



SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

June 30, 2017

NORTH GROWTH CANADIAN EQUITY FUND

Semi-Annual Management Report of Fund Performance
for the period ended June 30, 2017

This semi-annual management report of fund performance contains financial highlights, but does not contain the semi-annual or annual financial statements of the investment fund. You can obtain a copy of the unaudited semi-annual or 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 or SEDAR at www.sedar.com.

Security holders may also contact us by using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure. The Fund's Simplified Prospectus, Annual Information Form 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.

Semi-Annual Management Report of Fund Performance

North Growth Canadian Equity Fund

Table of Contents

Management Discussion of Fund Performance	3
Investment Objective and Strategies	3
Risk	3
Results of Operations	3
Recent Developments	4
Related Party Transactions	4
Financial Highlights	5
Series F	5
Series N	5
Series D	6
Ratios and Supplemental Data	6
Management Fee	8
Past Performance	8
Summary of Investment Portfolio as at June 30, 2017	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 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

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.

Results of Operations

For the first six months ending June 30, 2017, the Series F units of the Fund gained 18.73% and the Series D units gained 18.56%. The difference in performance between the Series F units and the Series D units is attributed to the 0.30% per annum trailing commission on the Series D units. Both series significantly outperformed the S&P/TSX Composite Total Return Index which gained 0.74%.

During the first half of 2017 activity within the Fund was relatively high with the net impact of trading resulting in cash holdings increasing by approximately 10% to 12% at June 30. Fund holdings of Mitel, ATS Automation, Celestica, OpenText, CAE, Novanta, Sierra Wireless and EXFO, were reduced. We completely exited our position in Canam during the first quarter. We had already been trimming our position in Sandvine prior to the May 26th announcement of a friendly go private transaction which evolved into a competitive bidding process. By June 30th we had sold over half our position in Sandvine and in early July with the final offer tabled we exited the position completely. We increased Fund holdings in Ballard Power, Bombardier, exactEarth, Hydrogenics and MacDonald Dettwiler, and initiated a position in Alterra Power.

Please refer to the North Growth Canadian Equity Fund Prospectus and AIF for more detailed information about Series D and Series F units of the Fund. You can get a copy of these documents, at your request, and at no cost, from your dealer. They are also available on the North Growth website at www.northgrowth.com, or on SEDAR at www.sedar.com.

Recent Developments

Following a strong performance in 2016, the S&P/TSX Composite Index delivered one of the weakest year-to-date returns amongst developed markets. Consumer discretionary, industrials and utilities were the index's top performing sectors although the heavy-weight energy, materials and financial sectors struggled with sub-par performances. From a macro perspective, the Canadian economy remains sound, with GDP accelerating from +2.7% in Q4/16 to +3.7% in Q1/17 with strength in personal expenditures, residential investment and business investments. On the confidence that the economy would continue growing Bank of Canada Governor Stephen Poloz raised the bank's key lending rate by 0.25% to 0.75% shortly after quarter end, the first increase in seven years.

Effective July 1, 2017, the all-inclusive management fee for the North Growth Canadian Equity Fund Series D and F units will be lowered by 20 basis points from 0.90% to 0.70%. Trailing commissions on the Series D units will remain at 0.30%. As such, the combined total fund level expenses on the Series D units will decrease from 1.20% to 1.00%.

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 period ended June 30, 2017, the Manager neither purchased nor redeemed units of the Fund (2016 – no purchases, no redemptions).

At June 30, 2017, affiliates, officers and directors of the Manager owned 59.81% (December 31, 2016 – 60.72%) of the outstanding units of the Fund.

Management fees paid to the Manager during the period ended June 30, 2017 amounted to \$203 (2016 – \$194)

There are no balances owing to the Manager included in accounts payable and accrued liabilities at June 30, 2017 (December 31, 2016 – \$34).

Financial Highlights

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 period. Please see the cover page for information about how you can obtain copies of the Fund's semi-annual financial statements.

Series F

Net Assets per unit ¹ Series F	June 30, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Net Assets, beginning of period	\$17.07	\$17.73	\$20.15	\$18.23	\$13.35
Increase from Operations					
Total revenue	0.08	0.25	0.18	0.19	0.16
Total expenses	(0.08)	(0.17)	(0.21)	(0.28)	(0.21)
Net investment gain (loss)	0.00	0.08	(0.03)	(0.09)	(0.05)
Realized gains for the period	1.34	1.18	0.26	2.45	1.17
Unrealized (loss) gain for the period	1.92	(0.68)	(2.65)	1.15	4.80
Net gain (loss) for the period	3.26	0.50	(2.39)	3.60	5.97
Total Increase (Decrease) from Operations ²	3.26	0.58	(2.42)	3.51	5.92
Distributions:					-
From capital gains	-	(1.22)	-	(1.52)	(1.03)
Total Annual Distribution³	-	(1.22)	-	(1.52)	(1.03)
Net Assets, End of Period	\$20.27	\$17.07	\$17.73	\$20.15	\$18.23

Series N

Net Assets per unit ¹ Series N	June 30, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Net Assets, beginning of period	\$17.01	\$17.70	\$20.15	\$18.24	\$13.36
Increase from Operations					
Total revenue	0.08	0.25	0.18	0.19	0.16
Total expenses	(0.11)	(0.21)	(0.24)	(0.28)	(0.21)
Net investment gain (loss)	(0.03)	0.04	(0.06)	(0.09)	(0.05)
Realized gains for the period	1.30	1.18	0.26	2.45	1.17
Unrealized (loss) gain for the period	1.92	(0.68)	(2.65)	1.15	4.80
Net gain (loss) for the period	3.22	0.50	(2.39)	3.60	5.97
Total Increase from Operations ²	3.19	0.54	(2.45)	3.51	5.92
Distributions:					
From capital gains	-	(1.22)	-	(1.52)	(1.03)
Total Annual Distribution³	-	(1.22)	-	(1.52)	(1.03)
Net Assets, End of Period	\$20.18	\$17.01	\$17.70	\$20.15	\$18.24

Series D

Net Assets per unit ¹ Series D	June 30, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Net Assets, beginning of period	\$17.20	\$17.77	\$20.28	\$18.26	\$13.42
Increase from Operations					
Total revenue	0.08	0.25	0.18	0.19	0.16
Total expenses	(0.13)	(0.25)	(0.29)	(0.38)	(0.30)
Net investment gain (loss)	(0.05)	-	(0.11)	(0.19)	(0.14)
Realized gain for the period	1.33	1.18	0.26	2.45	1.17
Unrealized (loss) gain for the period	1.92	(0.68)	(2.65)	1.15	4.80
Net gain (loss) for the period	3.27	0.50	(2.39)	3.60	5.97
Total Increase from Operations ²	3.22	0.50	(2.50)	3.41	5.83
Distribution:					
From capital gains	-	(1.08)	-	(1.33)	(0.95)
Total Annual Distribution³	-	(1.08)	-	(1.33)	(0.95)
Net Assets, End of Period	\$20.40	\$17.20	\$17.77	\$20.28	\$18.26

1. This information is derived from the Fund's unaudited financial statements prepared under IFRS for period ended June 30, 2017 and comparative audited periods ended December 31, 2016, 2015, 2014 and 2013. Due to potential rounding differences, the sum of the individual components of the disclosed information does not necessarily amount to the Net Assets, End of Period balance.
2. Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from investment operations is based on the weighted average number of units outstanding over the financial period.
3. Distributions were reinvested in additional units of the Fund.

Ratios and Supplemental Data

Ratios and Supplemental Data Series F	June 30, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Net asset value (000's)	\$1,394	\$1,260	\$1,482	\$1,539	\$1,186
Number of units outstanding (000's)	69	74	83	76	65
Management expense ratio (January - June) ⁴	0.90%	0.90%	1.25%	1.25%	1.25%
Management expense ratio (July - December)	0.90%	0.90%	0.90%	1.25%	1.25%
Pre-absorption management expense ratio (entire year) ⁵	0.92%	0.91%	1.09%	1.28%	1.29%
Trading expense ratio	0.07%	0.09%	0.06%	0.09%	0.07%
Portfolio turnover rate ⁶	4.05%	17.86%	11.97%	17.09%	14.61%
Net asset value per unit	\$20.27	\$17.07	\$17.73	\$20.15	\$18.23

Ratios and Supplemental Data Series N	June 30, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Net asset value (000's)	\$39,824	\$34,744	\$35,041	\$39,462	\$32,571
Number of units outstanding (000's)	1,972	2,042	1,979	1,959	1,786
Management expense ratio (January – March) ⁴	1.08%	1.08%	1.25%	1.25%	1.25%
Management expense ratio (May - June)	1.00%	1.08%	1.25%	1.25%	1.25%
Management expense ratio (July - December)	-	1.08%	1.20%	1.25%	1.25%
Pre-absorption management expense ratio ⁵	1.07%	1.12%	1.26%	1.28%	1.30%
Trading expense ratio	0.07%	0.09%	0.06%	0.09%	0.07%
Portfolio turnover rate ⁶	4.05%	17.86%	11.97%	17.09%	14.61%
Net asset value per unit	\$20.18	\$17.01	\$17.70	\$20.15	\$18.24

Ratios and Supplemental Data Series D	June 30, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
Net asset value (000's)	\$638	\$580	\$1,102	\$1,337	\$952
Number of units outstanding (000's)	31	34	62	66	52
Management expense ratio (January – June) ⁴	1.20%	1.20%	1.75%	1.75%	1.75%
Management expense ratio (July – December)	1.20%	1.20%	1.20%	1.75%	1.75%
Pre-absorption management expense ratio ⁵	1.35%	1.35%	1.52%	1.77%	1.78%
Trading expense ratio	0.07%	0.09%	0.06%	0.09%	0.07%
Portfolio turnover rate ⁶	4.05%	17.86%	11.97%	17.09%	14.61%
Net asset value per unit	\$20.40	\$17.20	\$17.77	\$20.28	\$18.26

4. 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. The management fee for Series N was reduced from 1.08% to 1.00% on April 1, 2017.
5. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
6. 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.

Management Fee

North Growth Management Ltd. is the portfolio advisor and manager of the Fund and receives a management fee from the Fund for these services. The Fund has three series: Series D, Series F and Series N. Management fees are calculated daily and payable monthly, at an annual rate of 0.90% for Series F and D of the Fund.

Effective April 1, 2017 the Series N management fee was reduced from 1.08% to 1.00%

Effective July 1, 2017, the all-inclusive management fee for the Series D and F units of the Fund will be lowered by 20 basis points from 0.90% to 0.70%. Trailing commissions on the Series D units will remain at 0.30%. As such, the combined total fund level expenses on the Series D units will decrease from 1.20% to 1.00%.

The Manager pays all operating costs of the Fund 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 are available through dealers who are generally compensated by their clients on a fee-for-service basis.

Past Performance

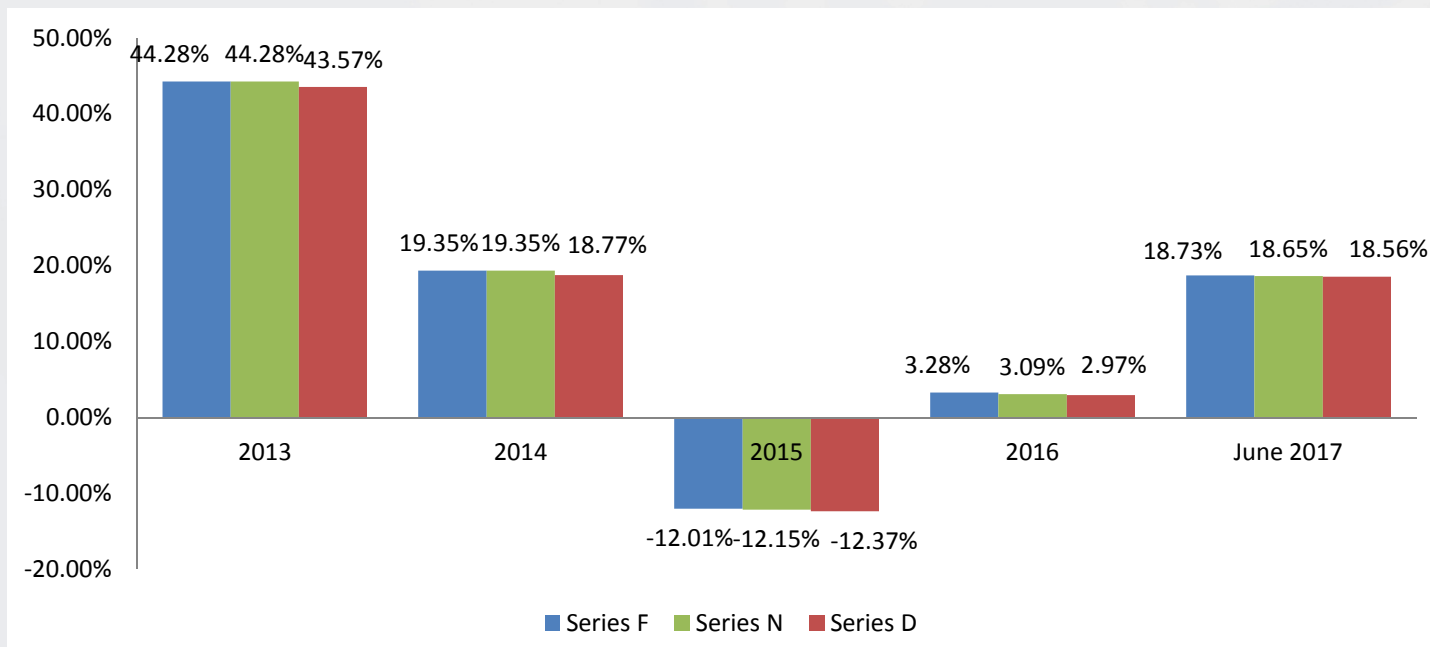
The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. Past performance does not necessarily indicate how the Fund will perform in the future and is based on the net asset value of the Fund.

Annual and Year-by-Year Returns

The bar charts indicate the Fund's performance for the 6 month period ended June 30, 2017 and the 12 month periods ended December 31, 2016, 2015, 2014, and 2013. The bar charts show 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.

Past Performance (Continued)

Summary of Performance Expressed in Canadian Dollars



Annual Compound Returns and Annual Return

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 annual return for each series, and the annual compound rate of return of each series for the periods indicated compared to the S&P/TSX Composite Total Return Index in Canadian dollar terms.

	Period Ended June 30, 2017	Past 3 years	Past 5 years	*Since Inception
Series F	18.73%	3.34%	14.42%	14.90%
Series N	18.65%	3.20%	14.33%	14.90%
Series D	18.56%	2.96%	13.95%	13.94%
S&P/TSX Composite \$CDN	0.74%	3.08%	8.74%	8.85%

*For the purpose of calculating returns, the inception date used is *June 15, 2012*.

Summary of Investment Portfolio as at June 30, 2017

The summary of investment portfolio may change due to ongoing portfolio transactions of the investment 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	Holdings	% of Net Assets
1.	Avigilon Corporation	8.98
2.	TELUS Corporation	6.60
3.	Mitel Networks Corp.	5.34
4.	Heroux-Devtek Inc.	5.13
5.	EXFO Inc.	4.79
6.	Sandvine Corporation	4.73
7.	Celestica Inc.	4.69
8.	Sierra Wireless Inc.	4.37
9.	CAE Inc.	4.31
10.	Novanta Inc.	3.99
11.	WestJet Airlines Ltd.	3.92
12.	Magellan Aerospace Corp.	3.77
13.	ATS Automation Tooling Systems Inc.	3.72
14.	Evertz Technologies Limited	3.68
15.	MacDonald Dettwiler and Associates Ltd.	3.58
16.	Dorel Industries Inc., Class B	3.45
17.	Hydrogenics Corp.	3.39
18.	Bombardier Inc., Class B	2.98
19.	exactEarth Ltd.	2.77
20.	Alterra Power Corporation	2.31
21.	Ballard Power Systems Inc.	0.68
22.	ViXS Systems Inc.	0.48
23.	Open Text Corporation	0.37
24.	N./A.	
25.	N./A.	

Sector Allocation

Sector Allocation	% of Net Assets
Technology	56.36
Industrials	17.83
Capital Goods	4.37
Consumer Durables	3.73
Transportation	2.77
Communications & Media	2.31
Energy	0.68
Equities Total	88.05
Other Net Assets	11.95
Portfolio Total	100.00

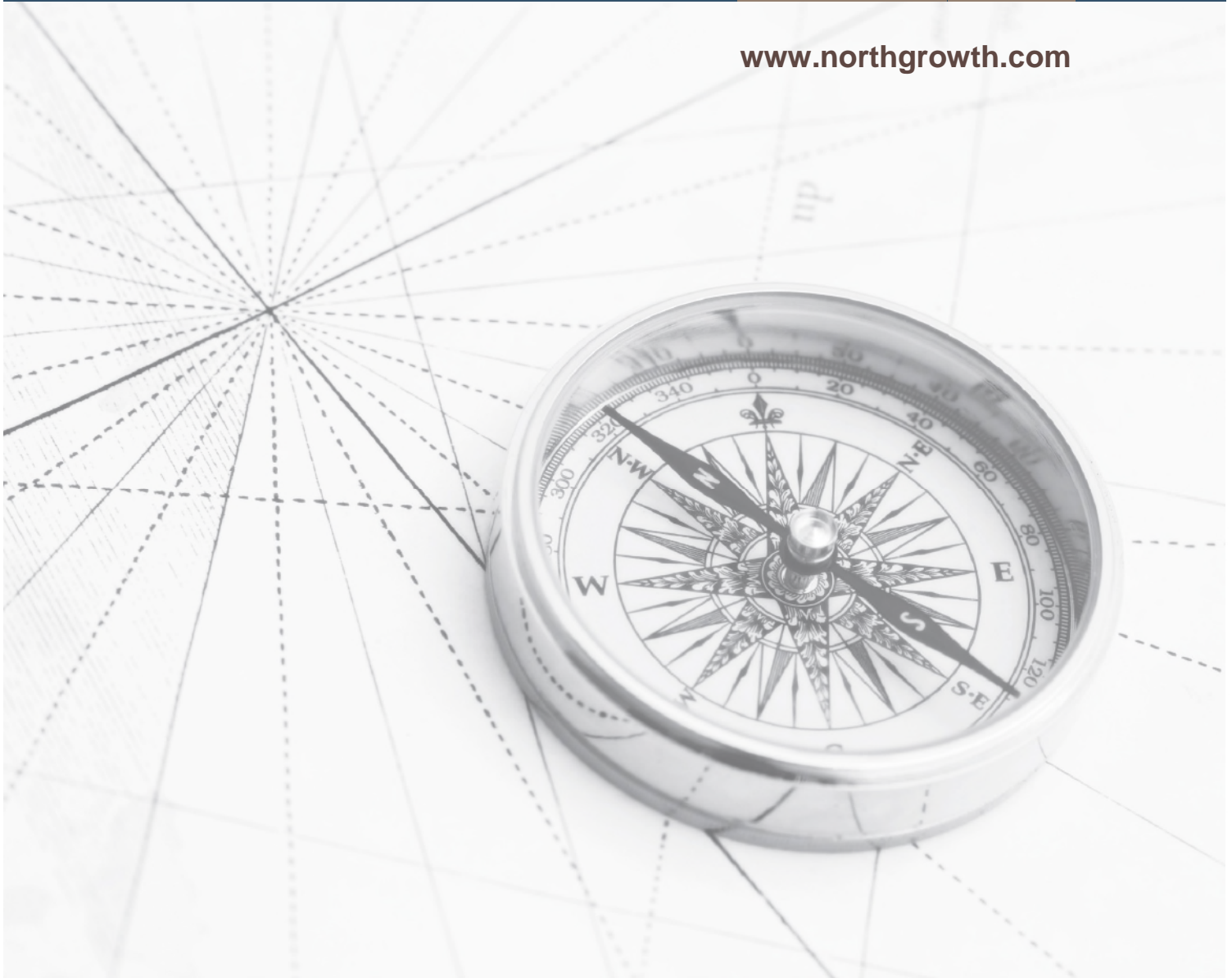


THIS PAGE INTENTIONALLY LEFT BLANK



N O R T H
GROWTH MANAGEMENT LTD.

www.northgrowth.com



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