

# JUNE MONTHLY REPORT

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## DEAR INVESTOR...

After a strong showing in May, during which it outperformed all of the indices that we report regularly, the Fund continued to do well in June. The advance of the Fund in US dollars was 6% during the month, slightly better than all of the indices but the NASDAQ.

The North Growth US Equity Fund now has an Offering Memorandum. Investors who meet certain financial criteria can purchase a minimum of \$25,000 worth of Fund units. The investor must have:

- a net worth at the time of purchase (individually or jointly with spouse) of not less than \$400,000; or
- an annual net income, in each of the two most recent calendar years, of not less than \$75,000, or \$125,000 jointly with his/her spouse (and reasonably expects income to meet this minimum in the current calendar year).

We are pleased to be able to accept smaller purchases at a time when committing \$100,000 CDN to US equities might be too high an initial commitment for many investors.

For the convenience of our unitholders, the Fund's performance can now be found on the excellent Globe & Mail website ([www.globefund.com](http://www.globefund.com)). Daily prices are also reported in daily newspapers listed under "Pooled Funds".

More reasonably priced mid-cap and small-cap stocks outperformed the S&P 500 during May and much of June. Towards the end of June the market rose sharply, presumably in anticipation of a moderate rate increase being announced after the Federal Reserve Board meeting of June 29-30. During this advance, which followed through into early July, last year's leading large-cap stocks once again led the market. This seems to be the pattern when the market reacts favourably to a specific news item.

Alan Greenspan led the Federal Reserve Board to a "just right" rate of increase of ¼% and dropped the "bias towards tightening", the latter being interpreted as a signal that rates are likely to remain unchanged for a few months. Current news on inflation, such as the July 14<sup>th</sup> announcement that producer prices dropped 0.1% in June, and the July 15<sup>th</sup> announcement that the Consumer Price Index was up 0.1% in June, is in line with this interpretation.

News on inflation will have a much greater bearing on interest rate policy than the fact that the recent tightening bias has been dropped. Normally, a "bias towards tightening" is announced between Federal meetings as a warning that rates are likely to be raised at the next meeting.

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As I write this report on July 15, 1999, second quarter earnings are just beginning to be **released and we are** getting some good earnings reports from companies that we own. The market continues to advance after the strong late June/early July rise and the smaller-cap indices are again showing relative strength on a fairly regular basis.

Nothing has happened to make record P/E multiples any more acceptable. The Fund is maintaining a 25-30% cash reserve. We are continuing to sell overpriced stocks. Fortunately it is possible to find more attractively priced stocks to add to the portfolio.

In both 1962 and 1987 the market declined mainly as a reaction to high P/E multiples. If a decline develops in reaction to current peak P/E multiples of 34.9 times trailing earnings and 29.1 times 1999 estimated earnings for the S&P 500 Index<sup>1</sup>, the Fund will be able to use its cash reserves opportunely.

Yours truly,

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

Rudy North

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<sup>1</sup> Source: Bloomberg

# PERFORMANCE RESULTS

AS OF JUNE 30, 1999

## PERFORMANCE COMPARISONS\*

	<i>Dec. 31, 98 to Mar. 31, 99</i>	<i>Mar. 31, 99 to June 30, 99</i>	<i>May 31, 99 to June 30, 99</i>	<i>Year to Date</i>
North Growth US Equity Fund	-2.5%	8.1%	5.3%	5.3%
North Growth US Equity Fund \$US	-1.0%	11.5%	6.0%	10.4%
S&P 500 \$US	5.0%	7.0%	5.5%	12.4%
S&P 400 MidCap \$US	-6.4%	14.2%	5.4%	6.9%
Russell 2000 \$US	-5.4%	15.5%	4.5%	9.2%
NASDAQ Composite \$US	12.3%	9.2%	8.8%	22.7%

\* Source: Bloomberg "Total Return Analysis" as of July 06, 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	0.50%	11.03%	16.84%	19.67%	19.89%
Median U.S. Equity Fund \$CDN **	16.6%	21.2%	22.6%	--	20.9%
Average U.S. Equity Fund \$CDN **	17.0%	21.7%	23.3%	--	21.1%

Results are after all management fees and other expenses

\*\* reported by the Globe & Mail, Report on Mutual Funds, July 15, 1999

**Return Since Inception (Annualized), Oct. 13, 1992 - June 30, 1999**      **19.0%**

NAVPS: JUNE 30<sup>ST</sup>/99

\$16.94 (CDN)

TOTAL ASSETS IN FUND

\$48,121,034(CDN)

# PORTFOLIO HOLDINGS

AS OF JUNE 30, 1999

Xerox Corp (XRX)	4.22
BJ's Wholesale Club (BJ)	4.12
Symantec Corp (SYMC)	2.91
Louis Dreyfus (LD)	2.88
LSI Logic (LSI)	2.83
National Data Corp (NDC)	2.61
Tommy Hilfiger Corp (TOM)	2.53
Brinker Int'l (EAT)	2.38
O'Sullivan Industries (OSU)	2.36
Wellpoint Health Networks (WLP)	2.19
Analog Devices (ADI)	2.17
Sun Microsystems (SUNW)	2.07
Jones Apparel Group Inc.(JNY)	2.07
Oracle (ORCL)	2.07
Kellwood Co (KWD)	2.05
Pier 1 Imports Inc (PIR)	2.00
Nextel Communications Inc (NXTL)	1.98
Greenbrier Companies Inc (GBX)	1.93
Northwest Pipe Co (NWPX)	1.65
Mesa Airlines Inc (MESA)	1.62
Clayton Homes Inc (CMH)	1.54
Alaska Air Group (ALK)	1.54
Texas Instruments Inc (TXN)	1.50
O'Charley's Inc (CHUX)	1.48
Precision Castparts (PCP)	1.45
Food Lion Inc (FDLNA)	1.25
AMR Corp (AMR)	1.24
HCR Manor Care (HCR)	0.96
Timberland (TBL)	0.95
SBS Technologies Inc (SBSE)	0.88
Michaels Stores (MIKE)	0.88
The Limited Inc (LTD)	0.79
Ralcorp Holdings Inc (RAH)	0.79
Southtrust (SOTR)	0.74
Universal Health Services (UHS)	0.73
Diamond Offshore Drilling (DO)	0.72
Owosso Corp (OWOS)	0.67
Applied Materials (AMAT)	0.65
Schnitzer Steel (SCHN)	0.65
3Com Corp (COMS)	0.54
Gateway 2000 Inc (GTW)	0.47
Sierra Health Services (SIE)	0.46
Altera Corp (ALTR)	0.29
Stone Energy (SGY)	0.27
Devon Energy (DVN)	0.22
Wesley Jessen Vision (WJCO)	0.21
Integrated Health (IHS)	0.21
City National Corp (CYN)	0.20
Firstmerit Corp (FMER)	0.20
DSP Group (DSPG)	<u>0.14</u>
<b>Total Equities</b>	<b>71.26</b>
<b>Cash and Short Term Notes</b>	<b><u>28.74</u></b>
<b>TOTAL ASSETS</b>	<b>100.00%</b>