

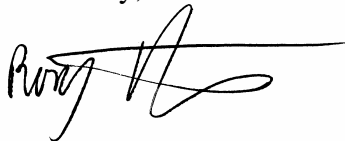
The Canadian equity market maintained its momentum during January with the S&P/TSX Composite Index posting a 6.1% gain for the month. The energy sector, which now accounts for 27% of the Index, continued to lead the market. Despite only a 4% weighting to the energy sector, the North Growth Canadian Equity Fund delivered a solid 4.2% return in January. The Fund had an exceptionally strong start to the month but lost some of these early gains as energy shares rallied later in the month. We are well into the quarterly reporting season for the Canadian market and are encouraged by the results from a number of the Fund's core holdings.

Over the past few weeks we have had a number of energy analysts from the sell side visit us in the office. We listen and discuss their views to see if we are missing something. Although all of the analysts who visited are very bullish towards energy we feel even more confident about our bearish stance on the sector following these meetings. We conclude that we know and understand the bull arguments but simply disagree with them.

Probably the most striking observation from these meetings is that the Street's long term outlook for oil and natural gas prices has rocketed over the past six years moving from \$20 a barrel to \$55 a barrel or more today for oil, with the corresponding \$3.30 Nymex gas price (6:1) going to around \$9. In contrast, our long term views for oil and natural gas prices have not changed much over the same period moving from \$30 a barrel to below \$40 a barrel for oil today, with the corresponding \$5 Nymex gas price going to around \$6. Ultimately, we believe the Street's sentiment change is reflected in current energy stock prices, creating downside risk of 40% or more. We are comfortable not exposing the portfolio to this risk.

We have built the Canadian Equity portfolio with our traditional individual stock selection process and are excited by the Fund's potential to deliver superior growth for our investors. In the US we have previously experienced the frustration of delivering okay absolute results but unsatisfactory relative results in a hot equity market environment. Sticking to our investment discipline during periods of unsatisfactory relative performance has been the key to our excellent US results and we believe, with a bit of patience, our strategy should work equally well in Canada.

Yours truly,



Rory North

SHORT TERM RATES OF RETURN FOR PERIODS ENDING JANUARY 31, 2006

	1 Month	3 Months	6 Months	YTD
North Growth Canadian Equity Fund	4.22%	8.06%	7.99%	4.22%
S&P / TSX \$CDN	6.06%	15.63%	15.65%	6.06%
North Growth US Equity Fund \$CDN	1.74%	4.13%	-2.68%	1.74%
S&P 500 \$CDN	0.53%	2.76%	-2.60%	0.53%

ANNUALIZED RATES OF RETURN FOR PERIODS ENDING JANUARY 31, 2006

	1 Year	3 Years	5 Years	Since NGM Takeover	Since Inception
North Growth Canadian Equity Fund	10.12%	11.30%	6.28%	13.77%	7.37%
S&P / TSX \$CDN	32.18%	24.30%	6.97%	26.41%	2.88%
North Growth US Equity Fund \$CDN	5.55%	13.79%	8.94%	14.38%	16.11%
S&P 500 \$CDN	1.29%	5.71%	-4.99%	5.70%	10.29%

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: Jan. 31, 2006 \$12.70 CDN

Total Assets in Fund \$25.1 Million CDN

North Growth Canadian Money Market Fund

Net Current Yield

3.14%