

US equities delivered mixed performances during April with the S&P 500 Index gaining 1.3% while the NASDAQ Composite Index fell 0.7%. The North Growth US Equity Fund split the difference, gaining 1.0% for the month. The Canadian dollar gained approximately 4.3% for the month, reducing the Fund's return in Canadian dollars to -3.3% versus the Canadian dollar returns for the indices of -3.0% for the S&P 500 and -5.0% for the NASDAQ. Please refer to the US performance tables on page 3 of this report for more details.

The Canadian market as represented by the S&P/TSX Composite Index posted a modest 0.9% gain during April, as strong gains for materials and energy were largely offset by weakness from the financial sector. The North Growth Canadian Equity Fund had solid performance from a number of key holdings, resulting in a 5.6% gain for the month. While we are encouraged by the Fund's recent performance and continue to believe the Fund is gaining momentum, we caution that we are still dealing with very short term historical performance numbers that cannot be given too much emphasis. As of April 30<sup>th</sup>, we have been managing the Fund for three years but we believe that any period under five years has very little significance in assessing a Fund's returns. Please refer to the Canadian performance tables of page 4 for more details.

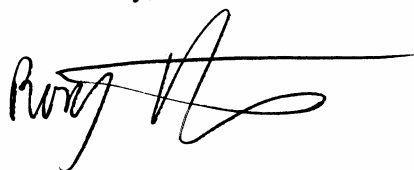
There are some aspects of investing that I continue to find very difficult to comprehend. I am totally at a loss to understand why investors are clamoring to own the Canadian dollar and gold as they hit multi-decade highs and are even more anxious to get base metal exposure as these commodities soar to previously un-contemplated highs. When you own an asset without any growth characteristics that can be sold at or near its record highs, it seems very clear to me what you should do with it — but obviously I just don't get it.

Recently, I have had discussions with a number of relatively seasoned investors who have been enjoying the commodity ride. They seem to recognize that commodity prices have climbed well beyond any fundamentally supported levels but intend to wait until after the summer to reduce their exposure. Investors commonly find it difficult to sell overvalued assets because these assets have been going up and they don't want to miss any further potential upside. In doing so, investors fail to recognize that, near the top, any remaining potential upside is far outweighed by potential downside. To put this into context, copper prices would only have to slip back to where they were on December 1, 2005, in order to post a greater than 50% decline from current levels, and even two dollar copper is probably somewhere close to 100% higher than realistic long term copper price estimates. We believe commodities are currently substantially overvalued, providing investors with excellent exposure to significant near term downside risk.

Looking at the Canadian/US dollar exchange rate from a fundamental perspective, it is very difficult to understand the recent strength in the Canadian dollar. Over the last few months, both the US Federal government budget deficit and the US current account deficit have come in substantially below expectations. It now appears that, despite the substantial hurricane related reconstruction costs, the US Federal budget deficit for the current fiscal year will be well below last year's levels. Additionally, in his latest Senate address, Bank of Canada Governor, David Dodge, suggested that because of the recent surge in the Canadian dollar he may not raise interest rates at the Bank's next meeting on May 24<sup>th</sup>. With the Canadian/US exchange rate at around 90 cents we believe Canadians are being afforded a great opportunity to buy US assets.

Despite strong earnings growth, unprecedented balance sheet health, and attractive valuations, investors have simply lost interest in US large cap growth companies. As evidence we highlight the fact that, so far this year, we have seen modest inflows into US based US equity funds; with new money going into small and mid cap funds, while large cap growth funds are seeing net redemptions. We see this lack of interest on a stock-by-stock basis and continue to take advantage of the increasingly compelling valuations of many large cap growth companies. We have continued to add to our recently established position in General Electric, which, as it approaches 6%, is now one of the Fund's largest holdings. Our conviction in the current investment case for large cap US equities is demonstrated by the change in our portfolio, moving from only 5% exposure to large caps as of December 2000, to almost 70% today.

Yours truly,

A handwritten signature in black ink, appearing to read 'Rory North', with a long horizontal flourish extending to the right.

Rory North, CFA

**NORTH GROWTH US EQUITY FUND  
SHORT TERM RATES OF RETURN FOR PERIODS ENDING APRIL 30, 2006**

	1 Month	3 Months	6 Months	YTD
<b>NGM US Equity Fund \$CDN</b>	<b>-3.33%</b>	<b>1.80%</b>	<b>6.00%</b>	<b>3.57%</b>
S&P 500 \$CDN	-3.00%	0.99%	3.77%	1.52%
<b>NGM US Equity Fund \$US</b>	<b>1.00%</b>	<b>3.71%</b>	<b>11.99%</b>	<b>7.74%</b>
S&P 500 \$US	1.34%	2.88%	9.64%	5.61%
S&P 400 MidCap \$US	1.41%	3.07%	15.27%	9.14%
S&P 600 SmallCap \$US	-0.01%	4.11%	16.92%	12.83%
NASDAQ Composite \$US	-0.71%	0.90%	10.02%	5.62%

**NORTH GROWTH US EQUITY FUND  
ANNUALIZED RATES OF RETURN FOR PERIODS ENDING APRIL 30, 2006**

	1 Year	3 Years	5 Years	10 Years	Since Inception
<b>NGM US Equity Fund \$CDN</b>	<b>8.01%</b>	<b>13.78%</b>	<b>8.34%</b>	<b>14.16%</b>	<b>15.95%</b>
S&P 500 \$CDN	2.53%	5.56%	-3.63%	6.81%	10.18%
<b>NGM US Equity Fund \$US</b>	<b>21.59%</b>	<b>23.61%</b>	<b>15.45%</b>	<b>16.44%</b>	<b>16.87%</b>
S&P 500 \$US	15.42%	14.68%	2.70%	8.94%	11.05%
S&P 400 MidCap \$US	28.32%	23.71%	10.73%	14.33%	15.20%
S&P 600 SmallCap \$US	31.40%	26.63%	13.34%	12.26%	N/A
NASDAQ Composite \$US*	21.88%	17.36%	2.43%	7.36%	10.83%

Source: Bloomberg "Total Return Analysis" as of May 1, 2006.

\*The return since inception for this index is a Simple Price Appreciation because total return data is not available on Bloomberg.

The inception of the Fund: October 13, 1992.

**NAVPS: April 30, 2006 \$ 23.65 CDN  
\$ 21.16 US**

**Total Assets in Fund \$ 272.1 Million CDN**

**NORTH GROWTH CANADIAN EQUITY FUND  
SHORT TERM RATES OF RETURN FOR PERIODS ENDING APRIL 30, 2006**

	1 Month	3 Months	6 Months	YTD
<b>NGM Canadian Equity Fund</b>	<b>5.59%</b>	<b>12.92%</b>	<b>22.03%</b>	<b>17.69%</b>
S&P / TSX \$CDN	0.89%	2.71%	18.77%	8.94%

**NORTH GROWTH CANADIAN EQUITY FUND  
ANNUALIZED RATES OF RETURN FOR PERIODS ENDING APRIL 30, 2006**

	1 Year	3 Years	5 Years	*Since Takeover	**Since Inception
<b>NGM Canadian Equity Fund</b>	<b>30.45%</b>	<b>17.21%</b>	<b>8.42%</b>	<b>17.21%</b>	<b>9.37%</b>
S&P / TSX \$CDN	32.73%	25.08%	10.95%	25.08%	3.24%

\*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.

**NAVPS: April 30, 2006 \$ 14.34 CDN**

**Total Assets in Fund \$ 28.8 Million CDN**

**NORTH GROWTH CANADIAN MONEY MARKET FUND  
ANNUALIZED RATES OF RETURNS FOR PERIODS ENDING APRIL 30, 2006**

	* CURRENT YIELD	1 Year	3 Years	5 Years
<b>NGM CDN Money Market Fund</b>	<b>3.61%</b>	<b>2.78%</b>	<b>2.46%</b>	<b>2.58%</b>
30 Day T-Bill	3.89%	2.92%	2.64%	2.75%

*\* The Current Yield for the Money Market Fund is the average of the annualized daily yield for the most recent seven day period.*

The North Growth Canadian Money Market Fund is consistently one of the highest yielding money market funds in Canada – not because we waste any time searching for basis points along the yield curve but because at **0.25%** the Fund’s management fee is one of the **lowest in Canada**. We manage the Fund simply by creating a well-diversified portfolio of very short term, top credit quality notes and believe the product is a good proxy for the risk free rate\*. We maintain the average maturity of the Fund at near 15 days, meaning that we essentially roll over the entire portfolio every 30 days. As a result, the Fund’s current yield will rapidly follow any changes (up or down) in the Bank of Canada’s overnight rate, as evidenced in the 120 basis point increase in the Fund’s current yield over the past six months versus a 125 basis point increase in the overnight rate over the same period.

The accountant’s fees for the annual audit are greater than the annual management fees, so North Growth Management takes a small loss on the product. We don’t mind because we offer the product as a service to our clients. We also believe an inflation protected liquidity product, such as our money market fund is an underutilized asset class that could improve the overall financial planning of many of our clients. This may seem strange coming from a firm notorious for its opinion that bonds are essentially an inferior asset class that offer inadequate returns for their inherent risk, but we can lay out a strong theoretical argument that you can create a superior portfolio using equities and money market than you can using equities and mid to long term bonds.

For retirees living off their financial assets, we believe that using a client’s own personal cash requirements and risk tolerance to determine their appropriate mix of money market and equities, can, in most instances, create a superior portfolio to the all too pervasive industry staple 60/40 equity/bond split. For clients seeking a truly personalized retirement plan we encourage you to make an appointment to come in and get a fresh look at your plan from the North Growth Management investment professionals.

\*The risk free rate is the theoretical rate of return of an investment with zero risk. The North Growth Canadian Money Market is not a risk free investment and is not covered by the CDIC (Canadian Deposit Insurance Corporation).

**INVESTING WITH NORTH GROWTH MANAGEMENT:**

North Growth Management is a focused firm. Our objective is consistent, superior, long term returns on our equity funds based on our “growth at a reasonable price” investment philosophy.

**CONDUCTING TRANSACTIONS:**

The cut-off time for same-day transactions is 4 p.m. Eastern time or 1 p.m. Pacific time. Orders received after that time will be processed on the next business day. Cheques must be made payable to **RBC Dexia Investor Services Trust**. For security reasons, instructions can only be accepted by mail or by fax to:

North Growth Management Ltd.  
Suite 830, One Bentall Centre  
505 Burrard Street, Box 56  
Vancouver, BC V7X 1M4

Fax: 604-688-5402

**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.