

The S&P TSX Composite Index rose 3.3% for the month of June, led by energy and financials. The North Growth Canadian Equity Fund did not participate in this rally, and was basically flat with a 0.2% decline for the month. Given the sectors that lead the rally and the fact that the Fund does not hold any financial shares and has been reducing its exposure to the energy sector, it is not surprising that the Fund underperformed the Index. While we are disappointed with the recent performance from the Fund, we believe the portfolio is well positioned and should deliver strong results going forward. Year-to-date, the Fund is up 0.4% versus 8.1% for the Index.

The spring time drama in Ottawa is over. The Liberal budget has, for all intents and purposes, passed. It is expected that the final budget vote in the Senate will occur during the third week of July. With the passage of this budget the foreign content limits for RRSPs and RRIFs will be history. It is our opinion that Canadian investors should take this opportunity to increase their exposure to US Equities. The North Growth Canadian Equity Fund no longer owns any of the North Growth US Equity Fund. We recommend that RRSP clients contact us to determine if it is appropriate to increase their exposure to our US Fund. Clients who established their RRSP with a 70% Canadian and 30% US mix logically should consider moving to a 50/50 mix to compensate for the fact that the Canadian Fund no longer owns any of the US Fund.

We have built the Canadian Fund using our traditional stock by stock “growth at a reasonable price” selection process. The resulting portfolio is quite unique in the Canadian market, where many if not most portfolios are characterized by close to 50% exposure the financial sector versus our 0% exposure. As we continue to move below the 20% market exposure to energy, the Fund’s differentiation continues to grow. As a result, the diversification benefit of adding the North Growth Canadian Equity Fund to your overall investment mix is also increasing.

Yours truly,



Rory North

**SHORT TERM RATES OF RETURN FOR PERIODS ENDING JUNE 30, 2005**

	1 Month	3 Months	6 Months	YTD
<b>North Growth Canadian Equity Fund</b>	<b>-0.17%</b>	<b>0.66%</b>	<b>0.35%</b>	<b>0.35%</b>
S&P / TSX \$CDN	3.33%	3.58%	8.10%	8.10%
<b>North Growth US Equity Fund \$CDN</b>	<b>-3.50%</b>	<b>2.67%</b>	<b>6.64%</b>	<b>6.64%</b>
S&P 500 \$CDN	-2.24%	2.69%	1.12%	1.12%

**ANNUALIZED RATES OF RETURN FOR PERIODS ENDING JUNE 30, 2005**

	1 Year	2 Years	3 Years	4 Years	Since Inception
<b>North Growth Canadian Equity Fund</b>	<b>0.29%</b>	<b>11.00%</b>	<b>3.30%</b>	<b>4.24%</b>	<b>6.22%</b>
S&P / TSX \$CDN	18.04%	21.22%	13.58%	8.30%	-0.89%
<b>North Growth US Equity Fund \$CDN</b>	<b>5.81%</b>	<b>15.37%</b>	<b>16.06%</b>	<b>9.77%</b>	<b>16.77%</b>
S&P 500 \$CDN	-2.32%	7.32%	0.86%	-4.19%	10.72%

*North Growth Management Ltd. took over the Canadian Equity Fund's management contract on May 1, 2003.*

*The inception of the Canadian Equity Fund: September 1, 2000.*

*The inception of the US Equity Fund: October 13, 1992.*

**NAVPS: June 30, 2005      \$ 12.94 CDN**

**Total Assets in Fund      \$ 21.6 Million CDN**

**North Growth Canadian Money Market Fund**  
**Net Current Yield**  
**2.25%**