OCTOBER MONTHLY REPORT

November 15, 2004

The North Growth US Equity Fund delivered excellent performance during October, outperforming all the indices we follow for the month. In US dollar terms, the Fund was up 5.5% versus 1.5% for the S&P 500 Index and 4.1% for the NASDAQ Composite Index. Year-to-date, the Fund is up 1.5%. Although the gap had closed substantially, as of October 31st, the Fund was still lagging the S&P 500's 3.1% year-to-date return. The Canadian dollar continued to strengthen during October, resulting in a Canadian dollar return for the Fund of +1.8% for the month versus a Canadian dollar return for the S&P 500 of -2.0%. Year-to-date the strong loonie has reduced US investment returns for Canadians by approximately 6%, resulting in the Fund being down 4.7% in Canadian dollars versus the S&P 500 down 3.2% in Canadian dollars for the same period.

The Canadian dollar has continued to strengthen and now, at over 80 cents, is trading at new 12 year highs. I am very comfortable owning US dollars at above 80 cents - certainly commodity traders could take it further, but for long term equity investors I am no longer concerned with the US/Cdn dollar exchange risk. As such, late in October I eliminated the US dollar hedges for all clients who are following my advice and were invested in the NGM Currency Hedge Limited Partnership. I want to be very clear that unlike the past few years when I have voiced my concern regarding the undervalued Canadian dollar versus the US dollar, I no longer believe the Canadian dollar is undervalued versus the US dollar. I now believe we are in an environment where we can revert to Rudy's long held view that over the long term currency does not matter.

For clients who are concerned about the exchange risk please keep in mind that the falling US dollar is providing a major tailwind for US corporations. As a result of the US dollar devaluation, US corporations are now selling their goods and services on the global market with a "25% off" sign versus two years ago. There is no ambiguity here; a change of this magnitude will affect global trade patterns and we will almost certainly see the US trade deficit begin to decline over the next few quarters. Despite our opinion on this, for those clients who are finding it very difficult to ignore the chorus of newly minted loonie lovers in the media and are still very concerned about the exchange risk going forward, the NGM Currency Hedge Limited Partnership is a simple and effective way to eliminate the majority of the currency risk inherent for Canadians investing in US equities.

The momentum from September carried through into early October, then fizzled as oil prices continued to climb and investors began to worry that John Kerry might actually win the election. However, as the third quarter reporting got into full swing, the very strong corporate earnings results were too much to be ignored, resulting in the market, and to a greater degree, our Fund resuming their upward trajectories.

The low point for the Fund this year was August 13th when the Fund was down 11% year–to-date versus down 4% for the S&P 500. From this low to the date of writing this report (Nov 12) the Fund is up 21.9% versus the S&P 500's 11.7% gain. This period of strong relative performance has essentially erased the Fund's prior underperformance, and as a result, the Fund's current year-to-date results are essentially neck and neck with the S&P 500's. Throughout this year we have been very satisfied with the fundamentals for the majority of the individual holdings in the portfolio while being quite frustrated with their stock price movements. Needless to say, we are quite pleased to see the market finally begin to pay these companies the respect they deserve.

Oil prices hit highs of over $55 a barrel on October 26, despite growing evidence that there is adequate global supply of oil. During the subsequent 12 days, which have included 3 weekly oil inventory reports, crude prices have fallen by 14% to just over $47 a barrel. It seems traders are now starting to pay attention to inventory figures which have shown 7 consecutive weeks of crude inventory builds amounting to an aggregate increase of US crude inventories of approximately 8%. Crude inventories are building and are now slightly above a year ago levels, although still at the lower end of their five year range. Keep in mind that crude was trading at approximately $30 a barrel when inventories were at this level last year. If global oil production remains at the current high levels, we would expect oil prices to continue to fall, although with the ongoing geopolitical concerns we would not be surprised to see a risk premium maintain prices above last year's levels despite more than adequate supply.

The November 2nd re-election of George W. Bush for a second term seems to have come as a surprise to many Canadians and American Democrats. It really should not have because it was not until the debates in early October that some American political pundits began to actually consider the possibility that Kerry might win. As we have stated before, we are ambivalent with regards to politics when it comes to investing. We generally believe that the policies of the government of the United States have very little influence over the fundamentals of the economy, and more specifically, very little influence over the corporations at the heart of the US economy.

Over the past few weeks I have spoken with a number of clients who are concerned about the large US budget deficit and growing government debt and the impact this will have on US equities. I have two responses to these concerns. First, we are not investing in the US government. While it is true that the government deficit is large and the debt is growing, it is also true that corporate surpluses (earnings) are high and growing, and corporate balance sheets may never have looked better as many companies are accumulating huge amounts of net cash on their balance sheets. Second, I believe these concerns are old news. Quite possibly, the real news is that US government deficits have peaked and, as the economy continues to strengthen, are likely to decline much faster than current expectations.

Currently we see US equities as being reasonably valued on relatively low future expectations. We believe current growth estimates are too low and if in a year from now this proves to be true, we will be looking back and thinking that many companies were in fact trading at very cheap levels in the fall of 2004. This environment is ideally suited for the North Growth Management individual stock selection process using our "growth at a reasonable price" investment philosophy.

Yours truly,

Rory 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 Oct. 31, 04	*Six months to Oct. 31, 04*	*Three months to Oct. 31, 04*	*Month of Oct. 04*
North Growth US Equity Fund $CDN	**-4.67%**	**-6.22%**	**-1.16%**	**1.81%**
North Growth US Equity Fund $US	**1.48%**	**5.64%**	**7.88%**	**5.45%**
S&P 500 $US	3.06%	2.96%	3.04%	1.53%
S&P 400 MidCap $US	5.51%	3.83%	4.33%	1.60%
Russell 2000 $US	5.80%	4.91%	6.22%	1.99%
NASDAQ Composite $US	-1.05%	3.11%	4.79%	4.14%

PERFORMANCE COMPARISONS: LONG-TERM

	1 Year	*3 Years*	*5 Years*	*10 Years*
North Growth US Equity Fund $CDN	**0.23%**	**7.70%**	**15.15%**	**16.39%**
North Growth US Equity Fund $US	**8.51%**	**17.68%**	**19.59%**	**17.62%**
S&P 500 $US	9.42%	3.92%	-2.22%	11.01%
S&P 400 MidCap $US	11.03%	11.39%	9.75%	14.52%
Russell 2000 $US*	11.79%	12.35%	7.83%	8.63%
NASDAQ Composite $US*	2.68%	5.81%	-7.46%	9.77%

Source: Bloomberg "Total Return Analysis" as of Oct 31, 2004
** 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 - OCT. 31, 2004 **16.36% CDN**
16.56% US

NAVPS: OCTOBER. 31, 2004 **$ 22.23 CDN**
$ 18.25 US

TOTAL ASSETS IN FUND **$ 209.4 MILLION CDN**

CANADIAN MONEY MARKET FUND
NET CURRENT YIELD AS OF OCTOBER 31, 2004
2.16%