



NORTH GROWTH  
MANAGEMENT



## JUNE 2024 MONTHLY REPORT

JULY 11, 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 ADVISOR FUND, SERIES F

In June, the North Growth U.S. Equity Advisor Fund, Series F gained 0.5%. 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 Fund gained 12.8%. 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 16.6%, lagging the S&P 500's 19.3% return during the first half of 2024.

## CANADIAN EQUITY FUND, SERIES F

The North Growth Canadian Equity Fund, Series F returned 1.6% compared to -1.4% for the S&P/TSX Composite Index in June. After underperforming the index by 3.0% in the first quarter of 2024, the Fund outperformed the index by 4.3% 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 Advisor Fund

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

	1 Month	3 Months	6 Months	YTD
<b>North Growth U.S. Equity Advisor Fund \$CDN (Series F)</b>	<b>0.82</b>	<b>0.34</b>	<b>16.60</b>	<b>16.60</b>
<b>North Growth U.S. Equity Advisor Fund \$CDN (Series D)</b>	<b>0.80</b>	<b>0.27</b>	<b>16.43</b>	<b>16.43</b>
S&P 500 \$CDN	3.97	5.34	19.31	19.31
<b>North Growth U.S. Equity Advisor Fund \$U.S. (Series F)</b>	<b>0.45</b>	<b>-0.66</b>	<b>12.67</b>	<b>12.67</b>
<b>North Growth U.S. Equity Advisor Fund \$U.S. (Series D)</b>	<b>0.43</b>	<b>-0.74</b>	<b>12.51</b>	<b>12.51</b>
S&P 500 \$U.S.	3.59	4.28	15.29	15.29

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

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
<b>NGM U.S. Equity Advisor Fund \$CDN (Series F)</b>	<b>20.68</b>	<b>4.91</b>	<b>12.63</b>	<b>12.96</b>	<b>13.85</b>
<b>NGM U.S. Equity Advisor Fund \$CDN (Series D)</b>	<b>20.32</b>	<b>4.60</b>	<b>12.29</b>	<b>12.60</b>	<b>13.43</b>
S&P 500 \$CDN	28.76	13.71	16.08	15.70	15.90
<b>NGM U.S. Equity Advisor Fund \$U.S. (Series F)</b>	<b>16.74</b>	<b>1.50</b>	<b>11.62</b>	<b>10.18</b>	<b>11.82</b>
<b>NGM U.S. Equity Advisor Fund \$U.S. (Series D)</b>	<b>16.40</b>	<b>1.20</b>	<b>11.29</b>	<b>9.83</b>	<b>11.41</b>
S&P 500 \$U.S.	24.56	10.01	15.05	12.86	13.84

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

\*Date of inception: October 23, 2009.

## North Growth Canadian Equity Fund

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

	1 Month	3 Months	6 Months	YTD
<b>NGM Canadian Equity Fund Series F</b>	<b>1.56</b>	<b>3.65</b>	<b>7.38</b>	<b>7.38</b>
<b>NGM Canadian Equity Fund Series D</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 F</b>	<b>2.37</b>	<b>2.09</b>	<b>10.50</b>	<b>7.42</b>	<b>11.56</b>
<b>NGM Canadian Equity Fund Series D</b>	<b>2.07</b>	<b>1.79</b>	<b>10.17</b>	<b>7.08</b>	<b>10.97</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 S&P/TSX Composite Index since Prospectus return is calculated from the Series F date of prospectus inception, June 15, 2012. The Series D date of prospectus inception is June 29, 2012

## Equity Fund Holdings

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

Ranking	Security	% of Net Assets	Ranking	Security	% of Net Assets
1	Applied Materials Inc.	6.99	29	Ulta Beauty Inc.	1.46
2	Jabil Inc.	5.69	30	Align Technology, Inc.	1.45
3	Ciena Corp.	4.64	31	Warner Bros. Discovery Inc.	1.44
4	Coherent Corp.	4.41	32	Thermo Fisher Scientific, Inc.	1.43
5	Motorola Solutions Inc.	3.99	33	Fortune Brands Innovations, Inc.	1.35
6	Qualcomm Inc.	3.13	34	Charles River Laboratories International, Inc.	1.23
7	HP Inc.	3.05	35	Watts Water Technologies Inc.	1.19
8	Brinker International Inc.	2.79	36	Old Dominion Freight Line, Inc.	1.10
9	Elevance Health, Inc.	2.77	37	United Rentals, Inc.	1.02
10	Abercrombie & Fitch Co.	2.64	38	Atkore Inc.	0.95
11	Booking Holdings Inc.	2.49	39	West Pharmaceutical Services, Inc.	0.94
12	Jacobs Solutions Inc.	2.36	40	Biogen Inc.	0.48
13	Nvidia Corp.	2.30	41	Masterbrand, Inc.	0.48
14	Crocs, Inc.	2.29	42	First Solar Inc.	0.43
15	Tapestry Inc.	2.25	43	Axonics Inc.	0.31
16	Tempur Sealy International, Inc.	2.20		<b>Total Equities</b>	<b>92.00</b>
17	NVR Inc.	2.15		<b>Cash</b>	<b>8.00</b>
18	FedEx Corp.	2.07		<b>Total Assets</b>	<b>100.00</b>
19	Texas Instruments Inc.	2.06			
20	Lumentum Holdings Inc.	2.03			
21	Microsoft Corporation	1.98			
22	InMode Ltd.	1.97			
23	Johnson Controls International plc.	1.94			
24	Integer Holdings Corporation	1.93			
25	Global Payments Inc.	1.87			
26	Apple Inc.	1.68			
27	Electronic Arts Inc.	1.59			
28	Arhaus Inc	1.48			



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

Ranking	Security	% of Net Assets	Ranking	Security	% of Net Assets
1	Bombardier Inc., Class B	7.97	26	Shopify Inc.	1.04
2	Heroux-Devtek Inc.	7.31	27	Jamieson Wellness Inc.	0.83
3	Leon's Furniture Ltd.	7.06	28	Lululemon Athletica Inc.	0.27
4	TFI International Inc.	6.67		<b>Total Equities</b>	<b>94.25</b>
5	Calian Group Ltd.	5.79		<b>Cash</b>	<b>5.75</b>
6	ATS Corporation	5.00		<b>Total Assets</b>	<b>100.00</b>
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			

# 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**

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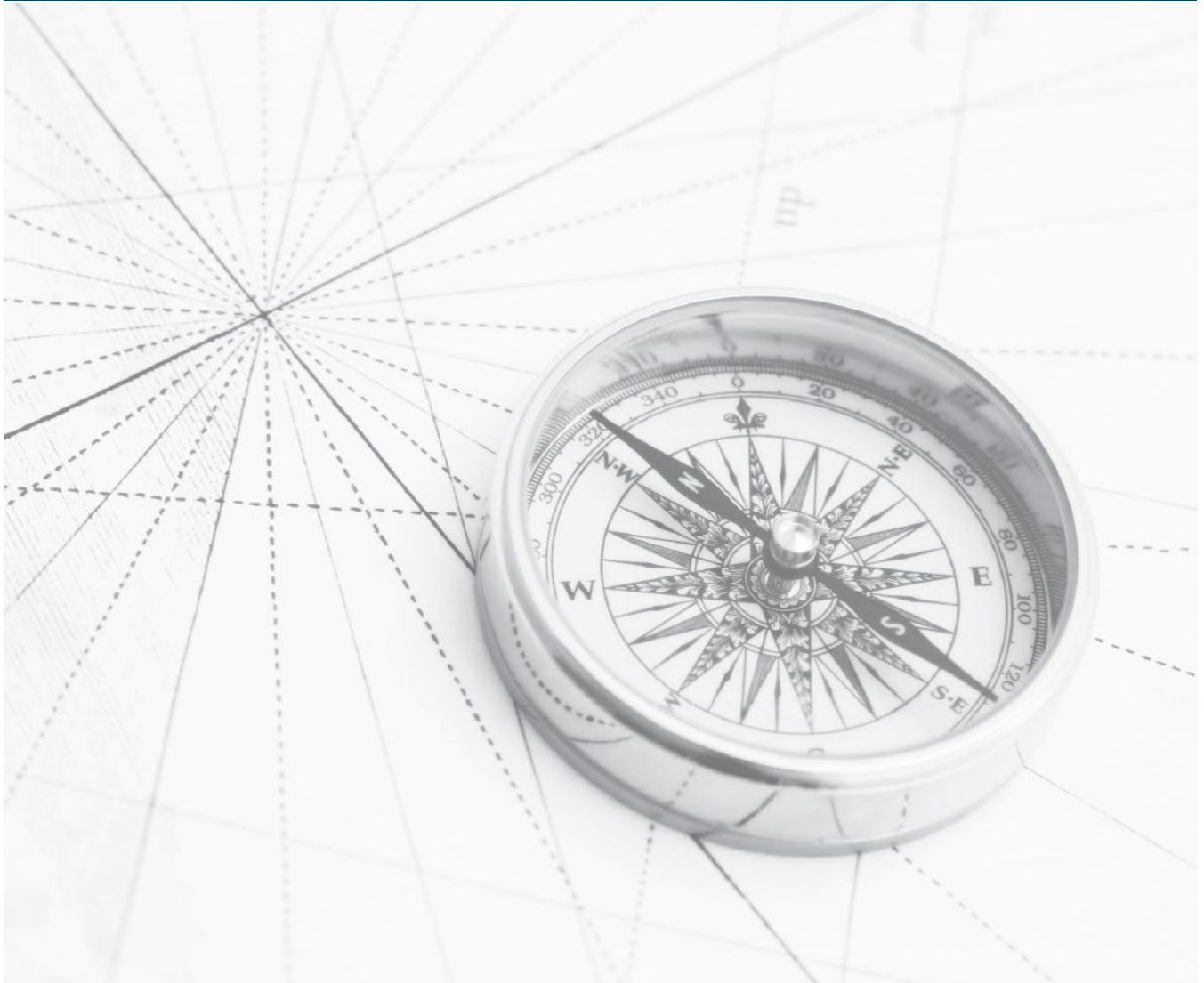
## A NOTE ON FORWARD-LOOKING STATEMENTS

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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