

FEBRUARY MONTHLY REPORT

COMMENTARY

January was a good month for the Fund. We presented our normal report before the Globe and Mail Mutual Fund survey results were available and stated that we would send them along later with a discussion of how to understand how the running 1, 2, 3, & 5 year results change from month to month.

Here it is. The monthly calculation of the average annual compounded rate of return changes each month as a result of the combined effect of including the most current month's performance and removing the period's oldest month's performance from the calculation. The dramatic difference between the January and February one-year performance provides a very clear example of how this works. On January 31st, 1999, the Fund's one-year performance was +8.7% (the best month-end since October, 1998). In contrast, on February 28, 1999, the Fund's one-year performance dropped to -6.2%. Why?

The January results benefited from the strong January, 1999 performance (+5.8%) replacing the weaker January, 1998 performance (+0.4%). Whereas, the February, 1999 results suffered from the weak February, 1999 performance (-4.0%) replacing the strong February, 1998 performance (+8.8%).

As a matter of interest, in both January and February of 1998 the Fund outperformed the S&P 500 despite the fact that small- and mid-cap stocks were not performing as strongly as larger-cap stocks at that time. In 1998, the Fund was up 1.9% in March and 2.1% in April. The Fund's performance in March and April of 1999 will have to exceed last year's gains in these months for the one-year results to improve from the February, 1999 level.

We hope this explanation of how the running performance periods up to the latest month are constructed has been clear and helpful.

We intend to stick with our current weightings of small and mid cap stocks. As always, our stock selections will be governed by our philosophy of seeking earnings growth potential at a reasonable price. This is our definition of value, and it applies to all investments regardless of their size in terms of market capitalization.


ECONOMIC AND MARKET OUTLOOK

The GDP in the US popped up to an amazing 5.6% annual rate in the fourth quarter of 1998. The first quarter of 1999 also seems to be growing at a healthy rate. There has been a boom in consumer durable and housing spending this cycle without price inflation. Personal savings rates are virtually non-existent. It is widely believed that the continued strength in spending has been supported by the "wealth effect" caused by the rapid rebound of the stock market to record levels after the market hit bottom on October 8, 1998. For such a long economic expansion to be supported by a strong stock market is not a development that we find very comforting.

We have written a great deal about the dominance of highly-priced large-cap stocks over the past year. Clearly this is not an environment that favours our core "Growth at a Reasonable Price" investment philosophy. We were impressed by an article in the March 15, 1999 issue of Barron's and are taking the liberty of including it in the report. Hopefully, Barron's will appreciate this plug for their excellent weekly.

The Dow Jones and S&P 500 indices have recently reached new highs due to the strength in a very narrow group of large-cap stocks. We do not see this as a healthy sign for the market and believe that it justifies the Fund holding a buying reserve of approximately 25% cash.

Yours truly,

A handwritten signature in cursive script that reads "Rudy North".

Rudy North

PERFORMANCE RESULTS

AS OF FEBRUARY 28, 1999

PERFORMANCE COMPARISONS*

	Dec. 31, 98 to Jan. 31, 99	Jan. 31, 99 to Feb. 28, 99	Year to Date
North Growth US Equity Fund \$CDN	4.4%	-7.9%	-4.0%
North Growth US Equity Fund \$US	5.8%	-7.7%	-2.4%
S&P 500 \$US	4.2%	-3.1%	0.9%
S&P 400 MidCap \$US	-3.9%	-5.2%	-8.9%
Russell 2000 \$US	1.3%	-8.1%	-6.9%
NASDAQ Composite \$US	14.3%	-8.7%	4.4%

* Source: Bloomberg "Total Return Analysis" as of March 01, 1999.

Note - Including income in all cases.

AVERAGE ANNUAL COMPOUND RATE OF RETURN

	1 Year	2 Years	3 Years	4 Years	5 Years
North Growth U.S. Equity Fund \$CDN	-6.2%	12.5%	17.2%	20.4%	15.2%
Average U.S. Equity Fund \$CDN **	13.1%	22.1%	19.6%	--	17.4%
Median U.S. Equity Fund \$CDN **	13.0%	21.9%	20.0%	--	18.4%

Results are after all management fees and other expenses

** reported by the Globe & Mail, Report on Mutual Funds, March 18, 1999

Return Since Inception (Annualized), Oct. 13, 1992 - Feb. 28, 1999 **18.4%**

NAVPS: FEBRUARY 28TH/99

\$15.44 (CDN)

PORTFOLIO HOLDINGS

AS OF FEBRUARY 28, 1999

Xerox Corp (XRX)	4.91
Sun Microsystems (SUNW)	4.57
BJ's Wholesale Club (BJ)	3.79
Compaq Computer Corp (CPQ)	3.63
Axent Technologies (AXNT)	3.56
National Data Corp (NDC)	3.08
US Filter Corp (USF)	2.99
Brinker Int'l (EAT)	2.85
Pier 1 Imports Inc (PIR)	2.71
AMR Corp (AMR)	2.70
Tommy Hilfiger Corp (TOM)	2.67
Clayton Homes Inc (CMH)	2.38
Kellwood Co (KWD)	2.17
Northwest Pipe Co (NWPX)	2.15
Symantec Corp (SYMC)	2.10
Greenbrier Companies Inc (GBX)	2.07
Louis Dreyfus (LD)	1.80
LSI Logic (LSI)	1.79
Mesa Airlines Inc (MESA)	1.66
Barrett Business Services (BBSI)	1.65
O'Sullivan Industries (OSU)	1.64
O'Charley's Inc (CHUX)	1.54
Oracle (ORCL)	1.47
The Limited Inc (LTD)	1.40
Nextel Communications Inc (NXTL)	1.34
Owosso Corp (OWOS)	1.24
Dress Barn Inc (DBRN)	1.20
M/I Schottenstein Homes (MHO)	1.14
Eastman Kodak (EK)	1.13
Alaska Air Group (ALK)	1.06
Analog Devices (ADI)	1.05
Wellpoint Health Networks (WLP)	1.05
Texas Instruments Inc (TXN)	1.04
Nautica Enterprises Inc (NAUT)	1.02
SBS Technologies Inc (SBSE)	0.93
Jones Apparel Group Inc. (JNY)	0.69
Gateway 2000 Inc (GTW)	0.65
Diamond Offshore Drilling (DO)	0.59
Precision Castparts (PCP)	0.57
Timberland (TBL)	0.56
Micron Technology (MU)	0.51
3Com Corp (COMS)	0.47
Basin Exploration (BSNX)	0.33
Aluminum Company of America (AA)	0.28
Southtrust (SOTR)	0.23
Altera Corp (ALTR)	0.22
Sierra Health Services (SIE)	0.21
City National Corp (CYN)	0.20
Firstmerit Corp (FMER)	0.20
Integrated Health (IHS)	0.16
DSP Group (DSPG)	0.06
Costilla Energy (COSE)	<u>0.01</u>
Total Equities	79.42
Cash and Short Term Notes	<u>20.58</u>
TOTAL ASSETS	100.00%