



# DECEMBER MONTHLY REPORT

*January 9, 2004*

The North Growth Canadian Equity Fund delivered a strong 5.77% return for December versus 4.83% for the S&P TSX Composite Index and 4.89% for the composite of 70% S&P TSX and 30% S&P 500. The Canadian Equity component of the Fund performed very well, more than offsetting the slight underperformance of the North Growth US Equity Fund which was up 3.0% in Canadian dollars versus 5.0% for the S&P 500 in Canadian dollars. Since North Growth began managing the Fund on May 1<sup>st</sup> it is up 22.76% vs 26.41% for the S&P TSX and 21.71% for the 70/30 composite.

The annual distribution for the Canadian Fund was paid out on December 31, 2003. The distribution totaled \$0.13 and was comprised of 1 cent of income and 12 cents of capital gains. The distribution was equivalent to just over 1% of the pre-distribution unit. The distribution was small enough that it will have no meaningful impact on the after-tax returns for the Fund. There is only a modest level of unrealized gains within the Fund and as such we have no insight into future distribution levels.

The Fund is fully invested in solid “growth at a reasonable price” investments. We are developing good idea flows and expect to have no problem keeping the Fund fully invested in the near term. We currently plan to maintain the \$25,000 minimum initial investment until at least March 31, 2004 and are asking our client base to give us the opportunity to manage at least a portion of their Canadian investments.

North Growth Management is pleased to announce that we now offer RRSP and RRIF accounts. There are no additional fees charged on these accounts. The North Growth Canadian Equity Fund and The North Growth Canadian Money Market Fund are eligible as Canadian content and the North Growth US Equity Fund is eligible as foreign content.

We are also introducing the NGM US FOCUS RRSP. This product with a minimum initial investment of only \$85,000 is open to any British Columbian resident and to Accredited Investors in all provinces except for Quebec and New Brunswick. The minimum investment must consist of \$25,000 in the US Equity Fund and \$60,000 in the Canadian Equity Fund. Due to the 30% investment by the Canadian Fund in the US Fund this combination will permit NGM US FOCUS RRSP clients to have approximately 50% of their RRSP invested in the North Growth US Equity Fund.

Yours truly,

Rory North



**PERFORMANCE COMPARISONS: SHORT-TERM**

	<i>Year to December 31, 03</i>	<i>Six months to December 31, 03</i>	<i>Three months to December 31, 03</i>	<i>Month of December 03</i>
<b>North Growth CDN Equity Fund \$CDN</b>	<b>16.99%</b>	<b>16.51%</b>	<b>9.00%</b>	<b>5.77%</b>
S&P TSX \$CDN	26.72%	18.74%	11.28%	4.83%
70% TSX / 30% S&P 500 \$CDN	20.23%	16.36%	10.21%	4.89%
<b>North Growth US Equity Fund \$CDN</b>	<b>25.50%</b>	<b>20.65%</b>	<b>12.83%</b>	<b>3.00%</b>
S&P 500 \$CDN	5.76%	10.79%	7.74%	5.03%

**PERFORMANCE COMPARISONS: LONG-TERM**

	<i>1 Year</i>	<i>2 Years</i>	<i>3 Years</i>	<i>Since NGM Takeover*</i>
<b>North Growth CDN Equity Fund \$CDN</b>	<b>16.99%</b>	<b>4.38%</b>	<b>7.17%</b>	<b>22.76%</b>
S&P TSX \$CDN	26.72%	5.34%	-1.01%	26.41%
70% TSX / 30% S&P 500 \$CDN	20.23%	0.75%	-3.22%	21.71%
<b>North Growth US Equity Fund \$CDN</b>	<b>25.50%</b>	<b>10.90%</b>	<b>11.55%</b>	<b>29.13%</b>
S&P 500 \$CDN	5.76%	-9.67%	-8.59%	11.03%

*\* North Growth Management Ltd. took over the Fund's management contract on May 1, 2003.*

**RETURN SINCE INCEPTION (ANNUALIZED), SEPTEMBER 1, 2000 - DECEMBER 31, 2003** **7.33%**

<b>NAVPS: DECEMBER 31/03</b>	<b>\$ 12.51</b>	<b>CDN</b>
<b>TOTAL ASSETS IN FUND</b>	<b>\$ 12.90</b>	<b>MILLION CDN</b>
<b>CANADIAN MONEY MARKET FUND</b> <b>NET CURRENT YIELD AS OF DECEMBER 31, 2003</b>  <b>2.48%</b>		