North Growth US Equity Fund

July Monthly Report

August 6, 2003

The North Growth US Equity Fund performed well in July, with a gain of 3.29% in US dollars, beating the S&P 500's monthly return of 1.76% by 1.53%. We are extremely pleased with the Fund's strong performance over both the short- and long-term investment horizons. Over the past 12 months, to July 31, 2003, the Fund returned 40.12% in US dollars versus 10.64% for the S&P 500. Over the past 5 years, to July 31, 2003, the average annual return for the Fund in US dollars was 15.15% compared to -1.05% for the S&P 500. In other words, over the latest 5-year period, a US$100,000 investment in the Fund would have growth to $202,450, but the same investment in the S&P 500 Index would have declined to $94,694.

The Fund's 40.12% growth expressed in US dollars is an exceptional result. The reactions of July 2002, October 2002 and March 2003 marked the low points of the bear market. We reduced the Fund's cash reserve to less than 3% by the end of October 2002 based on the availability of stocks that rated as excellent investment opportunities pursuant to our "growth at a reasonable price" investment philosophy. This is quite different from the type of market timing that tries to predict the turning points in the overall direction of the market.

Our monthly reports over the past year were entirely appropriate for the period of transition from bear market to new bull market. We pointed out that we did not know when the bear market would end but based on the availability of attractive investment opportunities, there was no reason why a new bull market couldn't start at any time. We invested cash eagerly on market weakness and urged clients to take advantage of the low market levels to purchase the Fund. We pointed out how typical excessive pessimism was towards the bottom of a bear market and even in the early stages of a new bull market. As it turns out, the Fund's relative performance based on stock selection was favourable during both falling and rising markets.

The past year has been a time of great anxiety for investors. In hindsight, the final reaction during such a period is accompanied by a climax in negative market sentiment as measured by such factors as mutual fund redemptions. We believe that just such a "final reaction" happened in the sell-off that ended March 11, 2003, and that the rally from that date onward will ultimately be labeled as confirmation that a new bull market is firmly established.

The strength of 2nd quarter earnings certainly is consistent with a bull market. Since last October, when the market was at its lowest, there has been a consistent and continuing perception amongst bearish investors that the rate of economic growth was too slow to be sustained. Investors often feel this to be the case at the beginning of a bull market. While economic growth has been slow we pointed out month after month that there were many positive forces developing that pointed to a continuation of economic growth and there was nothing unusual or wrong with an economic recovery starting slowly.

It is now time to examine the economic background in greater detail. Waiting for strong economic signs to call the beginning of a new bull market is not helpful to successful investing since the stock market typically leads the economy. However, once the bull market in equities is established, the potential gain is largely dependent on the performance of the economy. Despite the fact that the financial press and economic commentators are still showing a decided negative bias in interpreting economic developments, we believe that there is currently evidence of almost unprecedented economic stimulus to the US economy and the global economy.

The most important economic factor affecting future growth is money supply. The Federal Reserve Board in the US has made it crystal clear that it will do whatever is necessary to assure that the current economic recovery not only continues but gains momentum. It is still possible that there will be a further rate cut or two, but beyond that the Fed can increase money supply by open market purchase of treasuries and other "unconventional" means. Moreover, monetary policy is extremely bullish worldwide with everybody including Japan pulling in the right direction. We could go into further detail but will end by stating that it just doesn't get any better. Ultimately, stimulative monetary policy always produces growth.

Tax cuts and higher government spending has created a stimulative US fiscal policy for the foreseeable future.

The weaker US dollar makes US exports more competitive.

The US economy is experiencing unprecedented productivity gains for this stage of the business cycle. This is contributing to the slow rate of employment growth in the US but is also producing unexpectedly strong earnings gains during a period where demand has remained sluggish.

Inventory rebuilding is the consistent major factor of every economic recovery — a factor that has yet to develop this cycle.

Profits for some companies are set to explode on the upside as sales pick up. Higher productivity means that the economic expansion is producing relatively few new jobs. Rather than the normal sequence where the rate of growth in employment income stimulates the recovery, higher corporate earnings may well be the factor that drives the economy in this recovery. Companies will either invest or pay higher dividends in the face of higher earnings.

As mentioned earlier, monetary policy is extremely stimulative worldwide. Prior to the SARS epidemic, economic measures indicated that the global economy was likely to be led by the Pacific Rim countries. China has emerged as the engine of growth for the area. Over the short-term, the SARS epidemic severely set back the Chinese economy and dampened the growth of the area. Now that SARS is quickly fading into the background, China is set to lead a resurgence of growth in the Pacific Rim.

The exact sequence of the recovery is unpredictable. There are currently many sectors of the economy that could start the process. What is predictable is that once started growth reinforces more growth.

It is time to stop repeating the “end of a bear market” theme of the past 12 months. The market is in a new bull market. It may be up 29.3% from its absolute lows of October 2002 and up 23.3% since the March 11 lows, but this type of bounce from the bottom of a bear market is typical during the first year of a bull market. Anyone who has been looking for confirmation of a new bull market should realize that, as sure as one can ever be about the stock market, they have seen their confirmation.

While the North Growth US Equity Fund has done extremely well during the transition from bear market to bull market, it is during the first few years of a bull market that our “growth at a reasonable price” investment philosophy has historically produced its best absolute rates of growth. We expect the rate of growth of the economy to accelerate over the next 12 months and continue strongly during the foreseeable future. Many companies appear to be in a position to experience exceptional operating leverage during the recovery.

Once into an established bull market, short-term corrections tend to abort after a 5% correction, while corrections of 10% or more are rare and definitely not worth waiting for. It is the time to be fully invested and concentrate on stock selection.

This is exactly what we are doing with the Fund. Second quarter results of the Fund’s holdings have been up to or ahead of our optimistic expectations. This is the time for investors to make sure their equity holdings are at the maximum levels that they can ever anticipate wanting to hold. Note: this is the level that you wished you had after the market has been strong for several years, the news is all positive and the good times look as if they will never stop.

Yours truly,

Rudy North

Rudy North

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.

PERFORMANCE COMPARISONS: SHORT-TERM

	Year to July 31, 03	*Six months to July 31, 03*	*Three months to July 31, 03*	*Month of July 03*
North Growth US Equity Fund $CDN	**12.01%**	**17.35%**	**15.25%**	**7.68%**
North Growth US Equity Fund $US	**25.79%**	**27.10%**	**17.59%**	**3.29%**
S&P 500 $US	13.73%	16.79%	8.49%	1.76%
S&P 400 MidCap $US	16.40%	19.90%	13.56%	3.55%
Russell 2000 $US	25.27%	28.82%	19.79%	6.25%
NASDAQ Composite $US	30.27%	31.69%	18.60%	6.94%

PERFORMANCE COMPARISONS: LONG-TERM

	1 Year	*3 Years*	*5 Years*	*10 Years*
North Growth US Equity Fund $CDN	**24.35%**	**12.85%**	**13.47%**	**17.19%**
North Growth US Equity Fund $US	**40.12%**	**15.01%**	**15.15%**	**16.16%**
S&P 500 $US	10.64%	-10.20%	-1.05%	10.26%
S&P 400 MidCap $US	13.82%	1.63%	8.74%	13.05%
Russell 2000 $US*	23.11%	-0.19%	4.03%	7.24%
NASDAQ Composite $US*	31.25%	-22.49%	-1.18%	9.42%

Source: Bloomberg "Total Return Analysis" as of August 1, 2003
** The ten year average for these indices is a Simple Price Appreciation because total return data is not available on Bloomberg.*

RETURN SINCE INCEPTION (ANNUALIZED), OCT. 13, 1992 - JULY 31, 2003 **17.70%**

NAVPS: JULY 31/03	**$ 20.92**	**CDN**
	$ 14.89	**US**
TOTAL ASSETS IN FUND	**$ 164.20**	**MILLION CDN**

CANADIAN MONEY MARKET FUND
NET CURRENT YIELD AS OF JULY 31, 2003
2.89%