

SEPTEMBER MONTHLY REPORT

DEAR INVESTOR...

ANALYSIS OF RESULTS

US Equity Markets were very volatile during September with most indices ending the month moderately down. The North Growth U.S. Equity Fund as of September 30th was \$15.97 Cdn., down 3.48% for the month. The strength of the Canadian Dollar from the beginning of the year to September 30th held the Fund's performance during this period to -0.66% expressed in Cdn. Dollars. In US Dollars, the Fund's performance was +3.77% for the same period.

The Average Annual Compound Rate of Return compared to the other mutual funds followed by the Globe and Mail is still nothing to write home about. However the picture is beginning to improve.

Approximately one year after the difficult five-month period ending October 1998, during which we fell far behind the performance of the large-cap dominated S&P 500 and the average US fund, which also has a higher representation of large cap stocks, the Fund's one-year and five-year record is still not above the average fund but is getting close. As the past two years have demonstrated, these comparisons can change quickly. Currently, our performance is improving relative to the market.

COMMENTARY

It's great to be writing the monthly report again. This is not my first report since being back in the office. My first effort was the Semi-Annual Report in which I managed to flub one of my punch lines which is still worth repeating (correctly): **"The valuation of earnings for the S&P 500 Index has reached 33 times trailing earnings and 27 times 1999 projected earnings"** (in the second quarter).

We will not repeat all of the points made in the semi-annual report other than to say they are still relevant. Nothing significant has happened since it was written. The market has been volatile and drifting lower during August and September. As this report is being written in mid-October the US market is down approximately 10% from its highs. Purchasing equities after a 10% decline usually turns out to be pretty opportune. We have not, however, felt that a 10% correction has changed the overall valuation of the market sufficiently to cause us to aggressively use our buying reserve. The breadth of the market has remained poor and the day-to-day direction of the market is extremely volatile - not particularly good signs for a market that is still close to the top of a nine-year bull market.

We continue to believe that on a short to intermediate time frame the economy is still growing, but the tightness in the labour supply is beginning to show in recent three-year wage settlements and interest rates are still heading higher. It doesn't matter whether the Fed raises the rates this month or waits for a few months; Fed policy is to raise interest rates based on current economic reality.

On a much brighter note, the Fund is performing well except during short bursts of enthusiasm in the market—usually based on some news being interpreted as meaning that interest rates aren't going to be raised at the next Fed meeting. During more sober periods, the Fund is performing well relative to the market.

The excessive valuations in the equity market still persist. Some of the high P/E multiple, large-cap equities are beginning to break down but are still expensive. Even more excessive multiples are being assigned to a smaller and smaller group of leading companies, mainly high tech stocks that are reporting excellent current results. The discrepancies in valuations between large cap and smaller cap stocks continue to provide ample opportunity for selecting stock through independent analytical effort while sticking with our long-term investment principles.

Any further market weakness should result in our current portfolio strategy producing good relative results. While it is understandable that investors might be concerned by market weakness, the appropriate question is not 'How far should I let the market fall before selling my stocks?' but rather 'How am I going to avoid missing a good buying opportunity at the bottom of the market correction?'.

Yours truly,

A handwritten signature in black ink that reads "Rudy North". The signature is written in a cursive, flowing style.

Rudy North

PERFORMANCE RESULTS

AS OF SEPTEMBER 30, 1999

PERFORMANCE COMPARISONS*

	Year to Sept. 30, 99	Six Months to Sept. 30, 99	Three to Sept. 30, 99	Month of Sept. 99
North Growth US Equity Fund	-0.66%	1.94%	-5.70%	-3.48%
North Growth US Equity Fund \$US	3.77%	4.77%	-5.99%	-1.84%
S&P 500 \$US	5.36%	0.36%	-6.25%	-2.74%
S&P 400 MidCap \$US	-2.10%	4.57%	-8.40%	-3.09%
Russell 2000 \$US	2.32%	8.20%	-6.34%	0.00%
NASDAQ Composite \$US	25.53%	11.74%	2.31%	0.27%

* Source: Bloomberg "Total Return Analysis" as of October 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	18.6%	0.0%	12.2%	16.9%	17.9%
Median U.S. Equity Fund \$CDN **	20.4%	12.0%	18.7%	--	18.7%
Average U.S. Equity Fund \$CDN **	21.3%	13.1%	19.8%	--	18.7%

Results are after all management fees and other expenses

** reported by the Globe & Mail, Report on Mutual Funds, Oct. 21, 2000

Return Since Inception (Annualized), Oct. 13, 1992 - Sept. 30, 1999 **17.30%**

NAVPS: SEPTEMBER 30TH/99

\$15.97 (CDN)

TOTAL ASSETS IN FUND

\$43,703,421(CDN)

PORTFOLIO HOLDINGS

AS OF SEPTEMBER 30, 1999

Symantec Corp	4.54
National Data Corp	3.55
Brinker International Inc	3.39
Jones Apparel Group Inc	3.24
BJ's Wholesale Club	3.21
Louis Dreyfus Natural Gas	3.17
Xerox Corp	2.84
LSI Logic	2.51
Kellwood Co	2.36
O Sullivan Industries	2.30
Nextel Communications Corp	2.25
Clayton Homes	1.73
Northwest Pipe Co	1.71
Alaska Air Group	1.65
Wellpoint Health Networks	1.63
Analog Devices	1.60
3Com Corp	1.59
Compaq Computer Corp	1.57
Tommy Hilfiger Corp	1.52
O Charleys Inc	1.51
Timberland	1.47
Mesa Airlines Inc	1.46
HCR Manor Care Inc	1.46
St Jude Medical Inc	1.44
Ralcorp Holdings Inc	1.20
Wesley Jessen Vision	1.11
Southtrust Corp	1.07
Texas Instruments Inc	1.02
Oracle Corp	0.97
Michaels Stores Inc	0.94
Diamond Offshore Drilling	0.93
Del Haize America (formerly Food Lion Inc)	0.82
Schnitzer Steel	0.68
American Power Conversion	0.64
Sun Microsystems Inc	0.62
Stone Energy Corp	0.36
DSP Group	0.35
Sierra Health Services	0.35
Devon Energy Corp	0.28
City National Corp	0.20
FirstMerit Corp	<u>0.20</u>
Total Equities	67.51
Cash and Short Term Notes	<u>32.49</u>
TOTAL ASSETS	100.00%