

# AUGUST MONTHLY REPORT

*September 2, 2003*

The North Growth US Equity Fund performed exceptionally well in August, beating all the indices that we normally track. The Fund's monthly return of 5.72% in US dollars was almost three times the S&P 500's gain of 1.95% and over 1% above the stronger returns of the S&P 400 Midcap, Russell 2000, and NASDAQ Composite for the month. Over the past 12 months, to August 31, 2003, the Fund grew 42.10% in US dollars versus 12.09% for the S&P 500 Index.

While we remain encouraged by the Fund's strong results over the near-term, we continue to stress that equity investors focus on a long-term investment horizon of at least 5 years. Over the past 5 years, to August 31, 2003, the average annual return for the Fund in US dollars was 21.40% compared to 2.48% for the S&P 500. In other words, US\$100,000 invested in the Fund over the past 5 years would have grown to US\$263,658 while the same investment in the S&P 500 would be worth only US\$112,836.

The current 5-year average annual return in US dollars is the highest in the Fund's history, which is extremely gratifying in light of the last 3 years having been a very rough period for the US equity markets. The current 10-year results are also impressive. As of July 31<sup>st</sup>, the North Growth US Equity Fund's 10-year performance placed it as the best performing fund in Canada out of all the mutual funds ranked by Globefund, and as of August 31<sup>st</sup>, the Fund will be ranked second, with only a very small Canadian resource focused fund ahead of us.

Going forward, we are optimistic on the outlook for the general market and even more so for the Fund based on improving fundamentals. Second quarter earnings reports were largely stronger than expected, with indications that the strength will carry over into the second half of the year. As sales at many companies improve, profits are set to expand at a disproportionately higher rate after rounds of cost-cutting initiatives and resulting record high productivity.

The news on the economic front has continued to be positive. GDP for the second quarter was revised upwards to 3.1%, and the Institute for Supply Management (ISM)'s factory index was reported to be greater than 50 for July and August, signaling expansion in US manufacturing. The increasing levels of aggregate demand are a solid indicator of true economic activity as already low inventory levels continue to be drawn down. Any inventory rebuilding, which now seems inevitable, will generate even stronger growth. With this in mind, it seems likely third quarter GDP could grow at levels well above 5%.

As always, we remain focused on stock selection and are encouraged by the number of companies that meet our “growth at a reasonable price” criteria at this time. The North Growth US Equity Fund remains fully invested and positioned for long-term growth.

Yours truly,



Erica Lau

#### WHERE TO FIND NGM FUND PRICES

Please visit [www.northgrowth.com](http://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

	<i>Year to August 31, 03</i>	<i>Six months to August 31, 03</i>	<i>Three months to August 31, 03</i>	<i>Month of August 03</i>
<b>North Growth US Equity Fund \$CDN</b>	<b>16.81%</b>	<b>26.50%</b>	<b>13.66%</b>	<b>4.28%</b>
<b>North Growth US Equity Fund \$US</b>	<b>32.98%</b>	<b>35.48%</b>	<b>12.25%</b>	<b>5.72%</b>
S&P 500 \$US	15.95%	20.88%	5.07%	1.95%
S&P 400 MidCap \$US	21.68%	28.40%	9.62%	4.53%
Russell 2000 \$US	31.02%	38.93%	13.15%	4.59%
NASDAQ Composite \$US	35.98%	35.64%	13.56%	4.38%

## PERFORMANCE COMPARISONS: LONG-TERM

	<i>1 Year</i>	<i>3 Years</i>	<i>5 Years</i>	<i>10 Years</i>
<b>North Growth US Equity Fund \$CDN</b>	<b>26.32%</b>	<b>12.93%</b>	<b>18.43%</b>	<b>16.97%</b>
<b>North Growth US Equity Fund \$US</b>	<b>42.10%</b>	<b>15.21%</b>	<b>21.40%</b>	<b>16.39%</b>
S&P 500 \$US	12.09%	-11.44%	2.48%	10.07%
S&P 400 MidCap \$US	18.43%	-0.43%	14.33%	13.10%
Russell 2000 \$US*	29.18%	-1.13%	9.59%	7.29%
NASDAQ Composite \$US*	38.48%	-24.25%	4.19%	9.32%

Source: Bloomberg "Total Return Analysis" as of September 2, 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 - AUGUST 31, 2003** **18.01%**

<b>NAVPS: AUGUST 31/03</b>	<b>\$ 21.82</b>	<b>CDN</b>
	<b>\$ 15.74</b>	<b>US</b>
<b>TOTAL ASSETS IN FUND</b>	<b>\$ 172.39</b>	<b>MILLION CDN</b>

**CANADIAN MONEY MARKET FUND**  
**NET CURRENT YIELD AS OF AUGUST 31, 2003**  
**2.70%**