

US equities fell sharply on the first day of September only to rise steadily for the rest of the month to post strong monthly gains ranging from 3.7% for the S&P 500 to 5.7% for the NASDAQ Composite. From a Canadian perspective the strong Canadian dollar offset these solid US dollar equity returns by approximately 2.5%. During September, the North Growth US Equity Fund outperformed all of the indices we follow with a monthly gain of 6.5% in US dollars or 4.1% when expressed in Canadian dollars. For the year to September 30th period, the Fund is now up 39.6% in US dollars and 22.7% in Canadian dollars, which puts it approximately 20% ahead of the S&P 500 and 4% ahead of the NASDAQ Composite.

While we always emphasize long term performance it is essential for us to deliver periods of strong short term outperformance in order for us to maintain our top decile longer term results. As of September 30th, our 10-year record covers my first 10 years as the lead portfolio manager of the North Growth Management investment team. During this period, in US dollars, the Fund gained 11.3% per annum versus -0.2% for the S&P 500 and -2.0% NASDAQ Composite. The corresponding Canadian dollar returns are 7.9% for the Fund, -3.3% for the S&P 500 and -5.0% for the NASDAQ Composite. From these numbers it should be evident that we have made major changes in our portfolio over the years and that our current heavy weighting in large capitalization technology stocks is not the only driver of our longer term results.

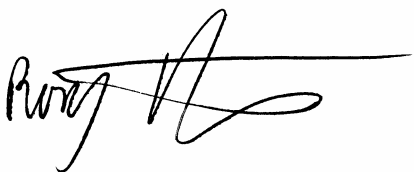
Many commentators are questioning what is behind the recent strength in US equities. From our perspective the primary driver is a change in expectations. In the first few months of the year, equity markets were dominated by fear that the global economy was plunging into a depression and stocks were being valued accordingly. Throughout the spring and summer, as it became increasingly clear that the unprecedented global monetary and fiscal interventions were stabilizing the global macro economy, this fear has been gradually eroded and expectations for the future earnings of corporations have been adjusted upward to begin to reflect a more normalized environment.

From its March 9th lows to September 30th the S&P 500 is up approximately 58%. Too far, too fast? Not when you compare it to a First Call earnings revisions index tracked by ISI Group which is up approximately 62% over the same period. When we look at individual equities this pattern of positive revisions to earnings expectations is clearly evident, but so far the magnitude of revisions has generally been very modest. So far, it seems the fear of further deterioration has been removed but any optimism for future growth is still largely absent. We are in the optimistic camp and believe that the current expectations for future earnings growth are too low. We expect that the next leg of this bull market will be fuelled by solid corporate earnings growth in a more normalized macroeconomic environment.

We believe our portfolio is well-positioned for an economic recovery. The following quote from Paul Otellini, Intel's president and CEO, in Intel's latest quarterly earnings report reinforces our views: "Intel's strong third-quarter results underscore that computing is essential to people's lives, proving the importance of technology innovation in leading an economic recovery...".

For years we have not been in a position to accommodate requests from potential investors to offer our US Equity Fund with a lower minimum investment threshold. Now that we have completed the first stage of a 3-year development project for our back office system, we are ready to work with the investment advisor community to bring our US Equity expertise to the broader Canadian public. We are currently working to finalize a prospectus on our new North Growth US Equity Advisor Fund. Once we have filed a final prospectus, this new fund will be available only through registered dealers with a \$5,000 minimum investment.

Yours truly,

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

Rory North, CFA
COO & Lead Portfolio Manager

NORTH GROWTH US EQUITY FUND

Short Term Rates of Return (%) for Periods Ending September 30, 2009

	1 Month	3 Months	6 Months	YTD
NGM US Equity Fund \$CDN	4.13	9.62	21.61	22.72
S&P 500 \$CDN	1.43	6.43	13.77	4.84
NGM US Equity Fund \$US	6.50	19.07	43.26	39.60
S&P 500 \$US	3.73	15.61	34.02	19.26
S&P 400 MidCap \$US	5.72	19.98	42.47	30.14
S&P 600 SmallCap \$US	5.15	18.66	43.65	19.46
NASDAQ Composite \$US	5.69	15.90	39.47	35.59

NORTH GROWTH US EQUITY FUND

Annualized Rates of Return (%) for Periods Ending September 30, 2009

	1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception
NGM US Equity Fund \$CDN	7.41	-4.47	1.21	7.88	11.13	11.64
S&P 500 \$CDN	-6.34	-6.78	-2.25	-3.25	6.01	6.89
NGM US Equity Fund \$US	6.76	-3.09	4.58	11.34	12.82	12.63
S&P 500 \$US	-6.91	-5.43	1.02	-0.15	7.62	7.83
S&P 400 MidCap \$US	-3.11	-1.39	4.53	7.48	11.06	11.31
S&P 600 SmallCap \$US	-10.61	-3.98	2.83	7.07	9.26	10.11
NASDAQ Composite \$US	2.54	-1.18	3.12	-1.96	7.04*	7.98*

Source: Bloomberg "Total Return Analysis" as of October 1, 2009.

*These returns are a simple price appreciation because total return data is not available on Bloomberg.

The inception of the Fund: October 13, 1992.

NAVPS: Sep. 30, 2009 \$20.58 CDN
\$19.22 US

Total Assets in Fund \$204.6 Million CDN

NORTH GROWTH CANADIAN EQUITY FUND

Short Term Rates of Return (%) for Periods Ending September 30, 2009

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	6.62	15.93	42.80	37.71
S&P / TSX \$CDN	5.14	10.61	32.70	30.04

NORTH GROWTH CANADIAN EQUITY FUND

Annualized Rates of Return (%) for Periods Ending September 30, 2009

	1 Year	3 Years	5 Years	*Since Takeover	**Since Inception
NGM Canadian Equity Fund	5.06	-10.33	-4.31	-0.44	0.03
S&P / TSX \$CDN	0.51	1.85	8.34	11.54	2.34

*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.

NAVPS: Sep. 30, 2009 \$ 8.26 CDN

Total Assets in Fund \$ 15.1 Million CDN

NORTH GROWTH CANADIAN MONEY MARKET FUND

Annualized Rates of Returns (%) for Periods Ending September 30, 2009

	*CURRENT YIELD	1 Year	3 Years	5 Years
NGM CDN Money Market Fund	0.07	0.87	2.86	2.87
30 Day T-Bill	N/A	0.87	2.72	2.85

** The Current Yield for the Money Market Fund is the average of the annualized daily yield for the most recent seven day period. This measure is no longer available for the 30 day T-Bill Index.*

The North Growth Canadian Money Market Fund is consistently one of the highest yielding money market funds in Canada – not because we waste any time searching for basis points along the yield curve but because at **0.25%** the Fund's management fee is one of the **lowest in Canada**. We manage the Fund simply by creating a well-diversified portfolio of very short term, top credit quality notes and believe the product is a good proxy for the risk free rate*. We maintain the average maturity of the Fund at near 15 days, meaning that we essentially roll over the entire portfolio every 30 days. As a result, the Fund's current yield will rapidly follow any changes (up or down) in the Bank of Canada's overnight rate.

The accountant's fees for the annual audit are greater than the annual management fees, so North Growth Management takes a small loss on the product. We don't mind because we offer the product as a service to our clients. We also believe an inflation protected liquidity product, such as our money market fund is an underutilized asset class that could improve the overall financial planning of many of our clients. This may seem strange coming from a firm notorious for its opinion that bonds are essentially an inferior asset class that offer inadequate returns for their inherent risk, but we can lay out a strong theoretical argument that you can create a superior portfolio using equities and money market than you can using equities and mid to long term bonds.

For retirees living off their financial assets, we believe that using a client's own personal cash requirements and risk tolerance to determine their appropriate mix of money market and equities, can, in most instances, create a superior portfolio to the all too pervasive industry staple 60/40 equity/bond split. For clients seeking a truly personalized retirement plan we encourage you to make an appointment to come in and get a fresh look at your plan from the North Growth Management investment professionals.

*The risk free rate is the theoretical rate of return of an investment with zero risk. The North Growth Canadian Money Market is not a risk free investment and is not covered by the CDIC (Canadian Deposit Insurance Corporation).

INVESTING WITH NORTH GROWTH MANAGEMENT:

North Growth Management is a focused firm. We are Canada's U.S. Equity Specialist. Our objective is consistent, superior, long term returns on our equity funds based on our "growth at a reasonable price" investment philosophy.

CONDUCTING TRANSACTIONS:

The cut-off time for same-day transactions is 4 p.m. Eastern time or 1 p.m. Pacific time. Orders received after that time will be processed on the next business day. Cheques must be made payable to **RBC Dexia Investor Services Trust**. For security reasons, instructions can only be accepted by mail or by fax to:

North Growth Management Ltd.
Suite 830, One Bentall Centre
505 Burrard Street, Box 56
Vancouver, BC V7X 1M4

Fax: 604-688-5402

WHERE TO FIND NGM FUND PRICES

Please visit www.northgrowth.com to view the Fund's daily prices or to be added to our e-mail list to receive daily notification of the Fund's prices. Alternatively, the Globe & Mail reports prices on www.globefund.com.