



# FEBRUARY MONTHLY REPORT

*March 10, 2004*

The North Growth US Equity Fund gained 0.76% in US dollars during the month of February 2004, lagging the monthly return of the S&P 500 Index by 0.63%, the S&P 400 MidCap by 1.64%, and the Russell 2000 by 0.14%. Small-cap stocks and technology shares underperformed the broad market in February, as reflected by the Russell 2000 and NASDAQ Composite Indices which returned 0.90% and -1.71% respectively. The weaker Canadian currency boosted the Fund's monthly gain in Canadian dollars to 1.59%.

As we have mentioned in recent reports, US earnings are coming in strong across the board. Fourth quarter earnings have now all been reported and earlier indications of average year-over-year gains of more than 20% have held. Reported earnings for over two-thirds of all companies came in above expectations. The simple fact is that earnings are strong and should remain strong throughout 2004. During 2004 we believe the US market will be earnings driven. Our policy of stock selection based on fundamental analysis is well suited for such an environment.

The general economic background of low interest rates, constructive monetary policy, ongoing productivity gains, worldwide economic growth and growth of the US economy are all positives for the US equity markets. As we have mentioned in previous reports, we believe that Wall Street is underestimating the strength of the economy and the earnings cycle.

During the past month, the indices that we follow have been fluctuating around a narrow trading range. Short-term economic announcements such as consumer confidence, new factory orders, consumer price index, even new job creation, which is currently a much talked about issue, can never be analyzed to reveal anything of significance. Short-term changes in this type of data is appropriately thought of as useless economic noise.

During a bull market, trying to read significance into short-term market action is even more futile than trying to micro analyze short-term economic developments. Periodic pauses or even small price checkbacks are normal and even helpful in keeping the bull market healthy. They prevent the build up of excesses and imbalances that ultimately result in a bull market breaking down. Even talking about short-term market corrections that occur during a bull market is giving the subject more importance than it deserves. Corrections during a bull market usually end in the 5% range, just as nervous short-term investors start to worry that something more serious is developing. Their timing is completely unpredictable, they rarely amount to as much as 10% and they are certainly not worth wasting time thinking about. Nevertheless, whenever a pause in a bull market occurs the media tends to concentrate on the possibility of a market setback. When this occurs, recognize it for what it is and ignore it.



We are encouraged by the way the economy is growing and by the strength of current earnings. The economic outlook is expected to continue along the trends that developed in the second half of 2003. This relatively positive outlook might not produce the interest that the uncertainty and rapid change of recent years produced but it will provide a good environment for investment gains. We will continue to focus on identifying good “growth at a reasonable price” investment opportunities.

Yours truly,

Rudy North

#### 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 February 29, 04</i>	<i>Six months to February 29, 04</i>	<i>Three months to February 29, 04</i>	<i>Month of February 04</i>
<b>North Growth US Equity Fund \$CDN</b>	<b>3.74%</b>	<b>11.46%</b>	<b>6.85%</b>	<b>1.59%</b>
<b>North Growth US Equity Fund \$US</b>	<b>0.70%</b>	<b>15.63%</b>	<b>3.92%</b>	<b>0.76%</b>
S&P 500 \$US	3.25%	14.59%	8.67%	1.39%
S&P 400 MidCap \$US	4.62%	16.61%	6.39%	2.40%
Russell 2000 \$US	5.29%	18.36%	7.44%	0.90%
NASDAQ Composite \$US	1.39%	12.41%	3.67%	-1.71%

**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>41.00%</b>	<b>11.11%</b>	<b>18.18%</b>	<b>16.69%</b>
<b>North Growth US Equity Fund \$US</b>	<b>56.66%</b>	<b>16.41%</b>	<b>21.08%</b>	<b>16.81%</b>
S&P 500 \$US	38.52%	-1.04%	-0.12%	11.36%
S&P 400 MidCap \$US	49.86%	7.74%	12.26%	14.33%
Russell 2000 \$US*	64.64%	8.80%	9.86%	8.23%
NASDAQ Composite \$US*	52.65%	-1.51%	-2.02%	9.86%

*Source: Bloomberg "Total Return Analysis" as of March 1, 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 - FEB. 29, 2004**      **18.27% CDN**  
**17.54% US**

**NAVPS: FEB. 29, 2004**      **\$ 24.19 CDN**  
**\$ 18.11 US**

**TOTAL ASSETS IN FUND**      **\$ 217.00 MILLION CDN**

**CANADIAN MONEY MARKET FUND**  
**NET CURRENT YIELD AS OF FEB. 29, 2004**  
**2.18%**