



NORTH GROWTH  
MANAGEMENT



## JUNE 2024 MONTHLY REPORT

JULY 10, 2024

## Market and Fund Performance Update

June capped off one of the strongest U.S. stock performances for the first half of a year since 2000. Driven by unabashed enthusiasm around artificial intelligence (AI), the S&P 500 rose to new highs even as the rally became narrower in the second quarter.

### EXTREME MARKET CONCENTRATION UNSUSTAINABLE

We must sound like a broken record. Over the past two years, we have constantly emphasized the concentration and top heaviness of the U.S. market. Yet, the trend has not only continued but has worsened recently. The Russell 2000 index of small-capitalization stocks has been stuck below its apex since November 2021.

Meanwhile, during the latest quarter, Nvidia, Apple and Microsoft alone accounted for more than 90% of the S&P 500's gains. Year-to-date, nearly 60% of the S&P 500's appreciation was driven by just five of the Magnificent Seven mega-cap companies: Nvidia, Microsoft, Amazon, Meta (Facebook) and Apple. Nvidia itself, the poster child for generative AI, contributed 31% of the index's first-half advance.

The equal-weighted version of the S&P 500 was up only around 4% year-to-date, and down in the second quarter. Simply put, the U.S. stock market has been underpinned by a few companies while below the surface, weakness prevails. The following graph illustrates the widening rift between the Magnificent Seven and the other constituents within the S&P 500 index.

One-Year Returns of the Magnificent Seven, S&P 500 Index,  
S&P 500 excluding the Magnificent Seven, and Equal-weighted S&P 500



Source: Bloomberg

We continue to believe that the phenomenon of market gains being concentrated in fewer and fewer stocks is unsustainable. The relative underperformance of the majority of equities provides a healthy backdrop for researching and identifying investment opportunities. As always, we remain focused on individual stock analysis, engaging in active security selection that adheres to our “Growth at a Reasonable Price” investment philosophy. When market leadership changes and gains broaden, we believe the North Growth Equity Funds are positioned well to outperform.

## U.S. EQUITY FUND

In June, the North Growth U.S. Equity Fund gained 0.4%. The Fund underperformed the S&P 500 which appreciated 3.6% and the NASDAQ Composite which increased 6.0% but beat the smaller capitalization S&P 400 MidCap and S&P 600 SmallCap indices which lost -1.5% and -2.3% respectively. A weaker Canadian currency boosted the Fund's advance in Canadian dollars to 0.8% versus the S&P 500 which climbed 4.0% in Canadian dollars.

For the first half of 2024, the U.S. Equity Fund gained 12.4%. Year-to-date, the S&P 500 appreciated 15.3%, the NASDAQ Composite was up 18.6%, and the S&P 400 MidCap increased 6.2%, whereas the S&P SmallCap declined -0.7%. In Canadian dollars, the Fund gained 16.3%, lagging the S&P 500's 19.3% return during the first half of 2024.

## CANADIAN EQUITY FUND, SERIES N

The North Growth Canadian Equity Fund, Series N, returned 1.5% compared to -1.4% for the S&P/TSX Composite Index in June. After underperforming the index by 3.1% in the first quarter of 2024, the Fund outperformed the index by 4.1% in the second quarter. The outperformance during the second quarter came despite Materials, Consumer Staples, Energy, and Utilities being the only positive sectors in the index. Including Financials, the top five sectors of the S&P/TSX last quarter are all ones in which the Fund is underinvested.

We continue to maintain laser focus on our "Growth at a Reasonable Price" investment philosophy which guides our stock picking and has helped us generate long-term outperformance. As we discussed in last month's report, the Fund continues to generate earnings growth above the index. We believe that over the long-term, stocks perform in line with their fundamentals, whereas they may not over the short-term due to extraneous factors.

## North Growth U.S. Equity Fund

### SHORT TERM RATES OF RETURN (%) FOR PERIODS ENDED JUNE 30, 2024

	1 Month	3 Months	6 Months	YTD
<b>NGM U.S. Equity Fund \$CDN</b>	<b>0.81</b>	<b>0.22</b>	<b>16.32</b>	<b>16.32</b>
S&P 500 in \$CDN	3.97	5.34	19.31	19.31
<b>NGM U.S. Equity Fund \$U.S.</b>	<b>0.44</b>	<b>-0.78</b>	<b>12.41</b>	<b>12.41</b>
S&P 500 \$U.S.	3.59	4.28	15.29	15.29
S&P 400 MidCap \$U.S.	-1.58	-3.45	6.17	6.17
S&P 600 SmallCap \$U.S.	-2.28	-3.11	-0.72	-0.72
NASDAQ Composite \$U.S.	6.03	8.47	18.57	18.57

### ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED JUNE 30, 2024

	1 Yr	3 Yrs	5 Yrs	10 Yrs	15 Yrs	20 Yrs	Since Inception <sup>^</sup>
<b>NGM U.S. Equity Fund \$CDN</b>	<b>20.26</b>	<b>4.59</b>	<b>12.32</b>	<b>12.82</b>	<b>14.23</b>	<b>9.72</b>	<b>12.63</b>
S&P 500 \$CDN	28.76	13.71	16.08	15.70	16.07	10.43	10.98
<b>NGM U.S. Equity Fund \$U.S.</b>	<b>16.34</b>	<b>1.18</b>	<b>11.32</b>	<b>10.04</b>	<b>13.00</b>	<b>9.58</b>	<b>12.29</b>
S&P 500 \$U.S.	24.56	10.01	15.05	12.86	14.82	10.29	10.64
S&P 400 MidCap \$U.S.	13.57	4.47	10.27	9.14	13.16	9.82	11.64
S&P 600 SmallCap \$U.S.	8.66	-0.26	8.06	8.24	12.63	9.09	10.79
NASDAQ Composite \$U.S.	29.66	7.82	18.24	16.14	17.60	12.63	11.41*

Source: Bloomberg "Total Return Analysis" as of June 30, 2024

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

<sup>^</sup> The inception of the Fund: October 13, 1992.

Unit Price	\$ 60.60 CDN \$ 44.27 US
Total Assets in Fund	\$ 681.0 Million CDN

## North Growth Canadian Equity Fund, Series N

### SHORT TERM RATES OF RETURN (%) FOR PERIODS ENDED JUNE 30, 2024

	1 Month	3 Months	6 Months	YTD
<b>NGM Canadian Equity Fund Series N</b>	<b>1.54</b>	<b>3.57</b>	<b>7.22</b>	<b>7.22</b>
S&P/TSX Composite Index	-1.42	-0.53	6.05	6.05

### ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED JUNE 30, 2024

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Prospectus*
<b>NGM Canadian Equity Fund Series N</b>	<b>2.07</b>	<b>1.78</b>	<b>10.16</b>	<b>7.15</b>	<b>11.33</b>
S&P/TSX Composite Index	12.13	5.98	9.28	6.95	8.73

Source: Bloomberg "Total Return Analysis" as of June 30, 2024

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

Unit Price \$ 25.14 CDN

Total Assets in Fund \$ 51.0 Million CDN

## North Growth Canadian Money Market Fund

### ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED JUNE 30, 2024

	Current Yield*	1 Year	3 Years	5 Years	10 Years	15 Years
<b>NGM Canadian Money Market Fund</b>	<b>4.70</b>	<b>4.95</b>	<b>2.97</b>	<b>2.07</b>	<b>1.48</b>	<b>1.21</b>
30 Day Treasury Bill	N/A	5.07	3.00	2.09	1.47	1.23

\* 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

### U.S. EQUITY FUND — HOLDINGS AS AT JUNE 30, 2024

Ranking	Security	% of Net Assets
1	Applied Materials Inc.	7.18
2	Jabil Inc.	5.84
3	Ciena Corp.	4.75
4	Coherent Corp.	4.43
5	Motorola Solutions Inc.	4.08
6	Qualcomm Inc.	3.19
7	HP Inc.	3.12
8	Brinker International Inc.	2.86
9	Elevance Health, Inc.	2.83
10	Abercrombie & Fitch Co.	2.69
11	Booking Holdings Inc.	2.53
12	Jacobs Solutions Inc.	2.41
13	Crocs, Inc.	2.35
14	Nvidia Corp.	2.31
15	Tapestry Inc.	2.30
16	Tempur Sealy International, Inc.	2.25
17	NVR Inc.	2.19
18	FedEx Corp.	2.11
19	Texas Instruments Inc.	2.11
20	Lumentum Holdings Inc.	2.07
21	Microsoft Corporation	2.03
22	InMode Ltd.	2.01
23	Integer Holdings Corporation	1.98
24	Johnson Controls International plc.	1.98
25	Global Payments Inc.	1.91
26	Apple Inc.	1.72
27	Electronic Arts Inc.	1.62
28	Arhaus Inc.	1.52

Ranking	Security	% of Net Assets
29	Align Technology, Inc.	1.48
30	Thermo Fisher Scientific, Inc.	1.46
31	Ulta Beauty Inc.	1.46
32	Warner Bros. Discovery Inc.	1.44
33	Fortune Brands Innovations, Inc.	1.38
34	Charles River Laboratories International, Inc.	1.26
35	Watts Water Technologies Inc.	1.21
36	Old Dominion Freight Line, Inc.	1.13
37	United Rentals, Inc.	1.04
38	Atkore Inc.	0.97
39	West Pharmaceutical Services, Inc.	0.96
40	Biogen Inc.	0.49
41	Masterbrand, Inc.	0.49
42	First Solar Inc.	0.43
43	Axonics Inc.	0.32
<b>Total Equities</b>		<b>93.89</b>
<b>Cash</b>		<b>6.11</b>
<b>Total Assets</b>		<b>100.00</b>



## CANADIAN EQUITY FUND — HOLDINGS AS AT JUNE 30, 2024

Ranking	Security	% of Net Assets
1	Bombardier Inc., Class B	7.97
2	Heroux-Devtek Inc.	7.31
3	Leon's Furniture Ltd.	7.06
4	TFI International Inc.	6.67
5	Calian Group Ltd.	5.79
6	ATS Corporation	5.00
7	Aritzia Inc.	4.50
8	CAE Inc.	4.43
9	Open Text Corporation	3.87
10	Knight Therapeutics Inc.	3.64
11	Constellation Software Inc.	3.24
12	Restaurant Brands International	3.05
13	Canadian National Railway Company	2.94
14	ADF Group Inc.	2.82
15	Bird Construction Inc.	2.82
16	TELUS Corporation	2.59
17	Bombardier Recreational Products Inc.	2.55
18	Dollarama Inc.	2.41
19	Profound Medical Corp.	2.33
20	Zymeworks Inc.	2.21
21	Canadian Solar Inc.	2.02
22	dentalcorp Holdings Inc.	1.99
23	Polaris Renewable Energy Inc.	1.82
24	AutoCanada Inc.	1.63
25	Evertz Technologies Limited	1.45

Ranking	Security	% of Net Assets
26	Shopify Inc.	1.04
27	Jamieson Wellness Inc.	0.83
28	Lululemon Athletica Inc.	0.27
<b>Total Equities</b>		<b>94.25</b>
<b>Cash</b>		<b>5.75</b>
<b>Total Assets</b>		<b>100.00</b>

## 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 settlement cycles in the Canadian and U.S. securities industries have been shortened from trade date plus two business days to trade date plus one business day (“T+1”). Accordingly, the settlement cycles for the North Growth Funds have also changed to T+1.

To accommodate these shorter settlement cycles, the cut-off time for same-day equity fund transactions is two hours before the applicable market closes, normally 2 p.m. Eastern Time or 11 a.m. Pacific Time, and for same-day Money Market Fund redemptions is 1 p.m. Eastern Time or 10 a.m. Pacific Time. However, redemption requests for amounts equal to or greater than 10% of the Fund’s net asset value require five business days notice. 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 11 a.m. Eastern Time or 8 a.m. Pacific Time. Orders received after the applicable 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](mailto:marcus@northgrowth.com)

### WHERE TO FIND NGM FUND PRICES

Please visit [www.northgrowth.com](http://www.northgrowth.com) to view the Fund’s daily prices or to be added to our e-mail list to receive daily notification of the Funds’ prices.

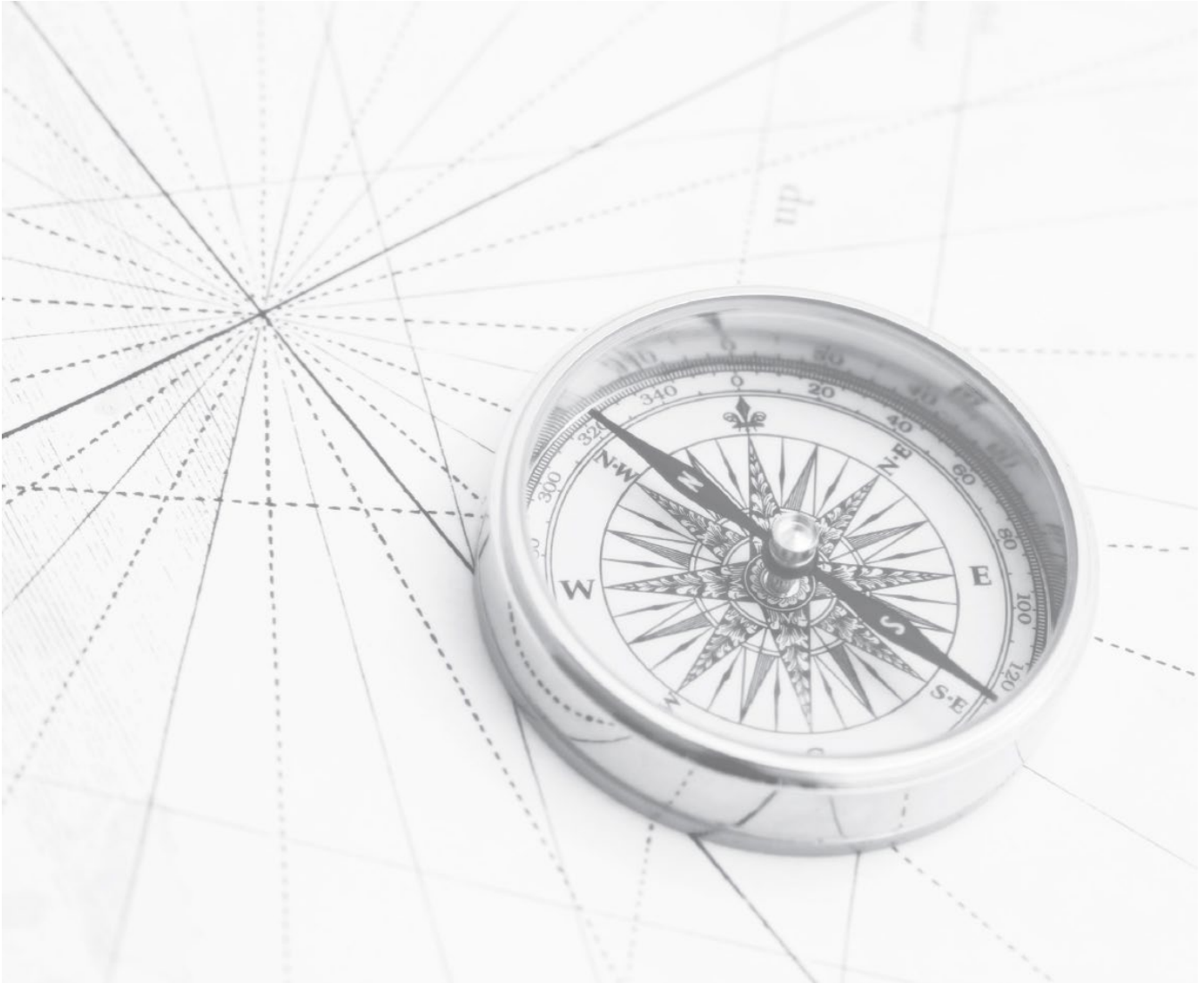


## A NOTE ON FORWARD-LOOKING STATEMENTS

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](mailto:info@northgrowth.com)

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