



NOVEMBER MONTHLY REPORT

December 2, 2004

Following a strong October, the North Growth US Equity Fund again outperformed the broad market indices in November. In US dollars, the Fund gained 6.77% for the month versus 4.05% for the S&P 500 Index. Year-to-date, the Fund's return of 8.35% is now ahead of the S&P 500 by 1.12%. In Canadian dollars, the Fund is down -0.89% year-to-date, better than the S&P's -1.91% return over the same period.

We are very gratified by the near-term performance of the Fund, but more importantly, it is the Fund's long-term record on which investors should focus and which we continue to shine. We have constantly stressed that equity investors should maintain an investment horizon of at least five years. Over the past five years, to November 30, 2004, the average annual return for the North Growth US Equity Fund in US dollars was 20.44% compared to -1.83% for the S&P 500. In other words, a US\$100,000 investment in the Fund would have grown to \$253,428 over the five-year period while the same investment in the S&P 500 would have declined to \$91,179.

Over the past year, there has been much concern over the sustainability of the economic cycle. In addition, the recent noise in the media surrounding the US currency, high oil prices, the outcome of the US elections, and ongoing worries over the war on terror has even caused many investors to question the superiority of US equities as an investment class going forward. For our detailed thoughts on these specific current events, please refer to last month's report (October, 2004).

We remain constructive on the outlook for the US equity markets. We have just completed another solid reporting quarter in which the average company in the S&P 500 grew its earnings nearly 17% above the prior year. The strength of such corporate earnings and decent prospects for their continued growth, coupled with reasonable equity valuations, are the principal reasons for our favourable outlook for the markets.

Rudy reminds us that over the last eight decades, with the exception of the 1930s, equities consistently have been the best asset class available to long-term investors interested in maximum growth of capital. In fact, for the entire period from the mid-'20s to December 31st, 2003, equities have outperformed long-term fixed income securities by approximately two to one. This is true despite the US equity markets having endured a severe economic depression, World War II, major inflation in the 1970s and many other adverse world events. Over the long run, the markets are influenced mainly by fundamentals—individual corporate earnings and stock price valuations. We believe the current market fundamentals are excellent and create a good environment for stock selection following our “growth at a reasonable price” investment philosophy.



The Fund will pay out its annual distribution on December 15th. This year, we expect to distribute a very small amount of realized capital gains, if any at all. Presently, the distribution amount would be about 20 cents of capital gains per unit, or roughly 1% of the unit value of the Fund. We should have a more accurate estimate of the distribution in the next week.

We are pleased to announce that effective immediately, we have lowered the minimum initial investment for the North Growth US Equity Fund to \$100,000 for BC residents and investors in other provinces subject to the availability of provincial securities laws. We hope that by making the Fund available to a broader investor base, we will be able to achieve good long-term results for more individuals who previously were not able to use the Fund in their investment portfolio. Minimum subsequent purchases for existing unitholders remain at \$10,000.

We want to remind our clients that we are open to discussing any issues that may arise regarding their investment program or the markets in general. Ongoing client communication is important to North Growth Management and your calls are always welcome!

Yours truly,

Erica Lau

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 lists the Funds under the following headings: **Mutual Fund** - NGM US Equity Fund; **Pooled Fund** - NGM Cdn. Equity Fund; **Money Market Fund** - NGM Cdn. Money Market Fund.

