



NORTH GROWTH
MANAGEMENT



OCTOBER 2023 MONTHLY REPORT

NOVEMBER 6, 2023

Market and Fund Performance Update

Equities continued to be volatile in October as the S&P 500 closed a third straight monthly decline. Amid ongoing mixed earnings reports for the third quarter of 2023, stock market sentiment remains negative, weighed down heavily by immense geopolitical and macroeconomic uncertainty.

NAVIGATING A CONTINUING BEAR MARKET

Despite a meaningful rebound in the S&P 500 from its low of October 2022, the stock markets are not behaving as they typically do at the start of a long-lasting bull run. Instead, by most indicators, the past year has felt more like a large bounce amid the bear market that began at the start of 2022.

The so-called “magnificent seven” mega-cap tech companies—Apple, Microsoft, Meta (Facebook), Amazon, Alphabet (Google), Nvidia and Tesla—have driven virtually all the gains in the S&P 500 this year, pushing the concentration of the index to new heights. The top-heaviness of the market, or focus of gains among the biggest stocks, is usually something that happens at the end of bull markets, not the beginning.

That large numbers of stocks declined even as the S&P 500 gained from a year ago is indicative of an unhealthy market. As of October, more than 180 equities in the S&P 500 index were trading for less than they were 12 months ago. The stocks of smaller companies, such as those in the Russell 2000 index, have fared the worst.

The unprecedented degree to which the market is so concentrated is highlighted by the significant underperformance of the equal-weighted S&P index year-to-date. Compared to being up 10.7% this year, the equal-weighted S&P 500 is down -2.4%. In other words, if all 500 constituents of the index were weighted equally rather than by market capitalization, thereby eliminating the dominance of the largest stocks, the U.S. stock market as measured by the S&P 500 would be posting losses so far in 2023.

A Continuing Bear Market
Equal-weighted versus Market-weighted S&P 500: Oct 2022 - Oct 2023



Source: Bloomberg

As we have reiterated over the past year, the narrow U.S. equity market breadth presents numerous attractive investment opportunities. Typically, it is during a bear market when many solid businesses trade at discounts relative to their growth records and potential. As high-quality, reasonably-priced shares are there for the picking, we continue to avail ourselves of opportunities that arise from market conditions.

We remain focused on stock selection according to our “Growth at a Reasonable Price” investment philosophy. Knowing that market leadership alternates between large-cap and small-cap stocks over the long-term, we continue to position the Funds to outperform in a broad market recovery.

TAX INFORMATION UPDATE

Friday, December 15th is the distribution date for both the North Growth U.S. Equity Fund and North Growth Canadian Equity Fund. We anticipate that there will be annual distributions for both Funds.

We continue to estimate that the distributions for the Funds this year, comprised almost entirely of capital gains, will be between 3% and 10% of their respective unit prices. We will publish the final distribution amounts in the November monthly report on Monday, December 18th.

All distributions by the Fund are automatically invested in units of the respective Fund. If you would like to receive your distributions in cash, please notify us in writing by Thursday, November 30th.

Any questions regarding the distributions should be directed to our CFO, Rachid Nayel, at 604-688-5440 or rachid@northgrowth.com.

U.S. EQUITY FUND

In October, the U.S. Equity Fund declined –7.0%. The Fund underperformed all the indices we regularly track: the S&P 500 which fell –2.1%, the S&P 400 MidCap and S&P 600 SmallCap which depreciated –5.3% and –5.7% respectively, as well as the NASDAQ Composite which was down –2.8%. In Canadian dollars, the Fund lost –4.6% versus the S&P 500 which gained 0.4%.

CANADIAN EQUITY FUND, SERIES N

As the Canadian economy stares down a recession, the North Growth Canadian Equity Fund which is exposed to cyclical sectors suffered its worst month of 2023. The Fund, Series N, posted a loss of –6.3%. This second fourth consecutive month of performance contraction, capping a total of eight down months so far in 2023, is the first time since 2015 that the Fund has had such a long streak of losses. Compared to the fund, the S&P/TSX Composite which lost –3.2% in October has now had its longest streak of losses since 2018.

There is no way to sugarcoat the fact that the North Growth Canadian Equity Fund is having a bad year. When things go a certain way, it is human nature to extrapolate them to continue along the same trajectory. This phenomenon called the recency bias is what drives bubbles and market downturns.

There is no doubt that the Canadian economy is currently suffering. Traditionally, recessions have provided generational buying opportunities for investors brave enough to weather the short-term volatility. We are bottom-up investors, and believe it is near impossible to forecast market movement in the short-term. However, we firmly believe that over the long-term public equities will outperform other asset classes. While there is no alarm bell that rings when the market has bottomed, usually the best investments are made at the darkest of times. Recessions come and go, but great companies adapt and endure. We remain laser focused on our investment philosophy of “Growth at a Reasonable Price” which has served our Founder, Rudy North, well over the last 60 years.

North Growth U.S. Equity Fund

SHORT TERM RATES OF RETURN (%) FOR PERIODS ENDED OCTOBER 31, 2023

	1 Month	3 Months	6 Months	YTD
North Growth U.S. Equity Fund \$CDN	-4.59	-10.07	-2.85	5.31
S&P 500 in \$CDN	0.44	-3.42	3.58	13.36
North Growth U.S. Equity Fund \$U.S.	-7.01	-14.57	-4.90	2.83
S&P 500 \$U.S.	-2.10	-8.25	1.39	10.69
S&P 400 MidCap \$U.S.	-5.34	-12.91	-4.16	-1.30
S&P 600 SmallCap \$U.S.	-5.74	-15.06	-4.70	-4.97
NASDAQ Composite \$U.S.	-2.76	-10.24	5.54	23.61

ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED OCTOBER 31, 2023

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception
North Growth U.S. Equity Fund \$CDN	8.84	4.34	8.70	11.62	12.39	8.77	11.95
S&P 500 \$CDN	11.93	11.87	12.22	14.39	13.55	9.58	10.29
North Growth U.S. Equity Fund \$U.S.	7.10	2.93	7.53	8.48	11.34	8.49	11.56
S&P 500 \$U.S.	10.14	10.36	11.01	11.18	12.49	9.30	9.91
S&P 400 MidCap \$U.S.	-1.06	9.23	7.03	7.95	11.71	9.19	11.09
S&P 600 SmallCap \$U.S.	-7.66	8.98	4.28	7.13	10.77	8.86	10.34
NASDAQ Composite \$U.S.	18.00	6.45	12.98	13.82	15.61	11.13	10.52*

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

* This return is a simple price appreciation because total return data is not available on Bloomberg.

The inception of the Fund: October 13, 1992.

	October 31, 2023
Unit Price	\$ 48.95 CDN / \$ 35.29 US
Total Assets in Fund	\$ 557.1 Million CDN

North Growth Canadian Equity Fund, Series N

SHORT TERM RATES OF RETURN (%) FOR PERIODS ENDED OCTOBER 31, 2023

	1 Month	3 Months	6 Months	YTD
North Growth Canadian Equity Fund, Series N	-6.27	-13.87	-13.21	-8.95
Benchmark	-3.21	-7.72	-7.00	0.06

ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED OCTOBER 31, 2023

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Prospectus
North Growth Canadian Equity Fund, Series N	-5.47	7.47	8.40	7.21	10.22
Benchmark	0.43	9.85	7.96	6.69	7.65

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

The prospectus inception of the Fund: June 15, 2012.

North Growth Canadian Equity Fund Benchmark: S&P/TSX Composite Index.

	October 31, 2023
Unit Price	\$ 21.52 CDN
Total Assets in Fund	\$ 44.9 Million CDN

North Growth Canadian Money Market Fund

ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED OCTOBER 31, 2023

	Current Yield*	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs
North Growth Canadian Money Market Fund	4.9	4.54	1.88	1.64	1.21	1.04
30 Day Treasury Bill	N/A	4.57	1.90	1.65	1.20	1.05

** The Current Yield for the Money Market Fund is the average of the annualized daily yield for the most recent seven day period. This measure is no longer available for the 30-day T-Bill Index.*

We take a very simple approach to managing the North Growth Canadian Money Market Fund. We invest in a portfolio of high-quality short-term bonds. The average maturity of the portfolio is often around 30 days. Historically, the Fund has generated very competitive yields with this simple approach because of our 0.25% management fee.

We manage the portfolio to ensure high liquidity and have no intention to extend maturities or reduce the quality of the holdings. We believe the Fund has superior liquidity characteristics due to its very low average maturity. The North Growth Canadian Money Market Fund's yield tends to correspond with changes in the Bank of Canada's overnight rate.

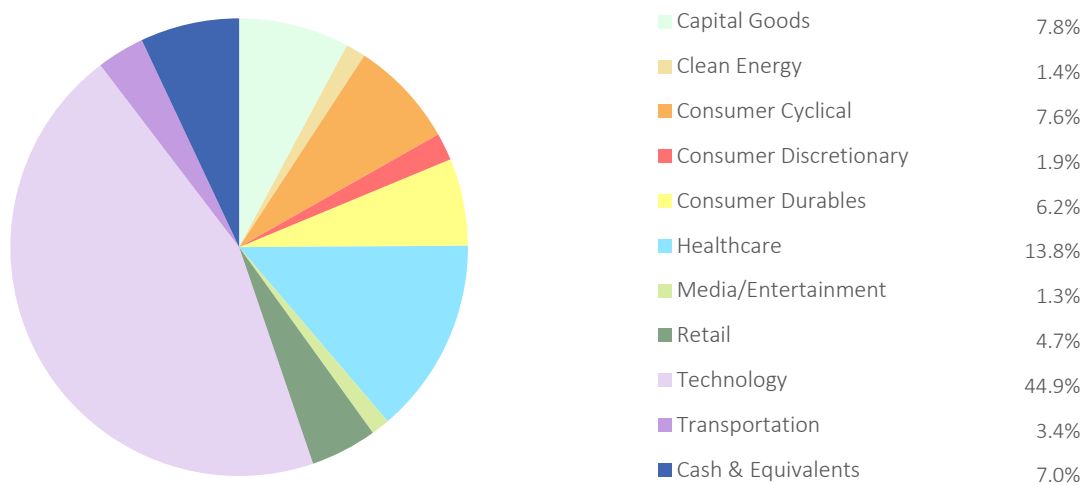
The current yield quoted above is net of the management fee.

Equity Fund Holdings and Composition

U.S. EQUITY FUND — TOP 10 HOLDINGS AS AT OCTOBER 31, 2023

Ranking	Security	% of Net Assets
1	Jabil Inc.	9.01
2	Ciena Corp.	5.15
3	Applied Materials Inc.	4.98
4	Motorola Solutions Inc.	3.65
5	Qualcomm Inc.	2.97
6	Elevance Health, Inc.	2.91
7	HP Inc.	2.91
8	Jacobs Solutions Inc.	2.85
9	Coherent Corp.	2.66
10	Global Payments Inc.	2.60
Top 10		39.69
Total Equities		93.00
Cash		7.00
Total Assets		100.00

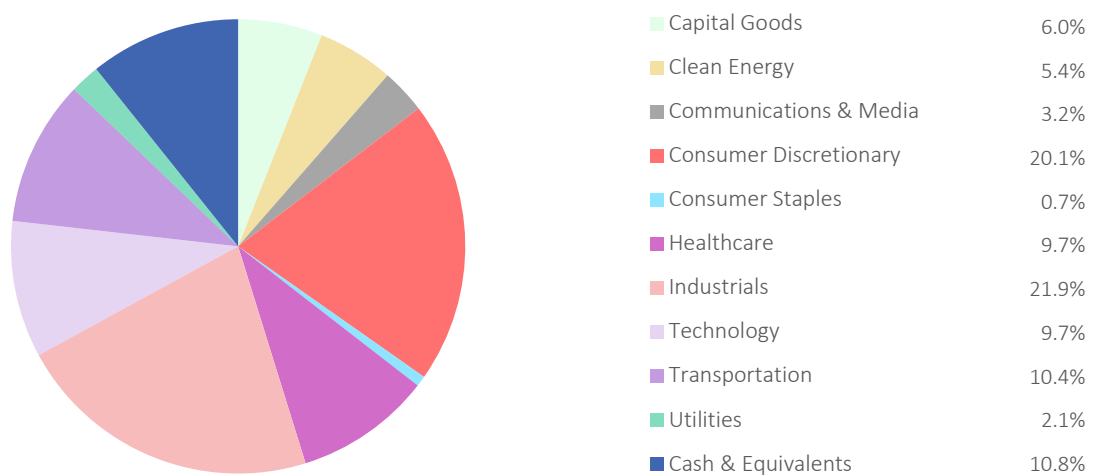
U.S. EQUITY FUND — SECTOR MIX AS AT OCTOBER 31, 2023



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

Ranking	Security	% of Net Assets
1	TFI International Inc.	7.32
2	ATS Corporation	6.00
3	Leon's Furniture Ltd.	5.95
4	Calian Group Ltd.	5.82
5	CAE Inc.	5.74
6	Bombardier Inc., Class B	5.17
7	Heroux-Devtek Inc.	5.12
8	Open Text Corporation	4.33
9	Restaurant Brands International	3.36
10	Knight Therapeutics Inc	3.32
Top 10		52.13
Total Equities		89.26
Cash		10.74
Total Assets		100.00

CANADIAN EQUITY FUND — SECTOR MIX AS AT OCTOBER 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.

CONDUCTING TRANSACTIONS

The cut-off time for same-day transactions is one hour before the applicable markets close, normally 3 p.m. Eastern Time or 12 p.m. (noon) Pacific Time. Please note that U.S. markets close early on the day before Independence Day and on the Friday after U.S. Thanksgiving and both U.S. and Canadian markets close early on Christmas Eve. The cut-off time on those days is 12 p.m. (noon) Eastern Time or 9 a.m. Pacific Time. Orders received after the cut-off time will be processed on the next business day.

Please contact:

Marcus Vander Leek, CFA

Director of Business Development and Client Service

Email: marcus@northgrowth.com

WHERE TO FIND NGM FUND PRICES

Please visit www.northgrowth.com to view the Funds’ daily prices or to be added to our e-mail list to receive daily notification of the Funds’ prices.

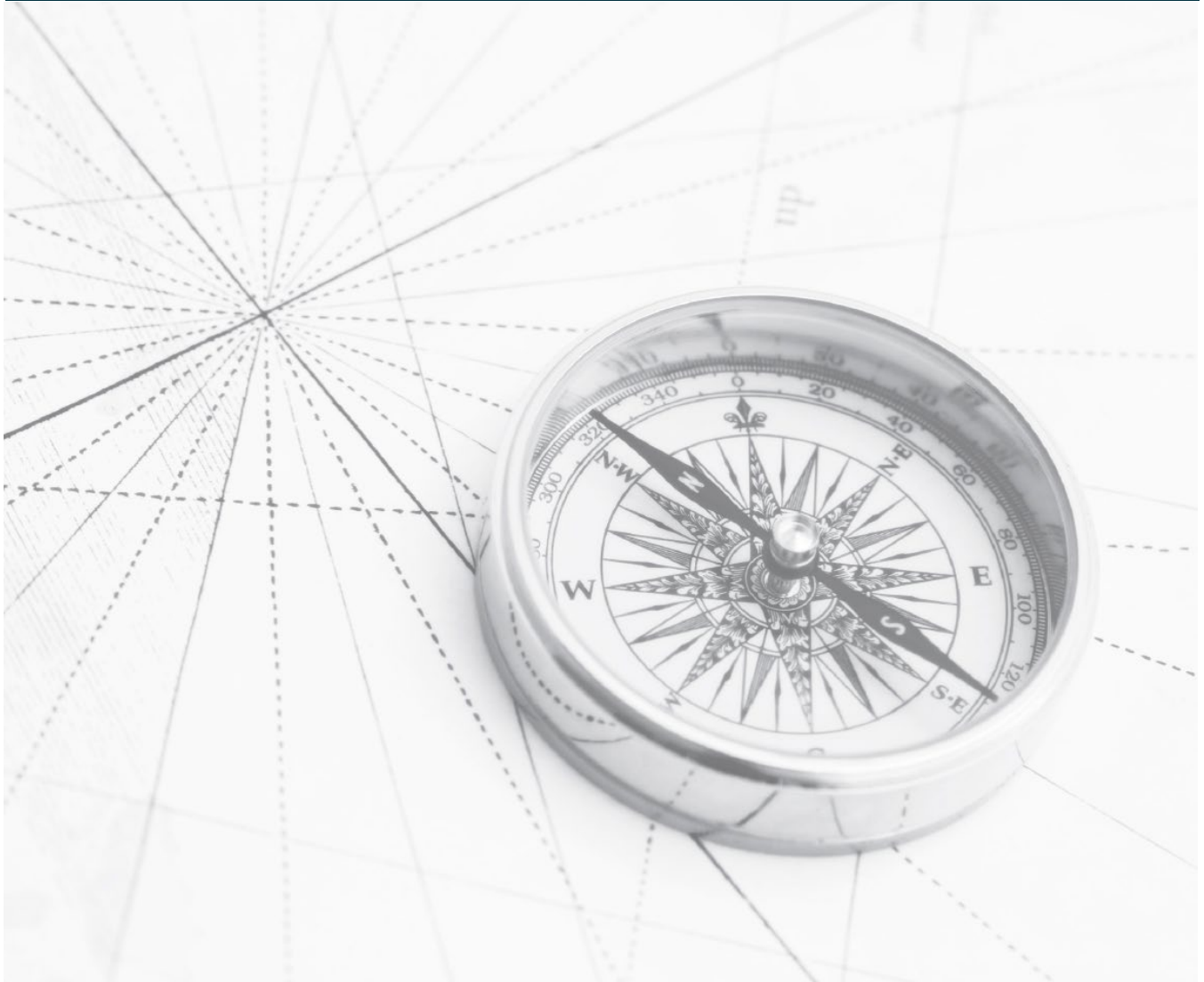


A NOTE ON FORWARD-LOOKING STATEMENTS

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.



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