



## ANNUAL INFORMATION FORM

June 30, 2016

**NORTH GROWTH CANADIAN EQUITY FUND**  
Series D Units and Series F Units

**NORTH GROWTH U.S. EQUITY ADVISOR FUND**  
Series D Units and Series F Units

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## INTRODUCTION

This Annual Information Form contains information about the mutual funds (the “Funds”) described in this document and is meant to supplement the information contained in the Funds’ Simplified Prospectus. Throughout this document:

- Fund/Funds refers to one or more of the mutual funds listed on the front cover of this Annual Information Form;
- North Growth refers to North Growth Management Ltd.;
- we/us/our refers to the Funds and North Growth Management Ltd.; and
- you/your refers to the reader as a potential investor in the Funds.

## NAMES, FORMATION AND HISTORY OF THE FUNDS

The North Growth U.S. Equity Advisor Fund was formed by trust declaration dated May 7, 2009 and was first offered to the public on October 23, 2009.

The North Growth Canadian Equity Fund was by trust declaration dated August 16, 2000 between Watermark Capital Corporation Inc. (“Watermark”) and the Royal Trust Company (now RBC Investor & Treasury Services). The original name of the Fund was the “Watermark Partners Value Fund”.

Watermark resigned as Manager of the Fund on May 1, 2003 and North Growth Management Ltd. (“North Growth”) was appointed Manager. Unitholders approved the change of Manager as well as the change in fee structure and the appointment of Deloitte LLP as auditor. An amended and restated Trust Agreement was signed on April 29, 2003. Concurrently, the name of the Fund was changed to the North Growth Canadian Equity Fund.

In May, 2012 unitholders of the North Growth Canadian Equity Fund approved the adoption of North Growth’s master trust declaration and the appointment of North Growth as trustee of the Fund in anticipation of the Fund’s filing a prospectus and becoming a reporting issuer in June 2012.

The Funds are governed by the laws of British Columbia.

The Manager of the Funds is North Growth. The address of the Manager is Suite 830, One Bentall Centre, 505 Burrard Street, Box 56, Vancouver, BC V7X 1M4.

## INVESTMENT RESTRICTIONS

### Fund Investment Restrictions

North Growth manages the Funds in accordance with the standard investment restrictions and practices applicable to mutual funds and the other requirements of applicable securities legislation, including National Instrument 81-102 Mutual Funds (“NI 81-102”). These restrictions and practices and other requirements are designed in part to ensure that the investments of the Funds are diversified and relatively liquid, and to ensure that the Funds are properly administered.

The fundamental investment objectives of each Fund cannot be changed without the approval of the majority of votes cast by its unitholders.

The Funds will not invest in tobacco stocks.

### Status of the Funds under Canadian Tax Legislation

The Funds are registered investments under the Income Tax Act (Canada) (the “Tax Act”). Units of the Funds are qualified investments under the Tax Act for Registered Retirement Savings Plans (“RRSPs”), Registered Retirement Income Funds (“RRIFs”) and registered investment plans such as Tax Free Savings Accounts (“TFSA”).

### Restrictions on Distribution to U.S. Persons

U.S. persons, Passive Non-Financial Foreign Entities, as defined under the U.S. Foreign Account Tax Compliance (“FATCA”) legislation, and Foreign Financial Institutions (“FFI”) that are nonparticipant FFIs (other than interests which are both distributed by and held through a participating FFI), as defined by FATCA, must be in compliance with FATCA in order to purchase units of the Funds.

## DESCRIPTION OF UNITS OFFERED BY THE FUNDS

Beneficial interests in each Fund are divided into units, and each Fund may have an unlimited number of series and an unlimited number of units in each series. The U.S. Equity Advisor Fund currently offers Series D Units and Series F Units of equal participation. The Canadian Equity Fund offers Series D Units and Series F Units of equal participation.

Each unit of a series entitles the owner:

- to participate equally with respect to all regular distributions of that series
- to one vote at meetings of unitholders of the Fund or a meeting of unitholders of that series; and
- upon liquidation of the Fund, to participate with other unitholders of that series equally in the series net asset value remaining after satisfaction of outstanding liabilities of the Fund.

These rights may only be modified by amending the Funds’ trust declaration.

The trust declaration does not require unitholder approval with respect to amendments to the trust declaration unless such approval is required under the applicable securities laws. However, an amendment not requiring unitholder approval that constitutes a material change will not be made without giving unitholders at least 21 days' notice.

Unitholder approval is required to make the following changes to the trust declaration:

- any change in the basis of the calculation of a fee or expense that is charged to a Fund or directly to the unitholders by a Fund or its manager in connection with holding units of a Fund in a way that could result in an increase in charges to a Fund or unitholders, unless unitholders are given written notice at least 60 days before the effective date of the change;
- an introduction of a fee or expense to be charged to a Fund or the unitholder by a Fund or its manager in connection with holding units of a Fund that could result in an increase in charges to a Fund or its unitholders, unless unitholders are given written notice at least 60 days before the effective date of the change;
- a change in the manager of a Fund, unless the new manager is an affiliate of the current manager;
- the fundamental investment objectives of a Fund are changed;
- a Fund decreases the frequency of the calculation of its net asset value per unit; and
- a Fund undertakes a reorganization with, or acquires assets from, another mutual fund if a Fund continues after the reorganization or acquisition of assets, the transaction results in the unitholders of the other mutual fund becoming unitholders in a Fund, and the transaction would be a material change to a Fund.

A Fund is able to make the following changes without unitholder approval:

- Change in the auditors of the Fund, provided that the Independent Review Committee of the Fund (the "IRC") has approved the change and unitholders are sent a written notice at least 60 days prior to the change; and
- Complete a reorganization of the Fund that involves the transfer of its units to another fund managed by North Growth where (i) the Fund will cease to continue after the transaction, and (ii) the transaction results in the unitholders of the Fund becoming unitholders of the other Fund, provided the IRC has approved the transaction and unitholders are sent written notice at least 60 days prior to the completion of the transaction and certain other conditions are met.

## VALUATION OF PORTFOLIO SECURITIES

The fair market value of the assets of a Fund shall be calculated in such manner as the Manager in its sole discretion determines from time to time, subject to the following valuation principles:

- a) the value of any cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Manager determines that any such deposit or call loan is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Manager determines to be the reasonable value thereof;
- b) the value of any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices on a Valuation Date at such times as the Manager, in its discretion, deems appropriate. Short term investments including notes and money market instruments shall be valued at cost plus accrued interest;
- c) the value of any security, index futures or index options thereon which is listed on any recognized exchange shall be determined by the closing sale price on a Valuation Date or, if there is no closing sale price, by the most recent closing sale price, provided it is between the closing bid and the closing asked price on the day on which the Net Asset Value of a Fund is being determined or if no such price is available, a price determined by the Manager with reference to the most recent closing price, closing bid and closing asked price, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;
- d) the value of any security or other asset for which a market quotation is not readily available shall be its fair market value as determined by the Manager, based on the direction of the IRC;
- e) purchased or written clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof;
- f) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by a Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the Net Asset Value of a Fund. The securities, if any, which are the subject of a written clearing corporation option, or over-the-counter option shall be valued at their then current market value;
- g) the value of a futures contract, or a forward contract, shall be the gain or loss with respect thereto that would be realized if, on the Valuation Date, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
- h) all Fund Property, other than funds designated by the Manager as foreign currency funds, valued in a foreign currency and all liabilities and obligations of a Fund payable by a Fund in foreign currency shall be translated into Canadian funds by applying the closing rate of exchange quoted by the Bank of Canada on the relevant date of valuation; and

- i) the value of any security or property to which, in the opinion of the Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available as provided above, or for any other reason) shall be the fair value thereof determined in such manner as the Manager from time to time provides based on the direction of the IRC.

North Growth has not had to exercise its discretion to deviate from the valuation principles outlined above since the inception of the Funds.

## CALCULATION OF NET ASSETS FOR EACH UNIT

In the case of the North Growth U.S. Equity Advisor Fund, the Net Asset Value of each series of units of the Fund is calculated at the close of the New York Stock Exchange (“NYSE”) on every day that the NYSE is open.

In the case of the North Growth Canadian Equity Fund, the Net Asset Value of each series of units of the Fund is calculated at the close of the Toronto Stock Exchange (“TSX”) on every day that the TSX is open.

The date of calculation of the Net Asset Value of each series of units of the respective Funds is referred to as the “Valuation Day” for that Fund.

The Funds maintain a separate net asset value per unit for each series of units as if the series were a separate fund; however, the assets of each Fund constitute a single pool for investment purposes. All expenses or liabilities (including fees payable to the Manager) of a Fund shall be calculated on an accrual basis.

The unit price for each series is the basis for calculating the purchase price or redemption price for buying, switching or redeeming units of that series. North Growth calculates the unit price for each series by dividing the net asset value for the series by the number of outstanding units of the series. North Growth determines the unit price for each series at the close of trading of the NYSE or the TSX, as the case may be, on every Valuation Day.

The U.S. Equity Advisor Fund has the US dollar as its base currency but expresses its net asset value in Canadian and US dollars. The Canadian dollar net asset value per series unit is determined by translating the US dollar net asset value per series unit into Canadian dollars using the Bank of Canada end of day exchange rate used by the Manager when it values the Fund on every Valuation Day.



## PURCHASES, SWITCHES AND REDEMPTIONS

Series D and Series F Units of the Funds are available from registered dealers only. You must contact a dealer to purchase, switch or redeem units of the Funds.

Subject to the Manager's right of rejection, any purchase, switch or redemption order which is received by the Manager prior to 3:00 pm Eastern time/12:00 pm Vancouver time on a valuation date (or 12:00 pm Eastern Time/9:00 am Pacific Time on December 24th, if it is a Valuation Day) will be processed using the series unit price at the close of business that day. Otherwise, it will be processed using the series unit price at the close of business on the next valuation date.

The registered dealer may charge you a sales charge, commission or service fee. These charges are negotiated between you and your dealer. We pay trailing commissions to dealers with respect to Series D units.

### Purchases

When you buy units of a Fund, you must include full payment for your units with your order. This means that your dealer must send North Growth payment within three business days of the date that they send in your order. Your dealer is responsible for sending your order on the same day that they receive it from you.

If we do not receive payment in full within three days, or if a cheque is returned due to insufficient funds, the units that you bought will be redeemed on the next valuation day. If they are redeemed for more than you paid, the Fund will keep the difference. If they are redeemed for less than you paid, you or your dealer will be charged for the difference plus any costs. Your dealer may charge you for these amounts.

### Switches

Through your dealer, you may switch your investment in units of the North Growth U.S. Equity Advisor Fund to units in the North Growth Canadian Equity Fund and vice versa providing the minimum investment requirements are met. If you are switching units your dealer may charge a switch fee. A switch between Funds is treated as a redemption followed by a purchase. You may realize tax consequences on any switch of Fund units. See *Income Tax Considerations* on page 17.

A switch between series of units of the Fund is called "redesignation". You can redesignate your Series D Units to Series F Units, or vice versa, if you are eligible to buy them. Redesignating units of one series to Units of another series is not considered to be a disposition for income tax purposes.

## Redemptions

When you place your order to redeem your units through a registered dealer, they are responsible for sending your order on the same day that they receive it from you. The dealer must send in the order, at no charge to you, by courier, priority post or electronically.

North Growth will redeem your units on the valuation day that we receive the order from your dealer. Once instructions necessary to complete the transaction are received from your dealer, the money will be released to you. If these instructions are not received within ten business days of the redemption, the units you sold will be bought back on the next valuation day. If they are bought back for less than you sold them for, the Fund will keep the difference. If they are bought back for more than you sold them for, your dealer will be charged for the difference plus any costs. Your dealer may charge you for these amounts.

In extraordinary circumstances we may suspend the right of investors to redeem units of the Fund. These circumstances include when:

- Normal trading is suspended on any stock exchange on which securities that make up more than half of the Fund's total assets by value are traded; or
- We have permission from the British Columbia Securities Commission.

## RESPONSIBILITY FOR FUND OPERATIONS

### Manager and Portfolio Adviser

The manager provides portfolio management services for the Funds. The following team is responsible for making investment decisions for the Funds:

Name	Role	Years of experience
Rudy North, CFA	Senior Advisor	53 Years
Rory North, CFA <sup>(*)</sup> <sup>(**)</sup>	Lead Portfolio Manager	17 Years
Erica Lau, CFA <sup>(**)</sup>	Portfolio Manager	18 Years
Jamie Kozak, CFA <sup>(*)</sup> <sup>(**)</sup>	Portfolio Manager	11 Years
Cynthia Yen, CFA <sup>(**)</sup>	Portfolio Manager	11 Years

(\*) Responsible for portfolio management of the Canadian Equity Fund

(\*\*) Responsible for portfolio management of the U.S. Equity Advisor Fund

The manager and portfolio adviser is appointed under the terms of the master declaration of trust governing the Funds. The manager and portfolio adviser has the right to resign by giving notice in writing to the trustee and the unitholders not less than ninety (90) days prior to the date on which such resignation is to take effect. Such resignation shall take effect on the date specified in such notice. The master declaration of trust shall be terminated, and the property of all of the Funds shall be distributed to their respective unitholders, in the event the manager and portfolio adviser, in the opinion of the trustee, is in material default of its obligations, is declared bankrupt or insolvent, or if the assets of the manager and portfolio adviser have become subject to seizure or confiscation by any public governmental authority.

### Brokerage Arrangements

The portfolio managers determine which investment dealer should execute portfolio transactions and negotiate commission payable based on the broker's ability to execute trades promptly at the best prices for the Funds. No person or company has provided to North Growth investment decision-making services that were paid through commissions or brokerage transactions executed on behalf of the Funds.

## Directors and Executive Officers

The names, municipalities of residence and positions held by each of the directors and executive officers of the Manager are as follows:

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal occupation within the 5 preceding years</b>
Rudy North Vancouver, BC	Chair & Director	Chair since November 15, 2013 President 1998-2013 CCO 1998-2005
Rory North Vancouver, BC	CEO & Director	CEO since November 15, 2013 CCO 2005-2016 COO 2001-2013 Portfolio Manager since 1998
Caroline North Vancouver, BC	Secretary & Director	Legal & Administrative Manager since 1998
Rachid Nayel North Vancouver, BC	CFO & CCO	CFO since November 15, 2013 CCO since January 29, 2016 Accounting Manager 2011-2013

## Trustee, Custodian, Registrar and Transfer Agent

North Growth is the trustee of the Funds and holds the property of the Fund on behalf of its unitholders. The trustee receives no fees from the Funds.

The custodian of the Funds is RBC Investor & Treasury Services, having its principal office in Toronto. The custodian is responsible for the safekeeping of the assets of the Funds and receives a fee from the Manager for this service. The custodian may contract with sub-custodians to hold assets of the Funds.

North Growth maintains the register of investors for the Funds at its office in Vancouver.

North Growth is the registrar and transfer agent of the Funds. At its offices in Vancouver, it keeps a record of all purchases, redemptions and transfers of units of the Funds and facilitates the settlement of all trades of the Funds' units by unitholders.

### **Fund Accounting and Valuation**

North Growth provides fund accounting and valuation services for the Funds. The Funds are valued daily.

### **Auditor**

The auditor of the Funds is KPMG LLP, Chartered Professional Accountants, located in Vancouver, British Columbia.

### **Independent Review Committee**

In accordance with NI 81-107, we have established an independent review committee for the Funds. The IRC is responsible for reviewing, and in some cases approving, conflicts of interest matters related to the Funds that we refer to it. The compensation payable to, and the expenses of, the IRC will be paid by the Funds and reimbursed by the Manager. Please see the section *Fund Governance* on page 14.

## CONFLICT OF INTEREST

### Principal Holders of Units

The following table shows the number of units of the Fund owned of record or beneficially, directly or indirectly, by each person or company who owned more than 10% of the Funds' outstanding units as of May 31, 2016 (the "Principal Holders").

Name of Fund	Name of beneficial owner	Number of units	Percentage of outstanding units
U.S. Equity Advisor Fund	Rudy North	457,853.451	22.51%
U.S. Equity Advisor Fund	Patricia North	382,361.405	18.79%
U.S. Equity Advisor Fund	North Growth Foundation	291,896.918	14.35%

Name of Fund	Name of beneficial owner	Number of units	Percentage of outstanding units
Canadian Equity Fund	Rudy North	590,277.170	27.54%
Canadian Equity Fund	Patricia North	396,851.508	18.52%

As of April 30, 2016 the directors, senior officers, employees and advisors of the Manager owned, directly or indirectly, 100% of the issued common shares of the Manager.

As of April 30, 2016, the members of the IRC did not own, directly or indirectly any of the Units of the Funds, common shares of the Manager or interests in a service provider.

### Affiliated Entities

No affiliated entities provide services to the Funds.

## FUND GOVERNANCE

The Chief Executive Officer of the Manager is responsible for the overall governance of the Fund. North Growth has established conflicts of interest policies and procedures which are overseen by the IRC as described below.

In addition to its policies on currency hedging, securities lending, reverse repurchase and repurchase transactions, proxy voting and short term trading described in this section, North Growth also has a personal investing code of ethics that applies to all employees.

### Independent Review Committee

In accordance with National Policy 81-107 — *Independent Review Committee for Mutual Funds*, the Manager has established an IRC to provide impartial judgment on conflicts of interest matters related to the operation of the Funds. The members of the IRC are independent of the Manager, the Funds and entities related to the Manager. The IRC has adopted a charter that includes its mandate, responsibilities and functions, and policies and procedures are in place to govern performance of these functions. At least annually, the IRC will prepare a report of its activities which will be available on our website at [www.northgrowth.com](http://www.northgrowth.com) and, at no cost, by calling 604-688-5440, or by e-mail at [info@northgrowth.com](mailto:info@northgrowth.com). This report and other information about the Fund is also available at [www.sedar.com](http://www.sedar.com).

The current members of the North Growth IRC are:

Name and Municipality of Residence	Current Principal Occupation
Peter Jarvis, Chair Vancouver, BC	Legal Counsel, Woodfibre LNG
John Graf Richmond, BC	Chartered Professional Accountant. Former independent commissioner of the British Columbia Securities Commission. Retired senior corporate executive.
David Scott Vancouver, BC	Corporate Director. Former CEO with over 35 years in the investment industry.

Pursuant to NI 81-107, the Funds are required to pay all reasonable costs and expenses of the IRC reasonably incurred in compliance with NI 81-107. The annual compensation payable to the IRC for 2015 was \$14,000; \$6,000 for the chair and \$4,000 for each member. Compensation for 2016 has yet to be set. The Funds will be reimbursed by the Manager for these fees.

### **Derivative Policy – Currency Hedging Purposes Only**

The North Growth U.S. Equity Fund may use derivatives for currency hedging purposes only. As at the date of this Annual Information Form, the Fund did not intend to use derivatives for currency hedging purposes. However, in the future, at the discretion of the portfolio management team, the Fund may use exchange traded futures contracts for currency hedging purposes to protect against fluctuations in the value of the US dollar relative to the Canadian dollar.

### **Securities Lending, Repurchase of Reverse Repurchase Transaction Policy**

The Funds do not intend to enter into securities lending, repurchase or reverse repurchase transactions.

### **Proxy Voting Policy**

Members of North Growth Management's portfolio management team vote proxies in accordance with *Standard IV (B. 1)—Fiduciary Duties* in the CFA Institute's Standards of Practice Handbook (8<sup>th</sup> ed.) and National Policy 81-106 Investment Fund Continuous Disclosure, Part 10 Proxy Voting Disclosure for Portfolio Securities Held.

A key part of our investment style, management is one of the most important considerations when evaluating the stock of publicly traded companies. Responsible and credible management is an essential criterion for holdings in the Funds. As such, we vote with management on routine governance issues (e.g. approving the appointment of auditors), and generally, also on non-routine issues.

On certain issues where we feel that we are not adequately informed or may be uncertain as to the impact of the question, we may abstain from voting. It is not North Growth's policy to intervene directly with company management or change management. In almost all cases, the proportion of shares that the Fund owns in a company is small enough that we are able to sell shares without affecting the market. Therefore, in practice, if we were to become dissatisfied with the management of a particular holding in the Funds, we would sell the shares as they would no longer meet our investment criteria.

The proxy voting record for the most recent twelve month period ending June 30 of each year, will be available free of charge to any unitholder of the Funds upon request at any time after August 31 of that year. The Funds' proxy voting record will also be available on our website at [www.northgrowth.com](http://www.northgrowth.com) or by contacting us at 604-688-5440.

### **Short Term Trading Policy**

Short term trading activities in the Funds may adversely affect unitholders. Frequent trading can hurt the Funds' performance by forcing the Portfolio Manager to keep more cash in the Funds than would otherwise be needed, or to sell investments at inappropriate times. It may also increase the Funds' transaction costs. We may impose a short term trading fee of up to 2% of the current value of the units if you redeem or switch out units within five days of purchasing or previously switching into the Fund. These fees will be paid to the Fund(s).

We regularly monitor the transactions in the Funds. In order to eliminate trading activity that we deem potentially detrimental to long-term unitholders, if there is an excessive level of transaction activity on your account, we have the right to restrict or reject any purchase or switch order without any prior notice, including those transactions accepted by your dealer. Whether your trading is considered excessive will be determined by us at our sole discretion.



## INCOME TAX CONSIDERATIONS

The following summarizes the principal Canadian federal income tax considerations concerning the acquisition, ownership and disposition of units of the Funds generally applicable to an individual investor (other than a trust), who, for the purposes of the Tax Act, is resident in Canada and holds units as capital property.

This summary is of a general nature only and is not intended to be exhaustive. Investors should consult their own tax advisers with respect to the tax consequences in their particular circumstances.

### **Taxation of the Funds**

Each Fund must pay tax on its net income and net realized capital gains for a year, except to the extent such amounts are distributed to unitholders. The Declaration of Trust for the Funds requires the Funds to distribute all of its net income each year and sufficient of its net realized capital gains, so that the Funds will not pay any tax under Part I of the Tax Act other than alternative minimum tax. The Funds are required to compute their income in Canadian dollars and may realize foreign exchange gains and losses on investments which are denominated in foreign currencies. Losses of the Funds cannot be utilized directly by investors but may be carried forward by the Funds and used in future years, subject to the rules in the Tax Act.

Generally, mutual fund trusts under the Tax Act are entitled to a capital gains refund which effectively reduces the tax on capital gains realized by the Fund (and therefore capital gains distributions made by the Fund) on a formula basis factoring in redemptions proceeds paid to unitholders.

### **Taxation of Unitholders**

A unitholder must include in computing his or her income for tax purposes for a particular year the portion of the net income and the taxable portion of the net realized capital gains of a Fund for the year distributed to the unitholder. A unitholder must include such distributions in income whether they are distributed in cash or reinvested in additional units of the Fund. We will advise each unitholder of the share of the net income and net taxable capital gains of the Fund distributed to the unitholder each year.

If necessary a Fund will pay an annual distribution in December each year. After taking into account any capital gains refund or any special distributions to redeeming unitholders the Fund will distribute all of its net income each year and sufficient of its net realized capital gains, so that the Fund will not pay any tax under Part I of the Tax Act other than alternative minimum tax ratably to unitholders on the distribution date.

Where an investor acquires units of a Fund, the purchase price for the units may reflect net income and net realized capital gains which have not been distributed. The investor is subject to tax on his or her share of those amounts when distributed, even though the amounts were reflected in the purchase price paid for the units. Similarly, the investor's share of capital gains realized after the units were acquired will include the portion of the gains that accrued before the investor acquired the units.

The Fund intends to make designations under the Tax Act so that taxable dividends received from taxable Canadian corporations, income from foreign sources and net taxable capital gains distributed to unitholders will retain their character in the hands of unitholders. Distributed amounts that retain their character as taxable dividends on shares of taxable Canadian corporations will be subject to the gross-up and credit rules in the Tax Act applicable to individuals. To the extent that such distributed amounts are distributions of eligible dividends received by the Fund, the enhanced gross-up and tax credit will apply. Each taxable unitholder will generally be entitled to a tax credit for foreign taxes paid by the Fund in respect of his or her share of income from foreign sources, except to the extent the Fund has deducted the foreign taxes in computing income.

When a unitholder redeems or otherwise disposes of his or her units, the unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition net any cost of disposition, including if applicable the short term trading fee, exceed (or are less than) the adjusted cost base of the units. Where a portion of a Fund's capital gains for the year is paid to a Unitholder upon redemption of units in that year through a special distribution, such amount should be excluded from the proceeds of disposition in computing the capital gain or capital loss from the disposition of the units. One-half of a capital gain must be included in income as a taxable capital gain. One-half of a capital loss is an allowable capital loss, which may be applied against taxable capital gains realized in the year. Allowable capital losses in excess of taxable capital gains may be carried back three years or forward indefinitely and applied against taxable capital gains realized in those earlier or later years.

The adjusted cost base of a unit of a Fund is equal to the average adjusted cost base of all units of the Fund held by the unitholder. Generally, the adjusted cost base of all units at any time is equal to the total cost of Fund units purchased by the unitholder to that time (including units purchased by reinvesting distributions) minus any return of capital component of distributions and the adjusted cost base of units previously sold.

For tax purposes, the cost to a unitholder purchasing the North Growth U.S. Equity Advisor Fund in U.S. dollars is to be determined in Canadian dollars based on the exchange rate when the units are acquired. Also, for tax purposes, the proceeds of disposing units are to be determined in Canadian dollars based on the exchange rate at the time of disposition.

Individuals (including most trusts) are required to pay tax equal to the greater of tax determined under the ordinary rules and alternative minimum tax. Amounts distributed by the Fund that are taxable dividends from taxable Canadian corporations or net taxable capital gains, and capital gains realized on the redemption of units, may increase a unitholder's liability for alternative minimum tax.

### **Investment by Registered Plans**

The Funds are registered investments under the Act. Units of the Funds are qualified investments under the Tax Act for RRSPs, RRIF and registered investment plans such as TFSAs.

## U.S. WITHHOLDING TAX CONSIDERATIONS

In meeting its compliance obligations as outlined in the Tax Act, information is provided to the Canada Revenue Agency (“CRA”) regarding U.S. Reportable Accounts annually. The information is then shared by the CRA with the U.S. Internal Revenue Service in accordance with the provisions of the Canada-U.S. tax treaty. A Canadian institution that complies with the requisite due diligence and reporting requirements of the Tax Act will generally be relieved from certain obligations that would otherwise have been applicable under and the U.S.’s Foreign Account Tax Compliance Act (“FATCA”), including the obligation to withhold on payments to, or to close accounts of, individual account holders who do not provide requested information to permit the financial institutions to establish whether they are U.S. Reportable Accounts.

The Funds qualify for relief under the Canada-U.S. Intergovernmental Agreements so as to avoid the imposition of the 30% withholding tax under FATCA. The Manager, as sponsoring entity, and the Funds, as member entities, are registered with the U.S. Internal Revenue Service in accordance with the terms outlined under the Canada-U.S. IGA.

## REMUNERATION OF DIRECTORS, OFFICERS AND TRUSTEES

The Funds do not have directors or officers. North Growth is not compensated for acting as Trustee of the Fund. Annually, following amounts are paid to the members of the IRC in the form of compensation for their service in fulfilling the mandate of the committee:

Name of IRC Member	Fees Paid	Expenses Reimbursed
Peter Jarvis (Chair)	\$6,000	Nil
David Scott (Member)	\$4,000	Nil
John Graf (Member)	\$4,000	Nil

All amounts paid to the members of the IRC are reimbursed to the Funds by the Fund Manager.

## MATERIAL CONTRACTS

The U.S. Equity Advisor Fund has no material contracts other than the Master Trust Declaration under which it was established dated May 7, 2009 and the Custodian Agreement between North Growth Management Ltd. and RBC Investor & Treasury Services dated May 27, 2009.

The Canadian Equity Fund has no material contracts other than the Supplemental Trust Declaration signed May 11, 2012 to the Master Trust Declaration, the Master Trust Declaration and the Custodian Agreement between North Growth Management Ltd. and RBC Investor & Treasury Services dated May 11, 2012.

Copies of each of these agreements are available for inspection at the head office of the Manager during regular business hours.

## LEGAL AND ADMINISTRATIVE PROCEEDINGS

There are no legal or administrative proceedings material to the Funds to which the Funds or the Manager is party.

## CERTIFICATE OF THE MUTUAL FUND, MANAGER AND PROMOTER

North Growth Canadian Equity Fund  
North Growth U.S. Equity Advisor Fund (collectively the “Funds”)

Date: June 30, 2016

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, and New Brunswick and Quebec and do not contain any misrepresentations.

North Growth Management Ltd., on behalf of the Funds, and in its capacity as trustee, manager and promoter of the Funds.

(signed) “*Rory North*”  
Rory North  
Chief Executive Officer

(signed) “*Rachid Nayel*”  
Rachid Nayel  
Chief Financial Officer

On behalf of the Board of Directors of North Growth Management Ltd., in its capacity as trustee, manager and promoter of the Funds.

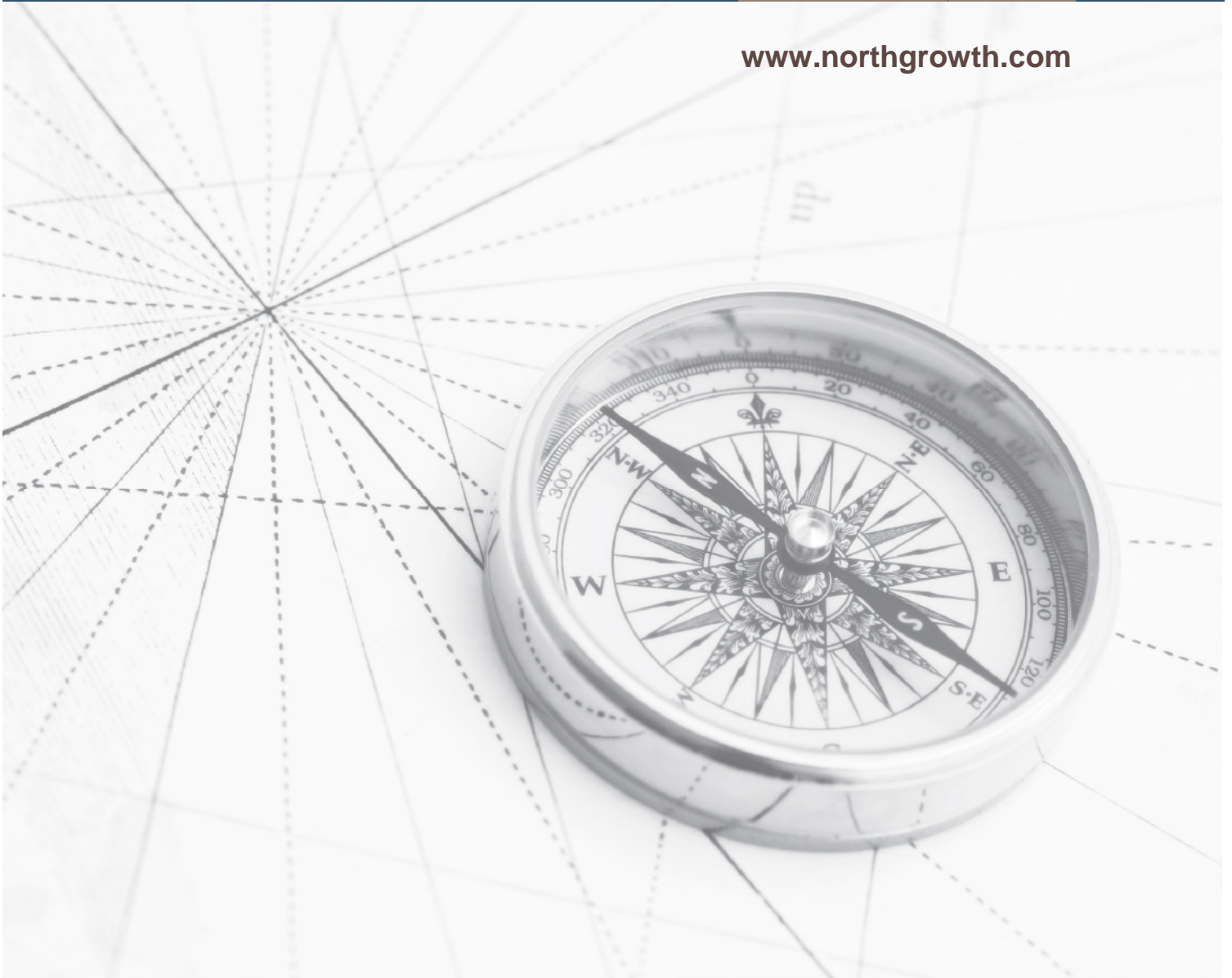
(signed) “*Rudy North*”  
Rudy North  
Chair and Director

(signed) “*Caroline North*”  
Caroline North  
Secretary and Director



**NORTH**  
GROWTH MANAGEMENT LTD.

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



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