



NORTH GROWTH  
MANAGEMENT



## JULY 2024 MONTHLY REPORT

AUGUST 9, 2024



# Market and Fund Performance Update

Volatility gripped U.S. equities in July. As bifurcation between S&P 500 performance and market breadth reached one of the worst levels in three decades at the end of June, the mega cap tech trade subsequently faltered last month. The NASDAQ Composite declined in July while small-cap stocks rallied strongly.

## IS THERE A “GREAT ROTATION” UNDERWAY IN THE MARKET? NO

With the Russell 2000 index of small and midsize U.S. companies up 10% in July, news articles highlighted a great market rotation taking shape. However, July’s market action seemed to reflect a short-term reversion to laggard equities rather than a fundamental change in leadership.

What really drove July’s market were interest rate-sensitive stocks as unexpected declines in inflation readings fueled speculation of imminent rate cuts. Prospects of lower interest rates buoyed the industries that had underperformed significantly over the last twelve months. In July, regional banks surged 18.5% and homebuilder shares gained 17.6%.

## IS THE U.S. ECONOMY IN A RECESSION? NO

Following the so-called “great rotation”, U.S. equities broadly declined in the early days of August as fears of an economic recession dictated global markets. Weak U.S. data in manufacturing and construction, along with a jobs report that showed a sharp slowdown in hiring, drove panic that the Fed will have waited too long to begin cutting rates. The narrative quickly shifted from “bad news is good news” to “bad news is bad news.”

Concerns about an economic slowdown are not necessarily invalid, but so far, there is virtually no evidence to suggest an economic implosion. Overall, the U.S. economy appears resilient, and the second-quarter reporting season has brought largely decent earnings results with most companies beating analysts’ forecasts. While business outlooks have been underwhelming, they are by no means dire.

## ...BUT WE MAY BE HEADING INTO A BEAR MARKET

The economy need not be in a recession for a bear market to materialize. Often, stocks are forward-looking, and the current market rout is a reflection of participants swiftly pricing in poor economic

conditions. Additionally, some whiff of weaker data may have led speculative bets to go awry and trigger a cascade of automated trades.

The U.S. stock market has been in a precarious state over the past year as market gains have been excessively concentrated in a few mega-cap technology names, so a selloff or downturn is not unwarranted. Moreover, volatility is likely to remain elevated against a fragile market, ongoing geopolitical tensions and a chaotic leadup to the U.S. election in November.

During these challenging times, we continue to adhere to our disciplined, long-term investment approach. We are focused on what we have been doing over the past decades—researching and investing in companies that meet our “Growth at a Reasonable Price” criteria. Volatility in the equity markets will provide opportunities for us to deploy some of the Funds’ cash as well as adjust the weightings of individual portfolio constituents based on company fundamentals and stock valuations. As always, we firmly believe that stock selection is the key to long-term outperformance.

## U.S. EQUITY ADVISOR FUND, SERIES F

In July, the North Growth U.S. Equity Advisor Fund, Series F, appreciated 0.7%. The Fund underperformed the S&P 500 which gained 1.2% and the smaller-capitalization S&P 400 MidCap and S&P 600 SmallCap indices which were up 5.8% and 10.8% respectively, but beat the NASDAQ Composite which declined -0.7%. A weaker Canadian currency against its U.S. counterpart boosted the Fund’s monthly return to 1.6% in Canadian dollars versus the S&P 500’s 2.1% Canadian-dollar return.

## CANADIAN EQUITY FUND, SERIES F

The North Growth Canadian Equity Fund, Series F, returned 6.7% compared to 5.9% for the S&P/TSX Composite Index in July. On July 11th, the Fund’s second largest holding, Heroux-Devtek, an aircraft landing gear manufacturer based in Quebec, announced a transaction to be taken private. It was one amongst a series of transactions announced over the last few months that involved Canadian small- or mid-cap companies being acquired or taken private.

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. The team views any pullbacks in the market as opportunities to add to and/or upgrade the portfolio.

## North Growth U.S. Equity Advisor Fund

### SHORT TERM RATES OF RETURN (%) FOR PERIODS ENDED JULY 31, 2024

	1 Month	3 Months	6 Months	YTD
<b>North Growth U.S. Equity Advisor Fund \$CDN (Series F)</b>	<b>1.61</b>	<b>8.73</b>	<b>15.09</b>	<b>18.48</b>
<b>North Growth U.S. Equity Advisor Fund \$CDN (Series D)</b>	<b>1.59</b>	<b>8.65</b>	<b>14.92</b>	<b>18.28</b>
S&P 500 in \$CDN	2.12	10.55	18.30	21.84
<b>North Growth U.S. Equity Advisor Fund \$U.S. (Series F)</b>	<b>0.72</b>	<b>8.24</b>	<b>11.66</b>	<b>13.48</b>
<b>North Growth U.S. Equity Advisor Fund \$U.S. (Series D)</b>	<b>0.69</b>	<b>8.16</b>	<b>11.49</b>	<b>13.28</b>
S&P 500 \$U.S.	1.22	10.05	14.77	16.70

### ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED JULY 31, 2024

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception*
<b>NGM U.S. Equity Advisor Fund \$CDN (Series F)</b>	<b>19.80</b>	<b>5.61</b>	<b>12.42</b>	<b>13.09</b>	<b>13.88</b>
<b>NGM U.S. Equity Advisor Fund \$CDN (Series D)</b>	<b>19.45</b>	<b>5.30</b>	<b>12.08</b>	<b>12.73</b>	<b>13.46</b>
S&P 500 \$CDN	28.01	13.41	16.13	15.86	15.97
<b>NGM U.S. Equity Advisor Fund \$U.S. (Series F)</b>	<b>14.32</b>	<b>2.06</b>	<b>11.32</b>	<b>10.45</b>	<b>11.81</b>
<b>NGM U.S. Equity Advisor Fund \$U.S. (Series D)</b>	<b>13.98</b>	<b>1.76</b>	<b>10.99</b>	<b>10.10</b>	<b>11.39</b>
S&P 500 \$U.S.	22.15	9.60	15.00	13.15	13.85

Source: Bloomberg "Total Return Analysis" as of July 31, 2024

\*Date of inception: October 23, 2009.

## North Growth Canadian Equity Fund

### SHORT TERM RATES OF RETURN (%) FOR PERIODS ENDED JULY 31, 2024

	1 Month	3 Months	6 Months	YTD
<b>NGM Canadian Equity Fund Series F</b>	<b>6.71</b>	<b>13.40</b>	<b>13.61</b>	<b>14.59</b>
<b>NGM Canadian Equity Fund Series D</b>	<b>6.68</b>	<b>13.31</b>	<b>13.44</b>	<b>14.39</b>
S&P/TSX Composite Index	5.87	7.26	11.67	12.28

### ANNUALIZED RATES OF RETURN (%) FOR PERIODS ENDED JULY 31, 2024

	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Prospectus*
<b>NGM Canadian Equity Fund Series F</b>	<b>10.91</b>	<b>3.87</b>	<b>11.79</b>	<b>8.25</b>	<b>12.08</b>
<b>NGM Canadian Equity Fund Series D</b>	<b>10.58</b>	<b>3.56</b>	<b>11.45</b>	<b>7.90</b>	<b>11.48</b>
S&P/TSX Composite Index	15.73	7.72	10.46	7.41	9.18

Source: Bloomberg "Total Return Analysis" as of July 31, 2024

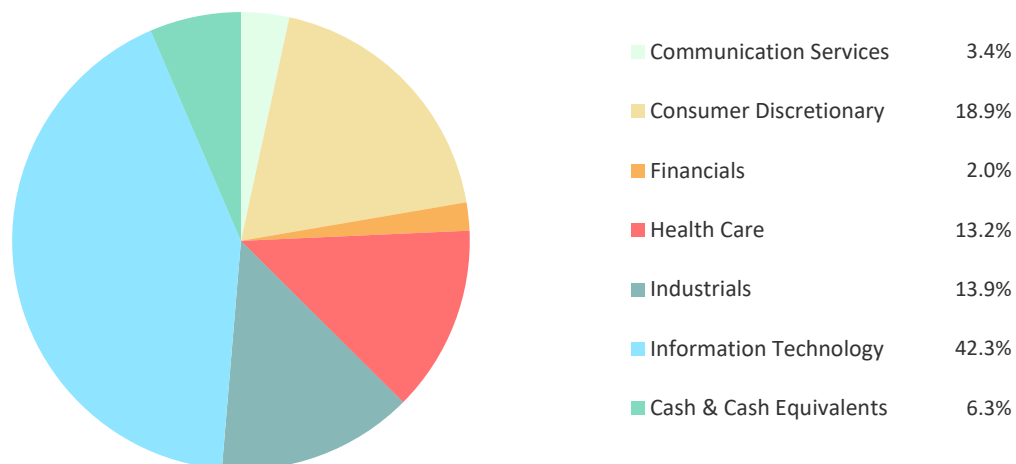
\* The S&P/TSX Composite Index since Prospectus return is calculated from the Series F date of prospectus inception, June 15, 2012. The Series D date of prospectus inception is June 29, 2012

## Equity Fund Holdings and Composition

### U.S. EQUITY ADVISOR FUND — TOP 10 HOLDINGS AS AT JULY 31, 2024

Ranking	Security	% of Net Assets
1	Applied Materials Inc.	6.37
2	Jabil Inc.	5.97
3	Ciena Corp.	5.14
4	Motorola Solutions Inc.	4.17
5	Coherent Corp.	3.95
6	HP Inc.	3.18
7	Qualcomm Inc.	2.87
8	Elevance Health, Inc.	2.75
9	Brinker International Inc.	2.61
10	Jacobs Solutions Inc.	2.50
<b>Top 10</b>		<b>39.51</b>
<b>Total Equities</b>		<b>93.54</b>
<b>Cash</b>		<b>6.46</b>
<b>Total Assets</b>		<b>100.00</b>

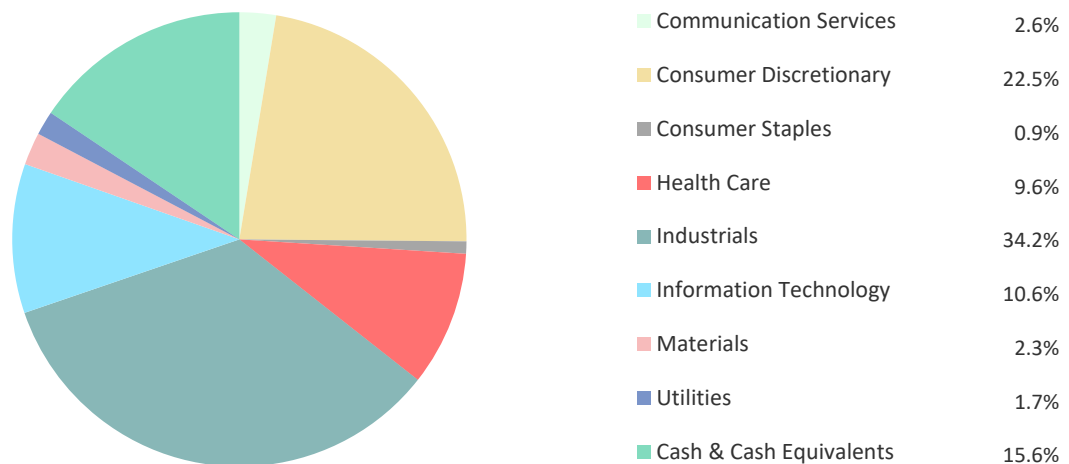
### U.S. EQUITY ADVISOR FUND — SECTOR MIX AS AT JULY 31, 2024



## CANADIAN EQUITY FUND — TOP 10 HOLDINGS AS AT JULY 31, 2024

Ranking	Security	% of Net Assets
1	Bombardier Inc., Class B	7.91
2	Leon's Furniture Ltd.	7.89
3	TFI International Inc.	6.75
4	Calian Group Ltd.	5.41
5	Aritzia Inc.	4.92
6	ATS Corporation	4.38
7	CAE Inc.	3.95
8	Open Text Corporation	3.84
9	Constellation Software Inc.	3.35
10	Knight Therapeutics Inc.	3.02
<b>Top 10</b>		<b>51.42</b>
<b>Total Equities</b>		<b>84.41</b>
<b>Cash</b>		<b>15.59</b>
<b>Total Assets</b>		<b>100.00</b>

## CANADIAN EQUITY FUND — SECTOR MIX AS AT JULY 31, 2024





# 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:

**Marcus Vander Leek, CFA**

*Director of Business Development and Client Service*

Email: [marcus@northgrowth.com](mailto:marcus@northgrowth.com) Phone: 604-354-9275



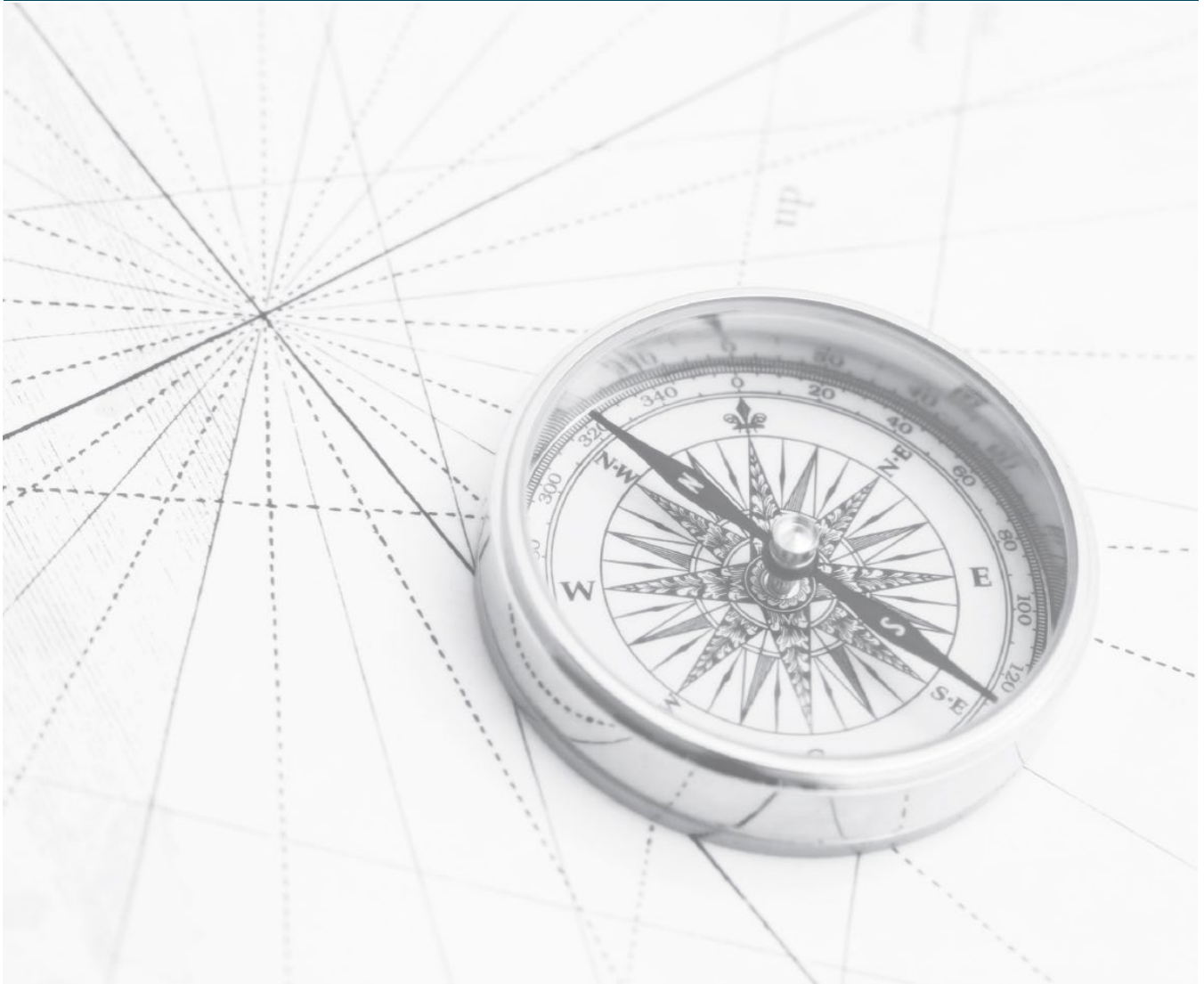
## A NOTE ON FORWARD-LOOKING STATEMENTS

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.



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)