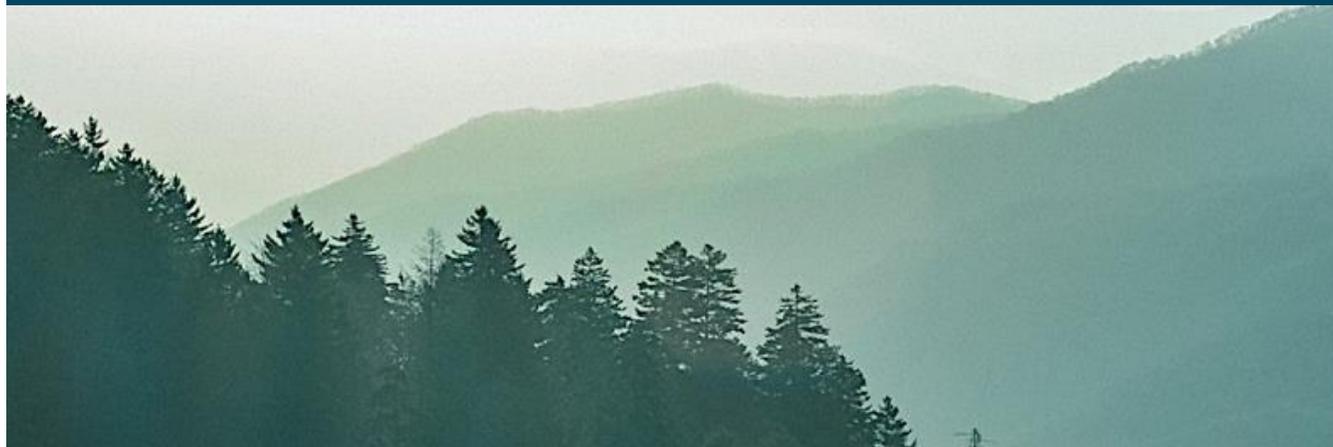




NORTH GROWTH  
MANAGEMENT



# ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31, 2023

## NORTH GROWTH CANADIAN EQUITY FUND

### ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2023

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. You can obtain a copy of the audited annual financial statements at your request, and at no cost, by calling collect 1-604-688-5440, by writing to us at North Growth Management Ltd., Suite 830 One Bentall Centre, 505 Burrard Street, Box 56, Vancouver, BC V7X 1M4 or by visiting our website at [www.northgrowth.com](http://www.northgrowth.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Security holders may also contact us by using one of these methods to request a copy of the Fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure. The Fund's Simplified Prospectus and Fund Facts are similarly available.

#### **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, among other things, 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, without limitation, 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, catastrophic events and the risks detailed from time to time in the Fund's simplified prospectus. 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. The forward-looking information contained in this report is current only as of the date of this report. The Manager of the Fund does not undertake, and specifically disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

# NORTH GROWTH CANADIAN EQUITY FUND

|   |    |
|---|----|
| Management Discussion of Fund Performance | 1  |
| Investment Objective and Strategies       | 1  |
| Risk                                      | 1  |
| Results of Operations                     | 1  |
| Recent Developments                       | 2  |
| Related Party Transactions                | 2  |
| Financial Highlights                      | 3  |
| Series F – Net Assets Per Unit            | 3  |
| Series F – Ratios and Supplemental Data   | 4  |
| Series D – Net Assets Per Unit            | 5  |
| Series D – Ratios and Supplemental Data   | 6  |
| Management Fee                            | 7  |
| Past Performance                          | 8  |
| Year-by-Year Returns                      | 8  |
| Annual Compound Returns                   | 9  |
| Summary of Investment Portfolio           | 10 |

# Management Discussion of Fund Performance

## INVESTMENT OBJECTIVE AND STRATEGIES

The investment objective of the North Growth Canadian Equity Fund (the “Fund”) is to provide long-term capital growth by investing in common shares of Canadian-based corporations in line with our carbon and tobacco free mandate. In order to achieve this objective, we invest in companies that are undervalued in relation to their expected growth potential. In assessing which companies fit within our “Growth at a Reasonable Price” strategy, we look for superior growth trends, companies within industries that should provide a positive environment for future growth, companies that are dominant within an industry or that have a niche within an industry and companies with management teams that are likely to guide their companies to superior growth.

## RISK

There were no material changes to the Fund over the year that affected its overall level of risk.

This Fund is ideally suited for investors looking for long-term capital appreciation through investment in equity securities of Canadian corporations. Investors should have a medium to high tolerance for risk and a minimum investment horizon of five years.

The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus. The Fund classifies risk using the methodology prescribed in *National Instrument 81-102 – Investment Funds*.

## RESULTS OF OPERATIONS

During the twelve-month period ending December 31, 2023, the Series F and D units of the Fund gained 2.50% and 2.20% respectively. The difference in performance between the Series F and the Series D units is entirely attributed to the 0.30% trailer commissions paid on the Series D units of the Fund. Both series of the Fund underperformed the S&P/TSX Composite Index, which increased 11.75%.

Following the same trend as 2022, 2023 was a tale of two halves for the North Growth Canadian Equity Fund. The Fund outperformed the S&P/TSX Composite up until June, with all of the year’s underperformance occurring in the second half. During the latter six months of 2023, the S&P/TSX Composite’s performance was led by Health Care, Technology and Financials. The Fund held meaningful positions in two of the bottom 10 performers in the index from July to December: Aritzia and Innergex Renewable Energy.

After the blistering pace at which the Bank of Canada hiked interest rates in 2022, there was moderation with only 0.75% of rate hikes in 2023. In contrast to the U.S. economy which accelerated over the past year, the Canadian economy decelerated meaningfully. Canadian GDP (gross domestic product) shrank by -0.3% in the

third quarter of 2023, marking the Canadian economy's first decline since the second quarter of 2021. Notwithstanding a weaker economic environment during 2023, the Fund's holdings delivered growth in earnings that significantly beat those of the S&P/TSX Composite.

During the year, the Manager initiated two new positions: Boralex and Lumine Group (spun out from Constellation Software). Two positions were eliminated: Converge Technology Solutions and Quisitive Technology Solutions.

As always, the Manager continues to look for attractively valued businesses that have long-term growth potential, inherent competitive advantages, effective management teams, and strong balance sheets.

Distributions were paid on December 15<sup>th</sup> and were \$0.70 per unit (consisting of \$0.70 of capital gains and \$0.20 of income) for the Series F units and \$0.62 per unit (consisting of \$0.50 of capital gains and \$0.12 of income) for the Series D units of the Fund.

## RECENT DEVELOPMENTS

The Manager's core investment philosophy remains focused on identifying investment opportunities that meet its "Growth at a Reasonable Price" criteria. The Manager seeks well-managed companies that offer compelling long-term growth potential and are priced at reasonable valuations.

The Manager remains focused on fundamental, bottom-up security selection. Despite the Fund's positions in many economically sensitive stocks, the Manager remains optimistic in the long-run performance of the portfolio.

During 2023, there were no changes to the composition of the Fund's Independent Review Committee.

## RELATED PARTY TRANSACTIONS

North Growth Management Ltd. is the Manager and portfolio advisor of the Fund. It provides investment and portfolio management services to the Fund and is responsible for the overall operations of the Fund. The Fund pays the Manager for services provided (see *Management Fee*).

During the year ended December 31, 2023, the Manager neither purchased nor redeemed any units of the Fund (2022 – redeemed 6,029 Series F units and did not purchase any units of the Fund).

As at December 31, 2023, the Manager, its affiliates and their officers and directors and their spouses beneficially owned 1.62% (December 31, 2022 – 3.02%) of the outstanding Series D and Series F units of the Fund.

On December 31, 2023, the Fund carried an outstanding balance payable to the Manager for management fees in the amount of \$38,829 (December 31, 2022 – \$53,783).

## Financial Highlights

For the year ended December 31, 2023 and comparative years ended December 31, 2019 through 2022

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years.

### SERIES F – NET ASSETS PER UNIT

| Net Assets Per Unit <sup>1</sup>                               | December 31    |         |         |         |         |
|--|----------------|---------|---------|---------|---------|
|  | 2023           | 2022    | 2021    | 2020    | 2019    |
| Net Assets, beginning of year                                  | <b>\$24.26</b> | \$28.13 | \$24.77 | \$22.09 | \$16.40 |
| <b>Increase (decrease) from operations:</b>                    |                |         |         |         |         |
| Total revenue  | <b>0.42</b>    | 1.88    | 0.39    | 0.26    | 0.23    |
| Total expenses   | <b>(0.19)</b>  | (0.19)  | (0.22)  | (0.18)  | (0.15)  |
| Realized gains for the year                                    | <b>1.55</b>    | 0.81    | 1.79    | 2.56    | 1.47    |
| Unrealized (losses) / gains for the year                       | <b>(1.10)</b>  | (4.44)  | 2.81    | 1.57    | 4.64    |
| <b>Total (decrease) / increase from operations<sup>2</sup></b> | <b>0.56</b>    | (0.99)  | 4.34    | 3.85    | 6.19    |
| <b>Distributions:</b>  |                |         |         |         |         |
| From income  | <b>(0.20)</b>  | (1.59)  | (0.05)  | -       | -       |
| From capital gains   | <b>(0.50)</b>  | (0.34)  | (1.52)  | (0.51)  | (0.51)  |
| <b>Total Annual Distributions<sup>3</sup></b>                  | <b>(0.70)</b>  | (1.93)  | (1.57)  | (0.51)  | (0.51)  |
| <b>Net assets at December 31<sup>st</sup> of year shown</b>    | <b>\$24.16</b> | \$24.26 | \$28.13 | \$24.77 | \$22.09 |

- This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes due to the timing of unitholder transactions during the period. An explanation of these differences can be found in the notes to the financial statements. Due to potential rounding differences, the sum of the individual components of the disclosed information does not necessarily amount to the "Net assets at December 31<sup>st</sup> of year shown" balance.*
- Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from operations is based on the weighted average number of units outstanding over the financial period.*
- Distributions were paid in cash or reinvested in additional units of the Fund.*

## Financial Highlights (continued)

### SERIES F – RATIOS AND SUPPLEMENTAL DATA

| Ratios and Supplemental Data   | December 31     |          |         |         |         |
|--|-----------------|----------|---------|---------|---------|
|  | 2023            | 2022     | 2021    | 2020    | 2019    |
| Total net asset value (000's) <sup>4</sup>                           | <b>\$10,537</b> | \$10,664 | \$5,280 | \$2,076 | \$2,034 |
| Number of units outstanding (000's) <sup>4</sup>                     | <b>438</b>      | 439      | 188     | 84      | 92      |
| Management expense ratio <sup>5</sup>                                | <b>0.70%</b>    | 0.70%    | 0.70%   | 0.70%   | 0.70%   |
| Management expense ratio before waivers and absorptions <sup>6</sup> | <b>0.74%</b>    | 0.73%    | 0.74%   | 0.76%   | 0.76%   |
| Trading expense ratio <sup>7</sup>                                   | <b>0.12%</b>    | 0.06%    | 0.10%   | 0.09%   | 0.03%   |
| Portfolio turnover rate <sup>8</sup>                                 | <b>18.65%</b>   | 24.44%   | 17.46%  | 18.75%  | 2.01%   |
| Net asset value per unit   | <b>\$24.16</b>  | \$24.26  | \$28.13 | \$24.77 | \$22.09 |

4. *This information is provided as at December 31<sup>st</sup> of the year shown.*
5. *Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.*
6. *The Manager pays all fees related to the IRC; the Management expense ratio before waivers and absorptions represents what the MER would be if the Fund paid the IRC fees.*
7. *The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.*
8. *The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.*

## Financial Highlights (continued)

### SERIES D – NET ASSETS PER UNIT

| Net Assets Per Unit <sup>1</sup>                               | December 31    |         |         |         |         |
|--|----------------|---------|---------|---------|---------|
|  | 2023           | 2022    | 2021    | 2020    | 2019    |
| Net Assets, beginning of year                                  | <b>\$24.77</b> | \$28.50 | \$25.09 | \$22.32 | \$16.59 |
| <b>Increase (decrease) from operations:</b>                    |                |         |         |         |         |
| Total revenue  | <b>0.42</b>    | 1.88    | 0.39    | 0.26    | 0.23    |
| Total expenses   | <b>(0.28)</b>  | (0.29)  | (0.32)  | (0.24)  | (0.20)  |
| Realized gains for the year                                    | <b>1.55</b>    | 0.81    | 1.79    | 2.56    | 1.47    |
| Unrealized (losses) / gains for the year                       | <b>(1.10)</b>  | (4.44)  | 2.81    | 1.57    | 4.64    |
| <b>Total (decrease) / increase from operations<sup>2</sup></b> | <b>0.60</b>    | (6.09)  | 4.37    | 5.23    | 6.14    |
| <b>Distributions:</b>  |                |         |         |         |         |
| From income  | <b>(0.12)</b>  | (1.34)  | -       | -       | -       |
| From capital gains   | <b>(0.50)</b>  | (0.34)  | (1.50)  | (0.47)  | (0.47)  |
| <b>Total Annual Distributions<sup>3</sup></b>                  | <b>(0.62)</b>  | (1.68)  | (1.50)  | (0.47)  | (0.47)  |
| <b>Net assets at December 31<sup>st</sup> of year shown</b>    | <b>\$24.68</b> | \$24.77 | \$28.50 | \$25.09 | \$22.32 |

- This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes due to the timing of unitholder transactions during the period. An explanation of these differences can be found in the notes to the financial statements. Due to potential rounding differences, the sum of the individual components of the disclosed information does not necessarily amount to the "Net assets at December 31<sup>st</sup> of year shown" balance.*
- Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from operations is based on the weighted average number of units outstanding over the financial period.*
- Distributions were paid in cash or reinvested in additional units of the Fund.*

## Financial Highlights (continued)

### SERIES D – RATIOS AND SUPPLEMENTAL DATA

| Ratios and Supplemental Data   | December 31    |         |         |         |         |
|--|----------------|---------|---------|---------|---------|
|  | 2023           | 2022    | 2021    | 2020    | 2019    |
| Net asset value (000's) <sup>4</sup>                                 | <b>\$836</b>   | \$845   | \$6,803 | \$3,293 | \$1,941 |
| Number of units outstanding (000's) <sup>4</sup>                     | <b>34</b>      | 36      | 239     | 131     | 87      |
| Management expense ratio <sup>5</sup>                                | <b>1.00%</b>   | 1.00%   | 1.00%   | 1.00%   | 1.00%   |
| Management expense ratio before waivers and absorptions <sup>6</sup> | <b>1.03%</b>   | 1.03%   | 1.04%   | 1.06%   | 1.06%   |
| Trading expense ratio <sup>7</sup>                                   | <b>0.12%</b>   | 0.06%   | 0.10%   | 0.09%   | 0.03%   |
| Portfolio turnover rate <sup>8</sup>                                 | <b>18.65%</b>  | 24.44%  | 17.46%  | 18.75%  | 2.01%   |
| Net asset value per unit   | <b>\$24.68</b> | \$24.77 | \$28.50 | \$25.09 | \$22.32 |

4. *This information is provided as at December 31<sup>st</sup> of the year shown.*
5. *Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.*
6. *The Manager pays all fees related to the IRC; the Management expense ratio before waivers and absorptions represents what the MER would be if the Fund paid the IRC fees.*
7. *The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.*
8. *The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.*

## Financial Highlights (continued)

### MANAGEMENT FEE

North Growth Management Ltd. is the trustee, fund accountant, transfer agent, portfolio advisor and manager of the Fund and receives a management fee from the Fund for these services. The Fund has two prospectus qualified series: Series D and Series F. The management fee for both series is 0.70% of assets under management, calculated daily and paid monthly based on the daily net asset value of each series.

The Manager pays all operating costs of the Fund from its management fee, except for brokerage fees, any taxes payable, interest charges, if any, and trailer fees. It is not reimbursed for these costs.

The Fund is distributed by registered dealers. Series D pays a trailing commission of 0.30%. Series F units do not pay a trailing commission and are available through discount brokers and dealers who are generally compensated by their clients on a fee-for-service basis.

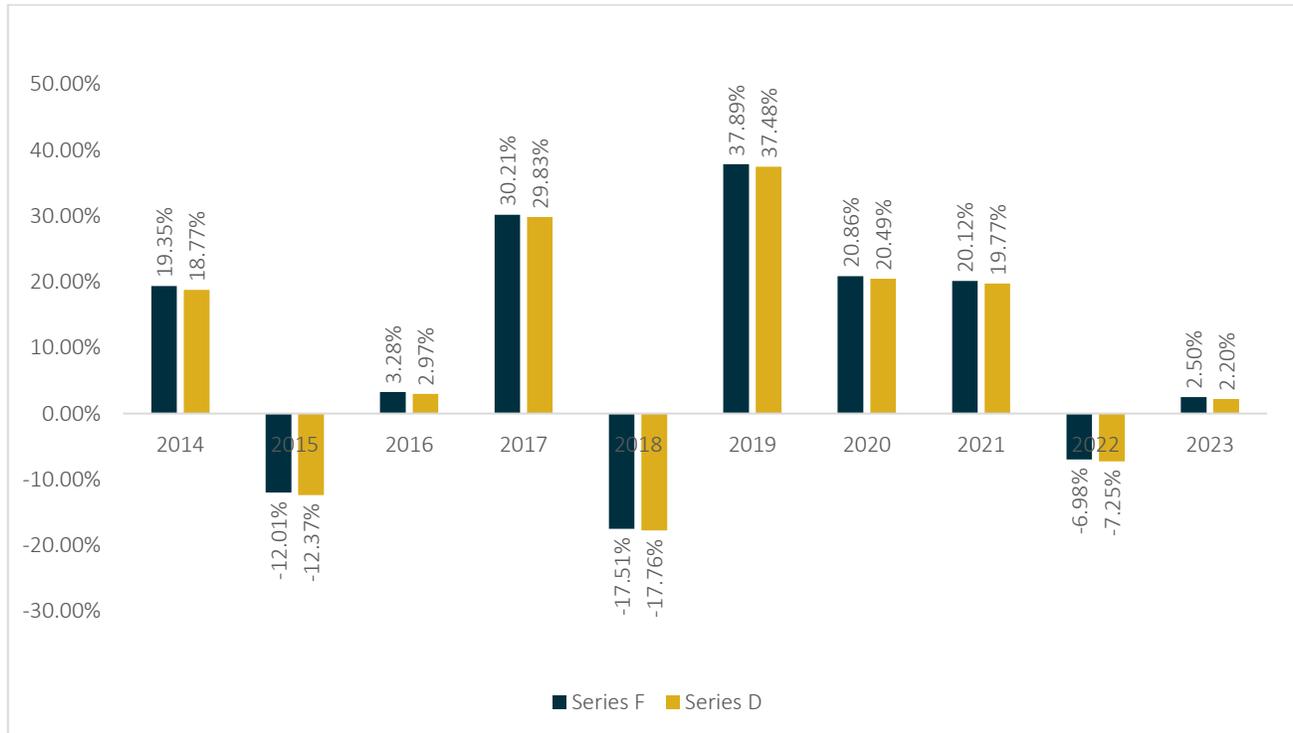
## Past Performance

The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. Past performance does not necessarily indicate how the Fund will perform in the future. The Fund's returns are after the deduction of fees and expenses, and the difference in returns between series of units is primarily due to the 0.30% per annum trailing commission on the Series D units. See *Financial Highlights* for the management expense ratio.

### YEAR-BY-YEAR RETURNS

The bar chart indicates the Fund's annual performance for each of the years shown and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year in Canadian dollars.

*Year-by-Year Returns Expressed in Canadian Dollars*



## Past Performance (Continued)

### ANNUAL COMPOUND RETURNS

The S&P/TSX Composite Total Return Index is widely regarded as the best single gauge of the Canadian equities market. It is comprised of leading companies in leading industries of the Canadian economy.

The table below shows the most recent annual return for each series and the annual compound rate of return of each series for the periods indicated ended on the last day of the Fund's financial year compared to the S&P/TSX Composite Total Return Index in Canadian dollars.

*Annual Compound Returns Expressed in Canadian Dollars*

|                         | Year Ended<br>December 31, 2023 | Past<br>3 Years | Past<br>5 Years | Past<br>10 Years |
|-------------------------|---------------------------------|-----------------|-----------------|------------------|
| <b>Series F</b>         | <b>2.50%</b>                    | <b>4.63%</b>    | <b>13.80%</b>   | <b>8.32%</b>     |
| <b>Series D</b>         | <b>2.20%</b>                    | <b>4.32%</b>    | <b>13.46%</b>   | <b>7.96%</b>     |
| S&P/TSX Composite Index | 11.75%                          | 9.59%           | 11.30%          | 7.62%            |

## Summary of Investment Portfolio

As at December 31, 2023

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. It is updated quarterly, within 60 days of quarter end, and is available as indicated on the front cover of this report.

### Top 25 Holdings

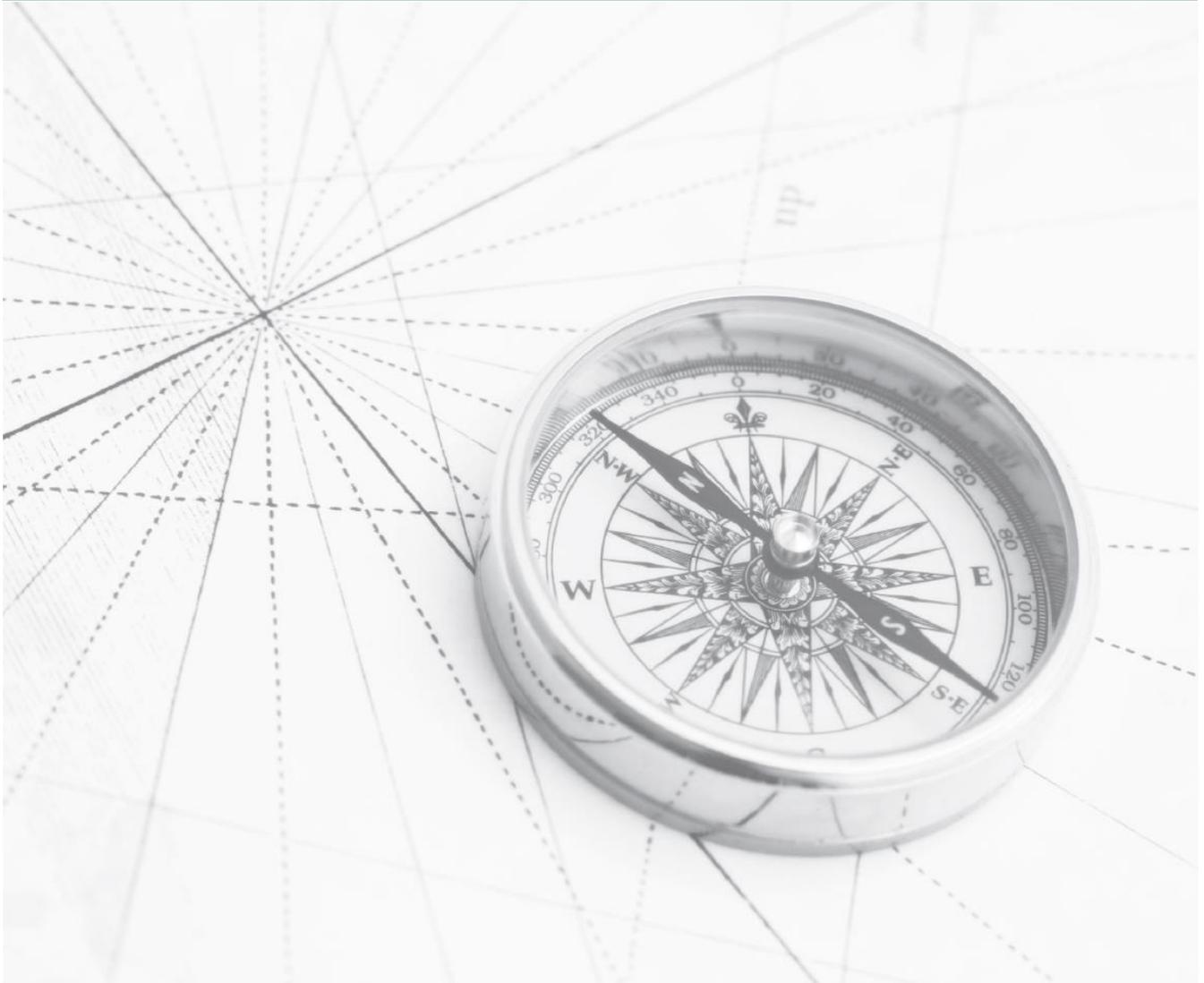
| Ranking | Security                              | % of Net Assets |
|---------|---------------------------------------|-----------------|
| 1       | ATS Corporation                       | 6.62            |
| 2       | Calian Group Ltd.                     | 6.05            |
| 3       | Leon's Furniture Ltd.                 | 5.75            |
| 4       | Bombardier Inc., Class B              | 5.57            |
| 5       | CAE Inc.                              | 5.11            |
| 6       | Open Text Corporation                 | 4.70            |
| 7       | Heroux-Devtek Inc.                    | 4.57            |
| 8       | Aritzia Inc.                          | 3.62            |
| 9       | Canadian Solar Inc.                   | 3.56            |
| 10      | Knight Therapeutics Inc.              | 3.42            |
| 11      | Restaurant Brands International       | 3.38            |
| 12      | Canadian National Railway Company     | 3.11            |
| 13      | TELUS Corporation                     | 3.02            |
| 14      | Bombardier Recreational Products Inc. | 2.83            |
| 15      | Constellation Software Inc.           | 2.77            |
| 16      | Zymeworks Inc.                        | 2.68            |
| 17      | Profound Medical Corp.                | 2.29            |
| 18      | AutoCanada Inc.                       | 1.99            |
| 19      | Polaris Renewable Energy Inc.         | 1.93            |
| 20      | Dollarama Inc.                        | 1.89            |
| 21      | dentalcorp Holdings Inc.              | 1.73            |
| 22      | Evertz Technologies Limited           | 1.67            |
| 23      | Boralex Inc.                          | 1.63            |
| 24      | Jamieson Wellness Inc.                | 0.93            |
| 25      | Shopify Inc.                          | 0.91            |

### Sector Allocation

| Sector                           | % of Net Assets |
|----------------------------------|-----------------|
| Industrials                      | 21.30           |
| Consumer Discretionary           | 19.91           |
| Transportation                   | 10.86           |
| Technology                       | 10.34           |
| Healthcare                       | 10.32           |
| Capital Goods                    | 6.62            |
| Clean Energy                     | 6.05            |
| Communications & Media           | 3.02            |
| Utilities                        | 1.93            |
| Consumer Staples                 | 0.93            |
| <b>Equities Total</b>            | <b>91.29</b>    |
| <b>Cash and Cash Equivalents</b> | <b>8.71</b>     |
| <b>Portfolio Total</b>           | <b>100.00</b>   |



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