

In a complete reversal from April, equities delivered very strong performance during May. The North Growth Canadian Equity Fund gained 5.4% for the month versus 2.7% for the S&P/TSX Composite Index. However, this month's strength was only just sufficient to nudge the Fund to a positive 0.5% year-to-date return versus 4.6% year-to-date for the Index. Over the past two years the Fund is up 13.0% per annum versus 20.5% for the Index. While the absolute returns since we began managing the Fund are acceptable, we are not satisfied with the relative returns. Our long term stated goal is to beat the Index by 2% per annum. While we obviously have a long way to go to achieve this goal, we firmly believe our portfolio is well positioned to accomplish it.

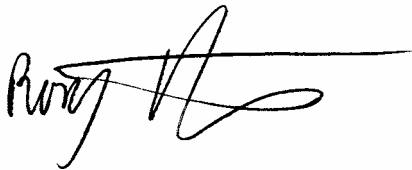
The jury may still be out with regards to the near term removal of foreign content limits for RRSPs; nonetheless, we are pleased with our decision to move the Fund to a 100% Canadian equity portfolio. So far, we have been pleasantly surprised by how much clearer our portfolio decisions have become for the Canadian Fund since we began to switch out of our North Growth US Equity Fund position. Once the transition is complete we will no longer have any direct exposure to our US Fund; however, our macro decisions and research efforts will continue to be driven primarily off of our US Fund research. Approximately 5% of the Canadian Fund is still invested in the US Fund. The final transition is taking a little longer than expected because we have been very active adjusting the portfolio at the individual security level.

Since the fall we have held a dissenting opinion that there is no under supply of oil. We believed and continue to believe that crude oil prices do not currently reflect supply/demand fundamentals. The concept that current high oil prices are justified because they reflect an increased risk premium from the somewhere around \$2 a barrel to around \$23 a barrel is gaining credibility in the market. We believe this risk premium is better described as speculative froth.

Despite our opinion that the prevailing oil prices are excessive we did not move to reduce our energy company investments because we believed that energy related equities were not pricing in the unrealistically high oil prices. This began to change during the first quarter as future earnings expectations for energy companies began to factor in \$50 a barrel oil forecasts. Stock prices in the sector moved up substantially and as a result we have now begun to reduce our exposure to energy names in both the Canadian and US Funds.

We have built the Canadian Fund using our traditional stock by stock “growth at a reasonable price” selection process. The resulting portfolio is quite unique in the Canadian market, where many if not most portfolios are characterized by close to 50% exposure the financial sector versus our 0% exposure. As we continue to move below the 20% market exposure to energy, the Fund’s differentiation continues to grow. As a result, the diversification benefit of adding the North Growth Canadian Equity Fund to your overall investment mix is also increasing.

Yours truly,

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

Rory North

WHERE TO FIND NGM FUND PRICES

Please visit 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

SHORT TERM RATES OF RETURN FOR PERIODS ENDING MAY 31, 2005

	1 Month	3 Months	6 Months	YTD
North Growth Canadian Equity Fund	5.35%	-1.95%	4.21%	0.52%
S&P / TSX \$CDN	2.69%	-0.13%	7.38%	4.61%
North Growth US Equity Fund \$CDN	8.26%	3.58%	15.36%	10.52%
S&P 500 \$CDN	2.91%	1.18%	8.40%	3.43%

ANNUALIZED RATES OF RETURN FOR PERIODS ENDING MAY 31, 2005

	1 Year	2 Years	3 Years	4 Years	Since Inception
North Growth Canadian Equity Fund	2.85%	12.98%	3.08%	3.68%	6.37%
S&P / TSX \$CDN	16.21%	20.47%	9.88%	6.05%	-1.59%
North Growth US Equity Fund \$CDN	11.34%	18.16%	13.44%	10.06%	17.22%
S&P 500 \$CDN	-0.35%	8.38%	-1.10%	-4.62%	10.99%

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.

The inception of the Us Equity Fund: October 13, 1992

NAVPS: May 31, 2005 \$ 12.96 CDN

Total Assets in Fund \$ 25.4 Million CDN

North Growth Canadian Money Market Fund
Net Current Yield
2.26%