARKET CHURN

Erratic moves in the stock market have become normal during the past year. Increasingly, the U.S. market appears to act like one massive trade whose direction is intractable day-to-day. Macro narratives alternate between paranoia over inflation and optimism that the economy and corporate earnings are strong enough to weather aggressive interest rate hikes. Days on which more than 400 companies, or 80%, of the S&P 500 Index move in the same direction are set to top any year since at least 1997.



As the market has become more macro and sentiment driven, equity fundamentals including valuations have had limited relevance in determining near-term performance. Nonetheless, the bear market offers an abundance of attractive investment opportunities as numerous solid businesses trade at discounted valuations.

We remain laser-focused on actively managing the equity funds, picking individual stocks that adhere to our “Growth at a Reasonable Price” investment philosophy. We eagerly anticipate the start of the next bull market, when reasonable valuations and sustainable earnings growth are rewarded. We strongly believe that coming out of the bear market recovery, North Growth’s equity portfolios are poised to outperform.

## TAX INFORMATION UPDATE

Thursday, December 15<sup>th</sup>, is the distribution date for both the North Growth U.S. Equity Advisor Fund and North Growth Canadian Equity Fund. Currently, we do not anticipate an annual distribution for the U.S. Equity Advisor Fund.

As outlined in the previous monthly reports, the Canadian Equity Fund expects to generate an income (eligible dividend) distribution of approximately \$1.60 per unit after benefitting from a one-time special dividend paid by Dorel Industries in February. Furthermore, as the acquisition of IBI Group closed on September 27<sup>th</sup>, much earlier than the anticipated end-of-year closing date, the Canadian Equity Fund will distribute a capital gain of approximately \$0.40 per unit. The total distribution for the Canadian Equity Fund should be between 5% and 15% of the unit price.

Due to a number of factors beyond our control, the current estimates for the distributions may change materially over the coming months.

## U.S. EQUITY ADVISOR FUND

In September, the North Growth U.S. Equity Advisor Fund, Series F, declined –10.6% in US dollars. The Fund underperformed all the indices we regularly track: the S&P 500 which lost –9.2%, the smaller-capitalization S&P 400 MidCap and S&P 600 SmallCap which were down –9.2% and –9.9% respectively, and the NASDAQ Composite which depreciated –10.4%. Due to the weakening of the Canadian currency against its U.S. counterpart, the Fund fell –5.9% in Canadian dollars versus the S&P 500’s –4.4% negative return in Canadian dollars.

Year-to-date, the Fund is down –32.7%. The Fund has underperformed all the indices we follow during this same period: the S&P 500 which declined –23.9%, the S&P 400 MidCap and S&P 600 SmallCap which lost –21.5% and –23.2% respectively, and the NASDAQ Composite which fell –32.0%. In Canadian dollars, the Fund has depreciated –27.0% versus the S&P 500 which is down –17.1%.

## CANADIAN EQUITY FUND

September was an exceptionally weak month for global equities as the U.K.'s financial crisis added to the list of growing macro concerns around the globe. The S&P/TSX Composite was not immune from these cross-currents and suffered as a result with a return of –4.3%. The index has now had its worst first three quarters since 2009. The North Growth Canadian Equity Fund, Series F, underperformed the index in September with a return of –6.3%. Year-to-date, the Fund is down –15.5% versus the S&P/TSX Composite's loss of –11.1%.

## North Growth U.S. Equity Advisor Fund

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

	1 Month	3 Months	6 Months	YTD
<b>North Growth U.S. Equity Advisor Fund \$CDN (Series F)</b>	<b>-5.87</b>	<b>0.16</b>	<b>-17.18</b>	<b>-26.69</b>
<b>North Growth U.S. Equity Advisor Fund \$CDN (Series D)</b>	<b>-5.89</b>	<b>0.09</b>	<b>-17.30</b>	<b>-26.85</b>
S&P 500 in \$CDN	-4.36	1.95	-11.80	-17.06
<b>North Growth U.S. Equity Advisor Fund \$U.S. (Series F)</b>	<b>-10.64</b>	<b>-6.55</b>	<b>-25.06</b>	<b>-32.70</b>
<b>North Growth U.S. Equity Advisor Fund \$U.S. (Series D)</b>	<b>-10.66</b>	<b>-6.62</b>	<b>-25.18</b>	<b>-32.85</b>
S&P 500 \$U.S.	-9.21	-4.88	-20.20	-23.87

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

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
<b>NGM U.S. Equity Advisor Fund \$CDN (Series F)</b>	<b>-19.94</b>	<b>5.14</b>	<b>7.83</b>	<b>13.14</b>	<b>12.10</b>
<b>NGM U.S. Equity Advisor Fund \$CDN (Series D)</b>	<b>-20.18</b>	<b>4.82</b>	<b>7.51</b>	<b>12.75</b>	<b>11.68</b>
S&P 500 \$CDN	-7.85	9.69	11.47	15.56	14.29
<b>NGM U.S. Equity Advisor Fund \$U.S. (Series F)</b>	<b>-26.57</b>	<b>3.68</b>	<b>5.67</b>	<b>9.36</b>	<b>9.77</b>
<b>NGM U.S. Equity Advisor Fund \$U.S. (Series D)</b>	<b>-26.79</b>	<b>3.36</b>	<b>5.35</b>	<b>8.98</b>	<b>9.35</b>
S&P 500 \$U.S.	-15.47	8.16	9.24	11.70	11.91

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

\*Date of inception: October 23, 2009.

## North Growth Canadian Equity Fund

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

	1 Month	3 Months	6 Months	YTD
<b>NGM Canadian Equity Fund Series F</b>	<b>-6.28</b>	<b>2.88</b>	<b>-13.85</b>	<b>-15.50</b>
<b>NGM Canadian Equity Fund Series D</b>	<b>-6.30</b>	<b>2.80</b>	<b>-13.98</b>	<b>-15.69</b>
Benchmark**	-4.26	-1.41	-14.41	-11.14

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

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
<b>NGM Canadian Equity Fund Series F</b>	<b>-13.06</b>	<b>10.94</b>	<b>8.41</b>	<b>11.61</b>	<b>11.56</b>
<b>NGM Canadian Equity Fund Series D</b>	<b>-13.32</b>	<b>10.60</b>	<b>8.09</b>	<b>11.22</b>	<b>10.92</b>
Benchmark**	-5.39	6.59	6.54	7.30	7.88

\*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 SEPTEMBER 30, 2022

Ranking	Security	% of Net Assets
1	Jabil Inc.	5.42
2	Ciena Corp.	5.12
3	Bristol-Myers Squibb Company	4.40
4	Elevance Health, Inc.	3.52
5	Lumentum Holdings Inc.	3.42
6	Applied Materials Inc.	3.36
7	Qualcomm Inc.	3.36
8	Motorola Solutions Inc.	3.23
9	D.R. Horton, Inc.	3.12
10	HP Inc.	3.03
11	SolarEdge Technologies Inc.	2.96
12	RH	2.65
13	Coherent Corp.	2.60
14	Jacobs Solutions Inc.	2.55
15	Horizon Therapeutics, plc.	2.40
16	Fiserv, Inc.	2.30
17	Tempur Sealy International, Inc.	2.21
18	Funko Inc.	2.13
19	Tapestry Inc.	2.07
20	Best Buy Co., Inc.	2.07
21	Johnson Controls International plc.	2.00
22	InMode Ltd.	1.99
23	Texas Instruments Inc.	1.93
24	FedEx Corp.	1.92
25	Electronic Arts Inc.	1.84
26	Syneos Health Inc.	1.79
27	Warner Bros. Discovery Inc.	1.73
28	Apple Inc.	1.72

Ranking	Security	% of Net Assets
29	Microsoft Corporation	1.64
30	Crocs, Inc.	1.63
31	Nvidia Corp.	1.61
32	PerkinElmer, Inc	1.60
33	Brinker International Inc.	1.56
34	Align Technology, Inc.	1.54
35	Booking Holdings Inc.	1.43
36	Foot Locker, Inc.	1.43
37	Fortune Brands Home & Security Inc.	1.28
38	Generac Holdings Inc.	1.25
39	Watts Water Technologies Inc.	1.13
40	Herc Holdings Inc.	1.11
41	Abercrombie & Fitch Co.	1.09
42	Biogen Inc.	0.77
43	Old Dominion Freight Line, Inc.	0.75
	<b>Total Equities</b>	<b>96.69</b>
	<b>Cash</b>	<b>3.31</b>
	<b>Total Assets</b>	<b>100.00</b>



## CANADIAN EQUITY FUND — HOLDINGS AS AT SEPTEMBER 30, 2022

Ranking	Security	% of Net Assets	Ranking	Security	% of Net Assets
1	Aritzia Inc.	9.28	29	dentalcorp Holdings Inc	0.30
2	TFI International Inc.	7.71	30	Quisitive Technology Solutions Inc.	0.29
3	ATS Automation Tooling Systems Inc.	7.20	31	Blackberry Ltd.	0.29
4	Calian Group Ltd.	5.56	32	Perimeter Medical Imaging AI, Inc.	0.26
5	Leon's Furniture Ltd.	4.57		<b>Total Equities</b>	<b>84.01</b>
6	Innergex Renewable Energy Inc.	3.70		<b>Cash</b>	<b>15.99</b>
7	CAE Inc.	3.67		<b>Total Assets</b>	<b>100.00</b>
8	Heroux-Devtek Inc.	3.46			
9	Converge Technology Solutions Corp.	3.41			
10	Knight Therapeutics Inc.	3.39			
11	TELUS Corporation	3.39			
12	Sierra Wireless Inc.	3.22			
13	Bombardier Inc., Class B	2.94			
14	Open Text Corporation	2.72			
15	Polaris Renewable Energy Inc.	2.32			
16	Restaurant Brands International	2.32			
17	Dollarama Inc.	2.23			
18	Canadian Solar Inc.	2.01			
19	AutoCanada Inc.	1.58			
20	Profound Medical Corp.	1.45			
21	Evertz Technologies Limited	1.42			
22	Constellation Software Inc.	1.11			
23	Canadian National Railway Company	1.04			
24	Zymeworks Inc.	1.03			
25	Bombardier Recreational Products Inc.	0.83			
26	Lululemon Athletica Inc.	0.56			
27	Jamieson Wellness Inc.	0.46			
28	Shopify Inc.	0.31			

## 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



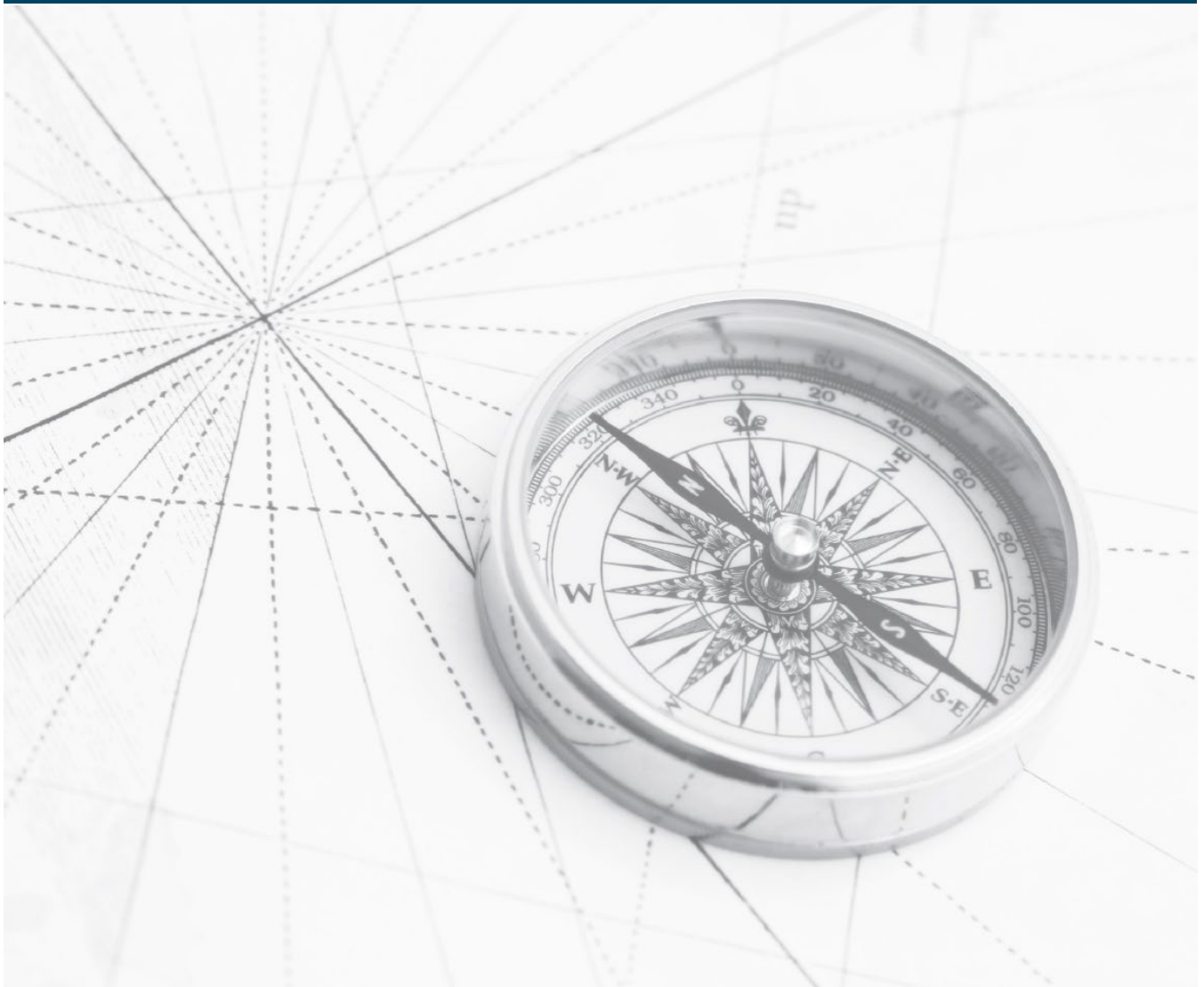
## A NOTE ON FORWARD-LOOKING STATEMENTS

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)