

**North Growth
U.S. Equity Advisor Fund**

Interim Financial Statements

June 30, 2017

North Growth U.S. Equity Advisor Fund

June 30, 2017

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The next report on the funds will contain annual audited financial information as at December 31, 2017.

Management's Responsibility for Financial Reporting

June 28, 2017

The accompanying financial statements of the Fund (as defined in Note 1) have been prepared by North Growth Management Ltd. (the "Manager"). The Manager of the Fund is responsible for the information and representations contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Fund are described in Note 3 to the financial statements.

The Board of Directors of the Manager is responsible for reviewing and approving the financial statements after reviewing management's report of its financial reporting responsibilities.

A handwritten signature in black ink, appearing to read 'Rory North', with a long horizontal flourish extending to the right.

Rory North

CEO and Director
North Growth Management Ltd.

Notice to Unitholders

The Auditor of the Funds has not reviewed these financial statements.

North Growth Management Ltd., the Manager of the Funds, appoints an independent auditor to audit the Funds' annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Funds' interim financial statements, this must be disclosed in an accompanying notice.

North Growth U.S. Equity Advisor Fund
Statements of financial position

(Amounts in thousands of Canadian dollars, except per unit amounts)

	Note	June 30, 2017 (unaudited)	December 31, 2016 (audited)
Assets			
Cash		\$ 6,534	\$ 2,758
Subscriptions receivable		-	52
Dividends receivable		25	37
Investments		52,010	57,092
		58,569	59,939
Liabilities			
Accrued liabilities	12	-	48
Redemptions payable		82	-
		82	48
Net assets attributable to holders of redeemable units		\$ 58,487	\$ 59,891
Represented by:			
Net assets attributable to holders of redeemable units			
Series F		\$ 51,063	\$ 50,385
Series D		7,424	9,506
Net assets attributable to holders of redeemable units per unit			
Series F		\$ 31.34	\$ 29.39
Series D		31.37	29.46

APPROVED ON BEHALF OF THE MANAGER,
NORTH GROWTH MANAGEMENT LTD.



Rory North
CEO and Director

North Growth U.S. Equity Advisor Fund

Statements of comprehensive income

(Amounts in thousands of Canadian dollars except per unit amounts)

(unaudited)

	Note	Period ended June 30,	
		2017	2016
Revenue:			
Dividend income		\$ 477	\$ 490
Interest income		9	-
Foreign exchange loss on cash		(42)	(4)
Change in fair value of investments			
Net realized gain		7,445	3,657
Change in unrealized appreciation		(3,489)	(6,786)
Total revenue		4,400	(2,643)
Expenses:			
Management fees	8	276	245
Withholding taxes	4	73	73
Trailer fees	8	14	18
Transaction costs	11	24	14
Total operating expenses		387	350
Increase/(Decrease) in net assets attributable to holders of redeemable units, from operations		\$ 4,013	\$ (2,993)
Increase/(Decrease) in net assets attributable to holders of redeemable units, from operations			
Series F		\$ 3,318	\$ (2,484)
Series D		695	(509)
Increase/(Decrease) in net assets attributable to holders of redeemable units per unit, from operations			
Series F	13	\$ 1.98	\$ (1.48)
Series D	13	2.30	(1.52)

North Growth U.S. Equity Advisor Fund

Statements of changes in net assets attributable to holders of redeemable units

Period ended June 30,

(Amounts in thousands of Canadian dollars)

(unaudited)

2017

	Series F	Series D
Net assets attributable to holders of redeemable units at beginning of year	\$ 50,385	\$ 9,506
Increase in net assets attributable to holders of redeemable units, from operations	3,318	695
Redeemable unit transactions		
Proceeds from redeemable units issued	339	221
Inter-series transfer of redeemable units	243	(243)
Redemption of redeemable units	(3,222)	(2,755)
Net decrease from redeemable unit transactions	(2,640)	(2,777)
Net increase/(Decrease) in net assets attributable to holders of redeemable units	678	(2,082)
Net assets attributable to holders of redeemable units at end of year	\$ 51,063	\$ 7,424

2016

	Series F	Series D
Net assets attributable to holders of redeemable units at beginning of year	\$ 47,946	\$ 9,847
Decrease in net assets attributable to holders of redeemable units, from operations	(2,484)	(509)
Redeemable unit transactions		
Proceeds from redeemable units issued	2,406	307
Inter-series transfer of redeemable units	73	(73)
Redemption of redeemable units	(1,264)	(413)
Net increase/(decrease) from redeemable unit transactions	1,215	(179)
Net decrease in net assets attributable to holders of redeemable units	(1,269)	(688)
Net assets attributable to holders of redeemable units at end of year	\$ 46,677	\$ 9,159

North Growth U.S. Equity Advisor Fund

Statements of cash flows

(Amounts in thousands of Canadian dollars)

(unaudited)

	Period ended June 30,	
	2017	2016
Cash provided by (used in):		
Operating activities		
Increase in net assets attributable to holders of redeemable units, from operations	\$ 4,013	\$ (2,993)
Adjust for:		
Foreign exchange (loss) gain on cash	(42)	4
Net realized gain on sale of investments	(7,445)	(3,657)
Dividend income	(477)	(490)
Withholding taxes on dividend income	73	74
Change in unrealized appreciation of investments	3,489	6,786
Purchases of investments	(6,147)	(6,839)
Proceeds from sale of investments	15,184	6,496
Accrued liabilities	(48)	751
Receivables from investments sold	-	(790)
Dividends received	417	426
Net cash flow from operating activities	9,017	(232)
Financing activities		
Proceeds from issuances of redeemable units	612	2,688
Amounts paid on redemption of redeemable units	(5,895)	(1,692)
Net cash used in financing activities	(5,283)	996
Foreign exchange loss (gain) on cash	42	(4)
Net increase in cash	3,734	764
Cash at beginning of year	2,758	802
Cash at end of year	\$ 6,534	\$ 1,562

North Growth U.S. Equity Advisor Fund

Schedule of investment portfolio

June 30, 2017

(Amounts in thousands of Canadian dollars, number of shares expressed in thousands)

(unaudited)

Number of Shares	Foreign Common Shares	Cost	Carrying Value
103	Cisco Systems Inc.	\$ 2,231	\$ 4,189
21	Apple Inc.	882	3,964
59	Intel Corporation	1,324	2,576
47	Applied Materials Inc.	933	2,543
26	Microsoft Corporation	706	2,311
12	Zimmer Biomet Holdings Inc.	968	2,065
120	American Eagle Outfitters Inc.	2,239	1,869
7	Anthem Inc.	474	1,820
31	Johnson Controls International plc	1,825	1,725
48	Boston Scientific Corporation	1,435	1,723
27	Abbott Laboratories	1,411	1,716
6	FedEx Corp.	1,158	1,692
5	Mohawk Industries Inc.	1,102	1,578
7	Amgen Inc.	916	1,546
16	Gilead Sciences Inc.	836	1,506
17	Cerner Corporation	761	1,438
95	DSP Group Inc.	804	1,436
33	Pfizer Inc.	763	1,433
14	Texas Instruments Inc.	391	1,414
14	Citrix Systems Inc.	830	1,405
16	Itron Inc.	785	1,369
34	Herman Miller Inc.	854	1,323
10	Varian Medical Systems Inc.	557	1,279
9	Electronic Arts Inc.	145	1,214
175	Pier 1 Imports Inc.	1,227	1,181
21	First Solar Inc.	872	1,077
6	Celgene Corp	941	961
36	SolarEdge Technologies Inc.	947	929
13	Varex Imaging Corporation	436	591
26	HP Inc.	636	589
3	LogMeIn Inc	-	403
9	Ethan Allen Interiors Inc.	223	380
8	Finisar Corporation	311	283
2	Adient plc	143	192
12	Oclaro Inc.	153	146
2	Applied Optoelectronics Inc.	148	144
Total investments		\$ 30,367	\$ 52,010

North Growth U.S. Equity Advisor Fund

Notes to the financial statements

June 30, 2017

(In thousands of Canadian dollars, unless otherwise stated)

1. The Fund

The North Growth U.S. Equity Advisor Fund (the "Fund") is an open-ended mutual fund established under the laws of the Province of British Columbia and is governed by the Declaration of Trust dated May 7, 2009 (the Declaration of Trust), as amended from time to time. The address of the Fund's registered office is 830 – 505 Burrard Street, Vancouver, British Columbia. The Fund invests in equity securities of companies of the United State of America. The financial statements are presented in Canadian dollars ("CAD"), which is the Fund's functional currency. The financial statements were authorized for issue by North Growth Management Ltd. (the "Manager") on July 28, 2017.

For purposes of these financial statements, reference herein to "year" or "years" includes, where applicable, "period" or "periods".

2. Basis of Presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB").

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods in the financial statements.

(a) *Basis of Measurement*

The financial statements are based on the historical cost basis except for investments which are measured at fair value.

(b) *Financial instruments*

(i) Recognition and measurement:

Financial instruments are required to be classified into one of the following categories: held-for-trading, fair value through profit or loss ("FVTPL"), available-for-sale, loans and receivables, assets held-to-maturity, and other financial liabilities. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as held-for-trading or fair value through profit or loss in which case transaction costs are expensed as incurred.

North Growth U.S. Equity Advisor Fund

Notes to the financial statements

June 30, 2017

(In thousands of Canadian dollars, unless otherwise stated)

3. Significant Accounting Policies (continued)

Financial assets and financial liabilities held for trading or at fair value through profit or loss are recognized initially on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated. The Fund derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of net assets only when the Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Fund has not classified any of its financial instruments as available-for-sale or assets held to maturity.

(ii) Held-for-trading and fair value through profit and loss:

Financial instruments classified as held-for-trading or FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive income in the period in which they occur. The Fund's investments in securities are designated as FVTPL.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

(iii) Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of loans and receivables is at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate. The Fund classifies cash, receivable for investments sold, receivable from holders of redeemable units, accrued interest and dividends receivable as loans and receivables.

North Growth U.S. Equity Advisor Fund

Notes to the financial statements

June 30, 2017

(In thousands of Canadian dollars, unless otherwise stated)

3. Significant Accounting Policies (continued)

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(iv) Other financial liabilities:

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Fund's other financial liabilities are comprised of accrued liabilities and payable for investments purchased.

(c) *Accounting estimates*

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts in these financial statements. Actual results may differ from these estimates.

Information about significant areas of estimation uncertainty, and critical judgement in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is presented in Note 9.

(d) *Investment transactions, income, and transaction costs*

Interest income is recognized on an accrual basis using the effective interest method. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Investment transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined on the average cost basis of the respective investments.

Transaction costs, such as brokerage commissions included in the purchase and sale of securities by the Fund, incurred for financial instruments classified as FVTPL, are recognized in the Statement of comprehensive income in the period incurred. Transaction costs are incremental costs that are directly paid to agents, advisors, brokers, and dealers, levies by regulatory agencies and security exchanges, and transfer taxes and duties.

(e) *Translation of foreign currencies*

The Fund's subscriptions and redemptions are denominated in CAD, which is also its functional and presentation currency. Foreign currency assets and liabilities are translated into CAD at the rate of exchange prevailing on the period-end date except for the historical costs of investments which are translated at the rate of exchange prevailing on the date of purchase. The proceeds from sale of investments and investment income in foreign currencies are translated into CAD at the approximate rate of exchange prevailing on the dates of such transactions. Gains and losses from transactions in and

North Growth U.S. Equity Advisor Fund

Notes to the financial statements

June 30, 2017

(In thousands of Canadian dollars, unless otherwise stated)

the translation of foreign currencies are considered to be investment transactions and accordingly are included in the net gain or loss on investments.

3. Significant Accounting Policies (continued)

(f) *Redeemable units*

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The redeemable units, which are classified as financial liabilities at FVTPL and measured at redemption amount, provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Fund's valuation policies at each redemption date. Distributions to holders of redeemable units are recognized in the statement of comprehensive income when they are authorized and no longer at the discretion of the Manager.

The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units by the weighted average number of units outstanding during the period. Refer to Note 13 for the calculation.

(g) *Unrealized appreciation or depreciation of investments*

The unrealized appreciation or depreciation of investments represents the aggregate of the difference between their average cost and fair value at the end of the reporting date.

(h) *Per unit amounts*

The net asset value per unit is calculated based on the number of units outstanding at the end of the period.

Increase (decrease) in net assets per unit in the Statement of comprehensive income represent the increase (decrease) in the net assets from operations excluding distributions, divided by the average number of units outstanding during the period.

(i) *Standards not yet adopted*

The Fund has not yet applied new or revised IFRS pronouncements not yet issued:

A number of new standards, amendments to standards and interpretations are not yet effective for year ended June 30, 2017, and have not been applied in preparing these financial statements.

The Fund has not applied the following new and revised IFRS pronouncements that have been issued but are not yet effective:

North Growth U.S. Equity Advisor Fund

Notes to the financial statements

June 30, 2017

(In thousands of Canadian dollars, unless otherwise stated)

3. Significant Accounting Policies (continued)

IFRS 9, Financial Instruments, ("IFRS 9") will replace the guidance in IAS 39, Financial Instruments: Recognition and Measurements, and consists of three separate phases, which include classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. Accounting for macro hedging will be issued as a separate standard. In July 2014 the IASB decided that entities would be required to adopt IFRS 9 for annual periods beginning on or after January 1, 2018.

The Fund has not yet assessed the impact of these standards or determined whether it will early adopt these standards.

4. Taxation

The Fund is classified as a "Mutual Fund Trust" under the Income Tax Act (Canada). The Fund distributes to its unitholders all of its annual taxable income, including its taxable net realized capital gains, with the result that the Fund does not pay any income taxes. Accordingly, the Fund does not record any income taxes in its financial statements.

The Fund currently incurs withholding taxes imposed by the United States on dividend income at a rate of 15% as well as withholding taxes imposed by Ireland on dividend income at a rate of 15%. Such dividend income is recorded on a gross basis and the related withholding taxes are shown as a separate expense in the statement of comprehensive income.

5. Distribution to unitholders

The Fund makes annual distributions, typically in December, to unitholders of its taxable net investment income and the net realized capital gains on sale of investments. No distributions occur in years when there is no taxable net investment income or net realized capital gain on the sale of investments.

Distributed amounts are reinvested in additional units of the Fund unless a unitholder elects to receive his or her proportionate share of any distributions in cash.

6. Capital disclosures

The capital of the Fund is represented by issued and redeemable units with no par value. The units are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's net asset value per unit upon redemption. The Fund does not have any externally imposed capital requirements.

The relevant movements in capital are shown in the Statement of changes in net assets attributable to holders of redeemable units and Note 7. In accordance with its investment objectives and strategies, and the risk management practices outlined in Note 10, the Fund

North Growth U.S. Equity Advisor Fund

Notes to the financial statements

June 30, 2017

(In thousands of Canadian dollars, unless otherwise stated)

endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

7. Redeemable units

Unitholders' equity includes a fund's units outstanding, retained net investment income, net realized gains or losses on sale of investments, and the unrealized appreciation or depreciation of investments.

The Fund has two series of units, Series F and Series D, which are similar in all respects except that Series D units have a dealer compensation structure. Both series are only available to investors who purchase units from authorized third-party dealers. The number of units of each series that may be issued is unlimited. Subscriptions and redemptions may be transacted in either CAD or USD.

During the years ended June 30, 2017 and 2016, the number of units issued, redeemed and outstanding was as follows:

	Series F	Series D
Units outstanding at January 1, 2017	1,714,397.649	322,636.928
Redeemable units issued	11,002.833	7,110.616
Inter-series unit transfer	7,620.039	(7,607.850)
Redeemable units redeemed	(103,579.944)	(85,485.381)
Units outstanding at June 30, 2017	1,629,440.577	236,654.313
Units outstanding at January 1, 2016	1,655,016.617	339,542.006
Redeemable units issued	87,736.590	11,284.941
Inter-series unit transfer	2,669.625	(2,664.854)
Redeemable units redeemed	(46,403.195)	(15,136.814)
Units outstanding at June 30, 2016	1,699,019.637	333,025.279

8. Management fees and other expenses

The Manager provides research, accounting, sales, and management services and acts as investment advisor. Management fees are calculated daily and payable monthly at an annual rate of 0.90% of the net assets of each series of units of the Fund.

Trailer fees, a form of dealer compensation, apply only to Series D units and are calculated daily and payable monthly at an annual rate of 0.30% of the net asset value of the Series D units.

For the year ended June 30, 2017, out of its all-in management fee, the Manager has disbursed Independent Review Committee fees in the amount of \$8 (2016 – \$7).

North Growth U.S. Equity Advisor Fund

Notes to the financial statements

June 30, 2017

(In thousands of Canadian dollars, unless otherwise stated)

9. Financial instruments

The following tables present the carrying amounts of the Fund's financial assets by category as at June 30, 2017. All of the Fund's financial liabilities as at June 30, 2017 were carried at amortized cost.

Assets	Financial assets at FVTPL	Financial assets at amortized cost	Total
Investments	\$ 52,010	\$ -	\$ 52,010
Cash	-	6,534	6,534
Dividends receivable	-	25	25
Total	\$ 52,010	\$ 6,559	\$ 58,569

The following table presents the carrying amounts of the Fund's financial assets by category at December 31, 2016. All of the Fund's financial liabilities as at December 31, 2016 were carried at amortized cost.

Assets	Financial assets at FVTPL	Financial assets at amortized cost	Total
Investments	\$ 57,092	\$ -	\$ 57,092
Cash	-	2,758	2,758
Subscriptions receivable	-	52	52
Dividends receivable	-	37	37
Total	\$ 57,092	\$ 2,847	\$ 59,939

As the Fund does not have any financial assets classified as Held for Trading, the change in fair value of investments recorded in the Statements of comprehensive income are attributable to financial instruments designated at FVTPL for the years ended June 30, 2017 and December 31, 2016.

North Growth U.S. Equity Advisor Fund

Notes to the financial statements

June 30, 2017

(In thousands of Canadian dollars, unless otherwise stated)

9. Financial instruments (continued)

Fair Value Measurement

The Fund classifies fair value measurement within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

- Level 1** Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3** Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

As at June 30, 2017	Level 1	Level 2	Level 3	Total
Equities	\$ 52,010	-	-	\$ 52,010

As at December 31, 2016	Level 1	Level 2	Level 3	Total
Equities	\$ 57,092	-	-	\$ 57,092

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at the redemption amount and are classified as Level 2 in the fair value hierarchy.

All fair value measurements above are recurring. Fair values are classified as Level 1 when the related security is actively traded and quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. The Fund only invests in Level 1 equities, upon analysis at June 30, 2017, there was no requirement to reclassify any of the securities.

North Growth U.S. Equity Advisor Fund

Notes to the financial statements

June 30, 2017

(In thousands of Canadian dollars, unless otherwise stated)

10. Financial risk management

Investment Strategy

The Fund aims to achieve long-term capital growth by investing primarily in equity securities of United States issuers. All equity securities are subject to normal market fluctuations and present a risk of loss of capital. The Manager manages this risk through a careful selection of securities. Securities are selected for key fundamental characteristics such as price earnings ratio, earnings growth and revenue growth. The goal is to identify securities of quality companies with financial strength and strong earnings growth that can be purchased at a reasonable price. The portfolio is monitored on a daily basis.

Financial Risk Management

The Fund may be exposed to a variety of financial risks that are concentrated in its investment holdings. These financial risks include market risk (including interest rate risk, currency risk and price risk), liquidity risk, credit risk, and concentration risk. The Fund's overall risk management philosophy seeks to minimize the potential adverse effects of these risks on the Fund's financial performance. The maximum risk resulting from investing in financial instruments is the fair value of the financial instruments.

The Fund's risk management practice includes the monitoring of compliance to investment guidelines. The Manager manages the potential effects of these financial risks on the Fund's performance by employing and overseeing professional and experienced portfolio managers that regularly monitor the Fund's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Interest Rate Risk

Interest rate risk represents the potential loss resulting from fluctuations in interest rates and has the greatest impact on longer term debt instruments. The Fund does not have any direct exposure to this risk factor with no cash balances invested in overnight deposits or short-term treasury notes.

Currency Risk

The Fund invests primarily in securities denominated in U.S. dollars and their value, expressed in Canadian dollars, is affected by changes in the rate of exchange between the Canadian and U.S. dollars. When the value of the Canadian dollar falls in relation to the U.S. dollar, then the value of the U.S. investments rises. When the value of the Canadian dollar rises, the value of the U.S. investments falls. Currency risk represents the potential loss that the Fund could incur from fluctuations in the Canadian dollar versus the U.S. dollar exchange rate. The Fund does not attempt to manage this risk.

North Growth U.S. Equity Advisor Fund

Notes to the financial statements

June 30, 2017

(In thousands of Canadian dollars, unless otherwise stated)

10. Financial risk management (continued)

The table below indicates the foreign currency to which the Fund had significant exposure at June 30, 2017, December 31, 2016, in CAD terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to the foreign currency with all other variables being held constant.

	Exposure			Impact of 10% change in Canadian Dollar on net assets attributable to holders of redeemable units		
	Investments	Cash	Total	Investments	Cash	Total
U.S. Dollar – June 30, 2017	\$ 52,010	\$ 6,534	\$ 58,569	\$ 5,201	\$ 653	\$ 5,857
% of net assets attributable to holders of redeemable units	88.93	11.17	100.10	8.89	1.12	10.01
U.S. Dollar – December 31, 2016	\$ 57,092	\$ 2,703	\$ 59,795	\$ 5,709	\$ 270	\$ 5,980
% of net assets attributable to holders of redeemable units	95.33	4.51	99.84	9.53	0.45	9.98

Price Risk

The Fund is exposed to price risk, which is the risk that the fair value of equity securities will be affected by changes in general market conditions. Changes in market conditions are influenced by corporate developments, changes in interest rates, changes in the level of inflation, and other political and economic developments. Equity securities in certain companies or companies within a certain industry may fluctuate differently because of changes in outlook for those individual companies or the particular industry. The share price of companies with smaller market capitalization is usually more volatile than that of more established companies with larger market capitalization.

Smaller companies may be developing new products that have not yet been tested in the marketplace or their products may quickly become obsolete. They may also have limited resources, including limited access to funds or unproven management. Smaller companies may trade less frequently and in smaller volume than shares of large companies. They may have few shares outstanding so a sale or purchase of shares may have a greater impact on the share price. The value of shares in small capitalization companies may rise and fall dramatically.

The overall market exposures were as follows:

Period	Fair Value (\$)	Net Assets (%)
Investments at June 30, 2017	52,010	88.93
Investments at December 31, 2016	57,092	95.33

North Growth U.S. Equity Advisor Fund

Notes to the financial statements

June 30, 2017

(In thousands of Canadian dollars, unless otherwise stated)

10. Financial risk management (continued)

Management does not believe that there is a good way of predicting potential future relationships between the Fund's net assets and any given indices. Calculation of market risk is consistent with the industry norm of using a Beta calculation which is calculated based on observed historical changes in value in relationship to a given index. Management calculated the 3 year Beta of the Fund in relation to the S&P 500 Composite Index at 1.06 (December 31, 2016 – 1.07). Based on this number and, assuming all other variables are held constant, portfolio theory implies that a 10% move in the Index would have the following impact on net assets:

Period	Benchmark	Change in Benchmark (%)	Impact on Net Assets (\$)
June 30, 2017	S&P 500	+/- 10.00	+/- 6,200
December 31, 2016	S&P 500	+/- 10.00	+/- 6,408

The benchmark selected represents a general view of the Fund's investable universe. The S&P 500 Composite Index tracks the common share price of 500 leading United States companies. The Fund is not managed to mimic this benchmark.

Liquidity Risk

Liquidity risk represents the potential loss stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. The value of securities is subject to greater fluctuation if they are not traded regularly. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

There can be no assurance that an active trading market for the investments will exist at all times, or that the prices at which the securities trade accurately reflect their values. Thin trading in a security could make it difficult to liquidate holdings quickly.

The Fund has no restrictions with regards to the market capitalization of its investments. If the Fund becomes more highly concentrated in stocks of companies with smaller market capitalization, liquidity risk will increase.

North Growth U.S. Equity Advisor Fund

Notes to the financial statements

June 30, 2017

(In thousands of Canadian dollars, unless otherwise stated)

10. Financial risk management (continued)

The tables below analyze the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

June 30, 2017

Financial liabilities	On demand	< 3 months	Total
Accrued liabilities	\$ -	\$ -	\$ -

December 31, 2016

Financial liabilities	On demand	< 3 months	Total
Accrued liabilities	\$ -	\$ 48	\$ 48

Credit Risk

Credit risk represents the potential loss that the Fund would incur if the counterparties failed to perform in accordance with the terms of their obligations to the Fund.

Payments to brokers for securities purchased are only made upon delivery of the securities to the Fund. Delivery to brokers for securities sold is only made once the Fund has received payment from the broker. Therefore the risk of default is considered minimal.

Credit risk is generally associated with derivative contracts and debt securities, such as bonds. The Fund does not invest in any derivatives or debt securities.

Concentration Risk

Concentration risk arises as a result of the concentration of exposure within the same category, whether it is geographic location, product type, or industry sector. The following is a summary of the Fund's concentration risk:

Market Segment	June 30, 2017	December 31, 2016
Capital Goods	5.62%	8.08%
Consumer Cyclical	3.20%	4.07%
Consumer Durables	5.61%	7.45%
Energy	3.43%	1.82%
Healthcare	25.02%	21.74%
Retail	2.02%	2.49%
Technology	41.12%	47.04%
Transportation	2.89%	2.63%
Other Net Assets	11.09%	4.68%

North Growth U.S. Equity Advisor Fund

Notes to the financial statements

June 30, 2017

(In thousands of Canadian dollars, unless otherwise stated)

10. Financial risk management (continued)

Capital Risk Management

Units issued and outstanding are considered to be capital of the Fund. The Fund does not have any special capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements. Unitholders are entitled to require payment of the net asset value per unit of the Fund for all or any of the units of such unitholder by giving written notice to the Manager. The written notice must be received no later than 3:00 p.m., EST (12:00 p.m. Pacific), on the valuation day upon which the units are to be redeemed. Additionally, the notice must be irrevocable. The units are redeemed for cash equal to a pro rata share of the Fund's NAV.

11. Portfolio Transactions

Information as to portfolio transactions is available to unitholders without charge, on request to the Manager.

Commissions paid to investment dealers and brokers during the year ended June 30, 2017 amounted to \$24 (2016 - \$27).

12. Related Party Transactions

As at June 30, 2017, the Manager, and other entities under common control, own 69.90% (December 31, 2016 – 57.48%) of the units of the Fund.

Management fees paid to the Manager during the six month period ended June 30, 2017 amounted to \$276 (2016 – \$245).

There are no balances owing to the Manager included in accounts payable and accrued liabilities at June 30, 2017 (December 31, 2016 – \$46).

North Growth U.S. Equity Advisor Fund

Notes to the financial statements

June 30, 2017

(In thousands of Canadian dollars, unless otherwise stated)

13. Increase in net assets attributable to holders of redeemable units per unit

The increase in net assets attributable to holders of redeemable units per unit for the period ended June 30, 2017 and the decrease for the period ended June 30, 2016 are calculated as follows:

2017	F	D
Increase in net assets attributable to holders of redeemable units, from operations	\$ 3,318	\$ 695
Weighted average units outstanding during the year	1,676	303
Increase in net assets attributable to holders of redeemable units per unit, from operations	\$ 1.98	\$ 2.30

2016	F	D
Decrease in net assets attributable to holders of redeemable units, from operations	\$ (2,484)	\$ (509)
Weighted average units outstanding during the year	1,683	335
Decrease in net assets attributable to holders of redeemable units per unit, from operations	\$ (1.48)	\$ (1.52)