



NORTH GROWTH
MANAGEMENT



OCTOBER 2023 MONTHLY REPORT

NOVEMBER 14, 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.

U.S. EQUITY ADVISOR FUND, SERIES F

In October, the U.S. Equity Advisor Fund, Series F 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 F

As the Canadian economy stares down a recession, the North Growth Canadian Equity Fund, Series F which is exposed to cyclical sectors suffered its worst month of 2023. The Fund, Series F, posted a loss of –6.2%. 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 Advisor Fund

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

	1 Month	3 Months	6 Months	YTD
North Growth U.S. Equity Advisor Fund \$CDN (Series F)	-4.57	-9.91	-2.67	5.35
North Growth U.S. Equity Advisor Fund \$CDN (Series D)	-4.60	-9.98	-2.82	5.18
S&P 500 in \$CDN	0.44	-3.42	3.58	13.36
North Growth U.S. Equity Advisor Fund \$U.S. (Series F)	-6.99	-14.42	-4.73	2.86
North Growth U.S. Equity Advisor Fund \$U.S. (Series D)	-7.01	-14.48	-4.87	2.70
S&P 500 \$U.S.	-2.10	-8.25	1.39	10.69

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

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
NGM U.S. Equity Advisor Fund \$CDN (Series F)	9.04	4.57	8.90	11.71	12.37
NGM U.S. Equity Advisor Fund \$CDN (Series D)	8.73	4.27	8.57	11.34	11.95
S&P 500 \$CDN	11.93	11.87	12.22	14.39	14.67
NGM U.S. Equity Advisor Fund \$U.S. (Series F)	7.30	3.17	7.73	8.56	10.18
NGM U.S. Equity Advisor Fund \$U.S. (Series D)	6.99	2.86	7.41	8.21	9.77
S&P 500 \$U.S.	10.14	10.36	11.01	11.18	12.33

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

*Date of inception: October 23, 2009.

North Growth Canadian Equity Fund

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

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund Series F	-6.24	-13.81	-13.08	-8.72
NGM Canadian Equity Fund Series D	-6.27	-13.87	-13.21	-8.94
Benchmark**	-3.21	-7.72	-7.00	0.06

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

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
NGM Canadian Equity Fund Series F	-5.18	7.79	8.72	7.46	10.45
NGM Canadian Equity Fund Series D	-5.47	7.47	8.40	7.10	9.84
Benchmark**	0.43	9.85	7.96	6.69	7.65

Source: Bloomberg "Total Return Analysis" as of October 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

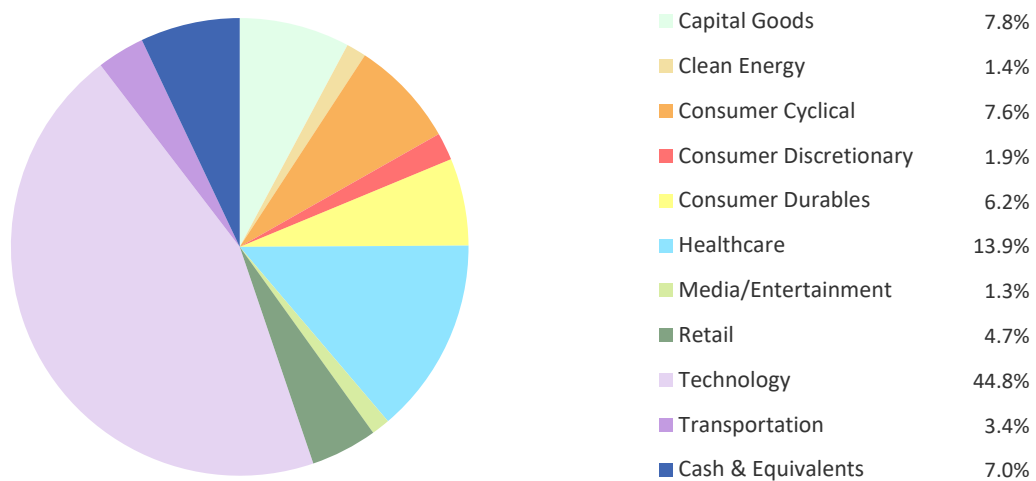
** Benchmark = S&P/TSX Composite Index

Equity Fund Holdings and Composition

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

Ranking	Security	% of Net Assets
1	Jabil Inc.	8.95
2	Ciena Corp	5.14
3	Applied Materials Inc.	4.98
4	Motorola Solutions Inc.	3.65
5	Qualcomm Inc.	2.98
6	Elevance Health, Inc.	2.91
7	HP Inc.	2.91
8	Jacobs Solutions Inc.	2.85
9	Coherent Corp.	2.67
10	Global Payments Inc.	2.59
Top 10		39.63
Total Equities		92.97
Cash		7.03
Total Assets		100.00

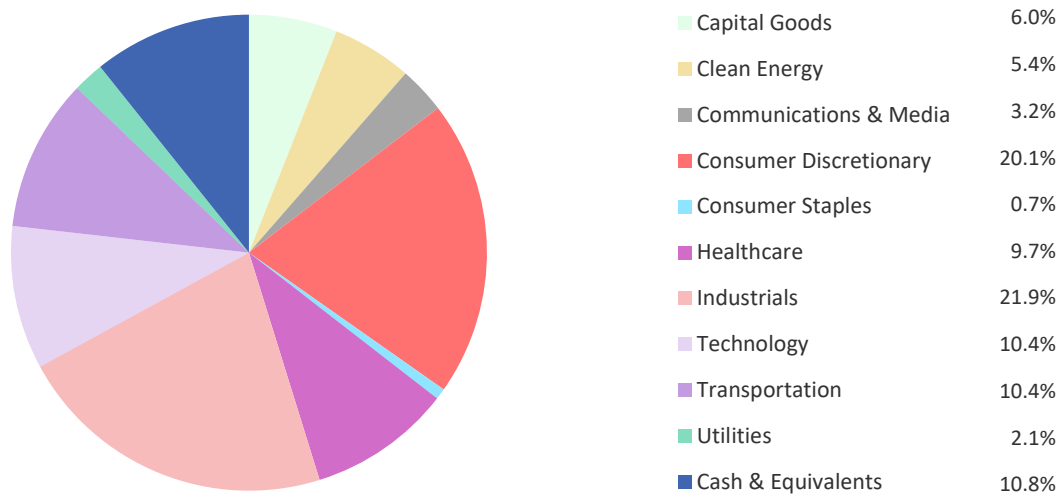
U.S. EQUITY ADVISOR FUND — SECTOR MIX AS AT OCTOBER 31, 2023



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.

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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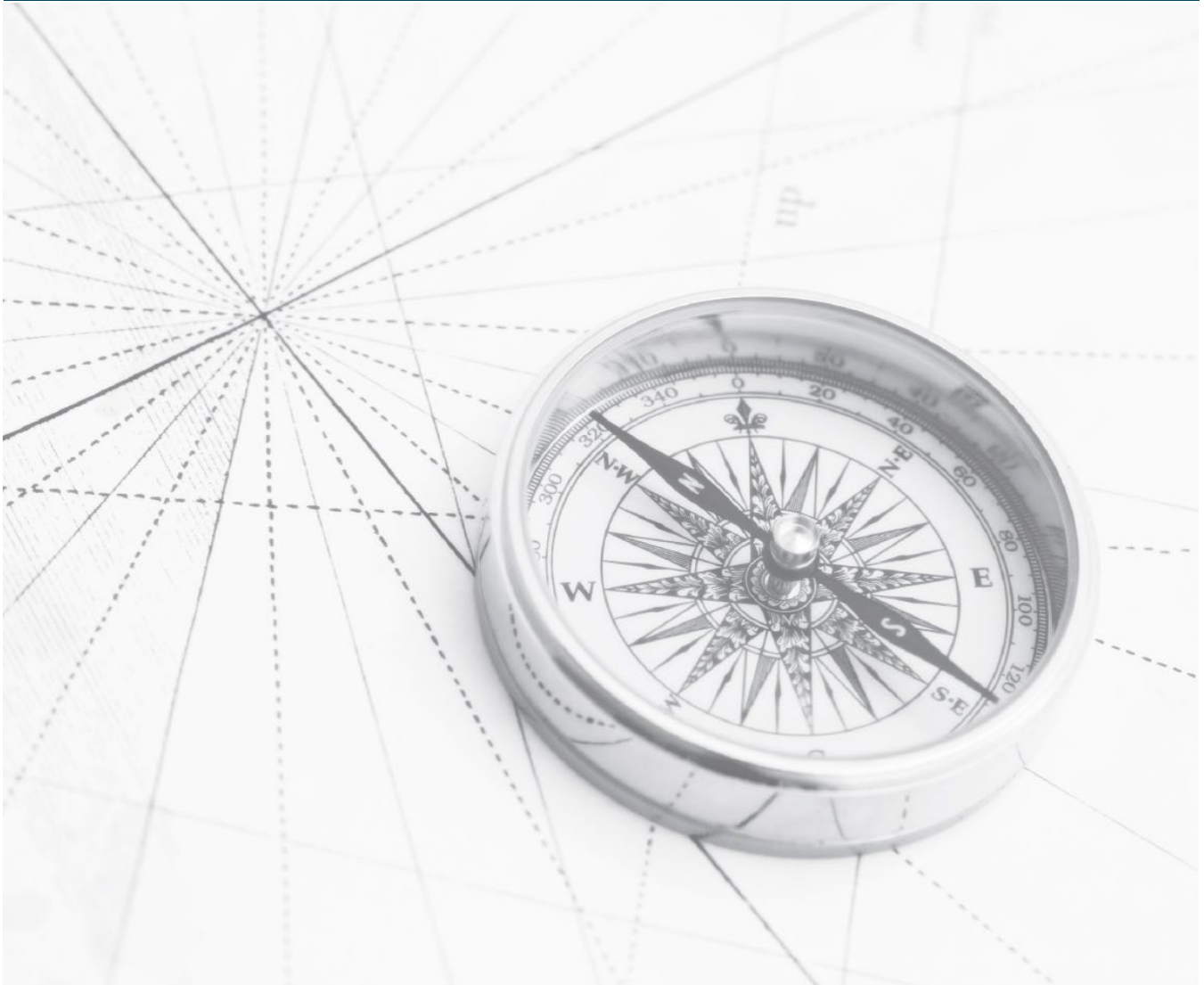
A NOTE ON FORWARD-LOOKING STATEMENTS

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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