

# JUNE MONTHLY REPORT

*July 2, 2003*

June was another good month for the North Growth US Equity Fund. It is not, however, the purpose of these monthly reports to focus unduly on short-term results. Short-term results may be reassuring but they are not meaningful until they add up to years of good performance. We suggest that all new investors in the Fund have an investment horizon of at least five years. It is very satisfying to report that the Fund is showing industry leading results for time periods ranging from months up to 10 years.

The Fund rose 2.80% in June versus a gain of 1.28% for the S&P 500 Index. These investment results are stated in US dollars. Over the past 12 months, the North Growth US Equity Fund gained 32.14% versus a gain of 0.25% for the S&P 500 Index. This relative performance follows continuous strong relative performance over the past several years. In US dollars, the Fund outperformed the S&P Index by 47.1% in 2000 and 18.1% in 2001 and 21% in 2002. Year-to-date, the Fund has outperformed the S&P 500 by 10.03% in US dollars. While strong relative performance is just as important during periods of weak markets as during rising markets, it will probably make most unitholders happy to note that during the past 12 months the Fund's investments rose by 32.14% absolutely – real, hard, positive growth.

The value of the Fund's units in Canadian dollars was penalized by the strength of the Canadian dollar since early 2003, cutting the year-to-date gain to 4.02% and the 12 months to June 30<sup>th</sup> gain to 17.44%. As we mentioned in our last monthly report, for Canadian investors who feel there is future risk investing in the US equity market because of the possibility of a continuation of recent strength in the Canadian dollar, we have developed a Canadian/US dollar limited partnership hedge which can be placed onto holdings in the North Growth US Equity Fund. This results in a simple hedge where any gain or loss in the performance of the Fund because of changes in the US/Canadian exchange rate is offset by an opposite gain or loss in the hedging units. Going forward, unitholders can largely eliminate the effect of currency on their US equity investments.

When evaluating results, a long-term investment horizon of at least five years is most appropriate for serious equity investors. Over the past five years to June 30, 2003 the average annual return for the Fund in US dollars was 12.95% versus -1.61% for the S&P 500 Index. In US terms, \$100,000 invested in the Fund would have grown to \$183,717 over the past five years while the same investment in the S&P 500 Index would have declined to \$92,191. In Canadian dollars, \$100,000 in the Fund would have grown to \$168,708 versus a decline to \$84,635 in the S&P 500.

While most investors will agree that the past 5 years have been difficult to disastrous, the results of the North Growth US Equity Fund are up to the long-term levels that assure success of a long-term financial plan and equities are just entering a new bull market!

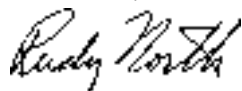
Month-after-month, while the market of the past year has been making the sizeable swings that are typical of most bear market bottoms, we have been commenting on the fact that both the US economy and US corporate profits were growing. Overall, the growth has been quite slow but typical of the rates that many previous recoveries have registered. It is also typical for the investment public to have little confidence in a new recovery.

We believe that the current recovery, while slow, is not nearly as fragile as generally believed. One powerful reason is the amount of stimulus that is behind the US economy: low interest rates, lower taxes, and stimulative government spending to name a few on the macro side. Companies have been restructuring to cope with their individual problems throughout the economic decline. The result is the current exceptional strength in productivity at a time when the economy is operating at a depressed level. The media, in typical fashion after a period of difficulty, is putting its negative spin on this observation. The restraint on new job creation is being stressed, while we are more interested in what this could mean in terms of profit growth as the economy continues to recover.

The bottom line of this report is that a terrific, possibly unprecedented amount of stimulus, and the political will to continue it, is behind this economy. The economy and corporate earnings continue to grow. The concern about slowness is typical of a new bull market. The beginning of every new bull market, just at the critical point where it clearly breaks out of the erratic fluctuations that characterize the bottom of a bull market, is met by a chorus of “too far too fast”. Yet another sizable correction is expected, but by definition bull markets are rising trends in the market with seldom more than a 5% correction. During a new bull market, reactions of 10% or more are rare or non-existent and not worth waiting for. We suspect that we are entering this phase of the market.

As has been the case for the past 12 months, stock selection will be the key to good performance and preoccupation with market timing may prove to be a costly handicap. We expect the North Growth US Equity Fund to continue to perform well. All serious long-term investors should have the equity portion of their financial plan up to maximum levels. By that, we mean the levels they wished they had had back when markets had been good for an extended period of time and the good times looked like they would never stop.

Yours truly,



Rudy North

#### 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.

**PERFORMANCE COMPARISONS: SHORT-TERM**

	<i>Year to June 30, 03</i>	<i>Six months to June 30, 03</i>	<i>Three months to June 30, 03</i>	<i>Month of June 03</i>
<b>North Growth US Equity Fund \$CDN</b>	<b>4.02%</b>	<b>4.02%</b>	<b>13.90%</b>	<b>1.22%</b>
<b>North Growth US Equity Fund \$US</b>	<b>21.79%</b>	<b>21.79%</b>	<b>24.06%</b>	<b>2.80%</b>
S&P 500 \$US	11.76%	11.76%	15.39%	1.28%
S&P 400 MidCap \$US	12.41%	12.41%	17.63%	1.27%
Russell 2000 \$US	17.90%	17.90%	23.43%	1.82%
NASDAQ Composite \$US	21.82%	21.82%	21.11%	1.73%

**PERFORMANCE COMPARISONS: LONG-TERM**

	<i>1 Year</i>	<i>3 Years</i>	<i>5 Years</i>	<i>10 Years</i>
<b>North Growth US Equity Fund \$CDN</b>	<b>17.44%</b>	<b>10.49%</b>	<b>11.03%</b>	<b>16.21%</b>
<b>North Growth US Equity Fund \$US</b>	<b>32.14%</b>	<b>14.01%</b>	<b>12.95%</b>	<b>15.62%</b>
S&P 500 \$US	0.25%	-11.19%	-1.61%	10.03%
S&P 400 MidCap \$US	-0.73%	0.99%	7.13%	12.63%
Russell 2000 \$US*	-1.62%	-3.22%	1.04%	6.75%
NASDAQ Composite \$US*	11.38%	-25.49%	-2.73%	8.71%

*Source: Bloomberg "Total Return Analysis" as of July 1, 2003*  
 \* The ten year average for these indices is a Simple Price Appreciation because total return data is not available on Bloomberg.

**RETURN SINCE INCEPTION (ANNUALIZED), OCT. 13, 1992 - JUNE 30, 2003** **17.04%**

<b>NAVPS: JUNE 30/03</b>	<b>\$ 19.43</b>	<b>CDN</b>
	<b>\$ 14.42</b>	<b>US</b>
<b>TOTAL ASSETS IN FUND</b>	<b>\$ 147.91</b>	<b>MILLION CDN</b>

**CANADIAN MONEY MARKET FUND**  
**NET CURRENT YIELD AS OF JUNE 30, 2003**

**2.99%**