

Easing European sovereign debt concerns and better than expected earnings from US companies helped stocks post their best monthly gains in over a year. The S&P 500 Index and NASDAQ Composite rallied 7.0 and 6.9% respectively, while the S&P 600 SmallCap Index gained 6.3% and the North Growth US Equity Fund gained 6.4%. In Canadian dollars, the North Growth US Equity Fund gained 2.8% while the S&P 500 Index posted a return of 3.4%. The North Growth Canadian Equity Fund gained 5.7%, outperforming the S&P/TSX Index return of 4.0%.

Overall corporate second quarter earnings have come in even stronger than expected. Of the 75% of companies that have reported thus far, revenue and earnings growth ex-financials have grown 12% and 42%, respectively. Also, 75% of the S&P 500 companies have reported positive surprises (as compared to 72% last year) and the median for positive earnings surprise is 9%. Clearly, heightened fears of European weakness and Asian economic slowdown failed to materialize in the majority of corporate earnings reports --- earnings growth was fairly broad-based and reflected improving demand, disciplined cost controls, enhanced productivity and strategic share buybacks.

We believe that corporate profits will lead employment and capital spending. As we have been saying for some time now, corporate balance sheets remain healthy and are flush with cash. Many companies are taking advantage of their financial strength and upgrading equipment after many years of putting such investments on hold. As noted in the recent Q2 Advance GDP report, US companies continued to spend more on equipment and software, posting a fifth consecutive rise. We believe the strength in technology spending is a good indicator of overall capital spending and should prove to be major driver of the US markets in the coming years. This underlines our thinking that we will see a manufacturing and export led recovery as opposed to a consumer led recovery.

Management commentary and outlook remain constructive and upbeat. Following the recent barrage of negative financial headlines, it was comforting to hear from an expanding list of executives who believe their businesses have past the recovery stage and are now stabilizing and growing. We concur with this viewpoint and suggest heeding caution when listening to the ominous commentary coming from economists and technical analysts. Indeed, the disconnect between management commentary and what economists say often reflects the fact that companies recover faster than the general economy; it is not uncommon to see patches of economic softness during longer cyclical recoveries. In our opinion, there is little evidence supporting a double-dip recession. One needs to remember that this data is to a large extent backward looking and has likely been discounted by the market pullback during the April through June timeframe.

The pullback in stock prices has pushed US equity valuations to the lower end of its historical range. Clearly, investors have been reluctant to reward strong earnings growth and grant premium valuations in light of macro concerns and mixed economic signals. Rather, investors have been flocking to US Treasuries despite offering near record low yields. This irrational behavior baffles us and we believe that this transitional phase offers long term investors a rare opportunity to invest in some of the best companies in the world at discount prices. In time, and with perfect hindsight, we will see that earnings are the ultimate driver of stock prices.

Yours truly,

A handwritten signature in black ink, appearing to read 'Cynthia Yen', written in a cursive style.

Cynthia Yen, CFA

NORTH GROWTH US EQUITY FUND

Short Term Rates of Return (%) for Periods Ending July 31, 2010

	1 Month	3 Months	6 Months	YTD
NGM US Equity Fund \$CDN	2.75	-6.19	2.12	0.17
S&P 500 \$CDN	3.36	-5.54	-0.36	-2.27
NGM US Equity Fund \$US	6.37	-7.33	6.19	2.38
S&P 500 \$US	7.00	-6.69	3.61	-0.12
S&P 400 MidCap \$US	6.91	-7.29	8.95	5.45
S&P 600 SmallCap \$US	6.34	-8.31	9.10	5.41
NASDAQ Composite \$US	6.94	-8.17	5.50	-0.13

NORTH GROWTH US EQUITY FUND

Annualized Rates of Return (%) for Periods Ending July 31, 2010

	1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception
NGM US Equity Fund \$CDN	12.66	-4.37	-2.01	5.29	9.94	11.34
S&P 500 \$CDN	8.64	-7.92	-3.59	-4.36	4.50	6.66
NGM US Equity Fund \$US	18.05	-3.20	1.46	9.25	12.03	12.54
S&P 500 \$US	13.84	-6.78	-0.17	-0.76	6.49	7.80
S&P 400 MidCap \$US	22.82	-2.36	2.53	5.85	10.47	11.42
S&P 600 SmallCap \$US	19.17	-4.08	0.88	6.47	8.65	10.25
NASDAQ Composite \$US	15.05	-3.06	1.52	-4.37	6.15	7.96*

Source: Bloomberg "Total Return Analysis" as of August 1, 2010.

*These returns are a simple price appreciation because total return data is not available on Bloomberg.
The inception of the Fund: October 13, 1992.

NAVPS: July 31, 2010 \$21.51 CDN
\$20.92 US

Total Assets in Fund \$207.3 Million CDN

NORTH GROWTH CANADIAN EQUITY FUND

Short Term Rates of Return (%) for Periods Ending July 31, 2010

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	5.70	-1.63	12.69	17.99
S&P / TSX \$CDN	3.96	-3.38	7.04	1.31

NORTH GROWTH CANADIAN EQUITY FUND

Annualized Rates of Return (%) for Periods Ending July 31, 2010

	1 Year	3 Years	5 Years	*Since Takeover	**Since Inception
NGM Canadian Equity Fund	42.51	-8.56	-1.38	2.92	2.44
S&P / TSX \$CDN	11.68	-2.58	5.18	10.93	2.67

*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: July 31, 2010 \$ 10.46 CDN

Total Assets in Fund \$ 17.9 Million CDN

NORTH GROWTH CANADIAN MONEY MARKET FUND
Annualized Rates of Returns (%) for Periods Ending July 31, 2010

	*CURRENT YIELD	1 Year	3 Years	5 Years
NGM CDN Money Market Fund	0.38	0.12	1.75	2.51
30 Day T-Bill	N/A	0.19	1.59	2.47

** The Current Yield for the Money Market Fund is the average of the annualized daily yield for the most recent seven day period. This measure is no longer available for the 30 day T-Bill Index.*

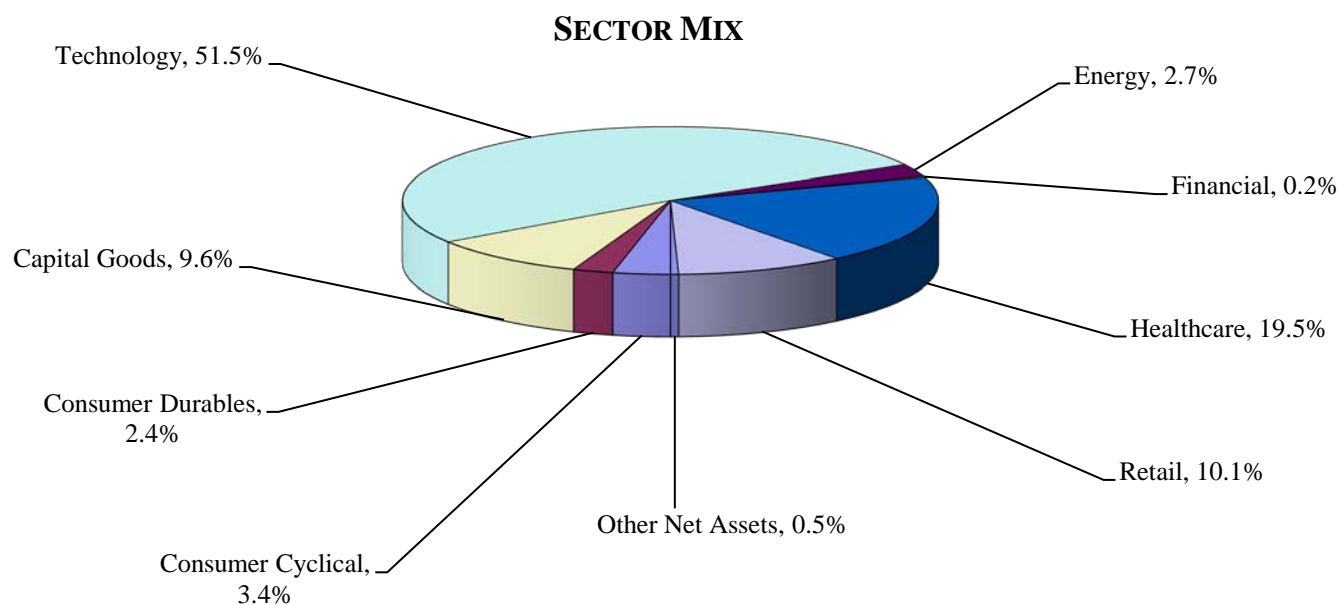
We take a very simple approach to managing the North Growth Canadian Money Market Fund. We invest in a portfolio of high quality short term bonds. The average maturity of the portfolio never is greater than 30 days. Historically the Fund has generated very competitive yields with this simple approach because the management fee is, and always has been, 0.25%. In today's low rate environment most other money market funds in Canada have cut their management fees and extended their maturities in order to improve yields, as a result the North Growth Canadian Money Market Fund's yields are now below the industry average.

We manage the portfolio to ensure high liquidity and have no intention to extend maturities in order to chase a few basis points and we do not have any room to reduce our management fees because we already take a loss on the product. We still believe our money market fund has superior liquidity characteristics due to its very low average maturity but our current yield is 0.38% which is lower than many other mainstream money market funds and even short term GICs at top tier Canadian banks.

The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

**US EQUITY FUND
TOP 10 HOLDINGS
As of July 31, 2010**

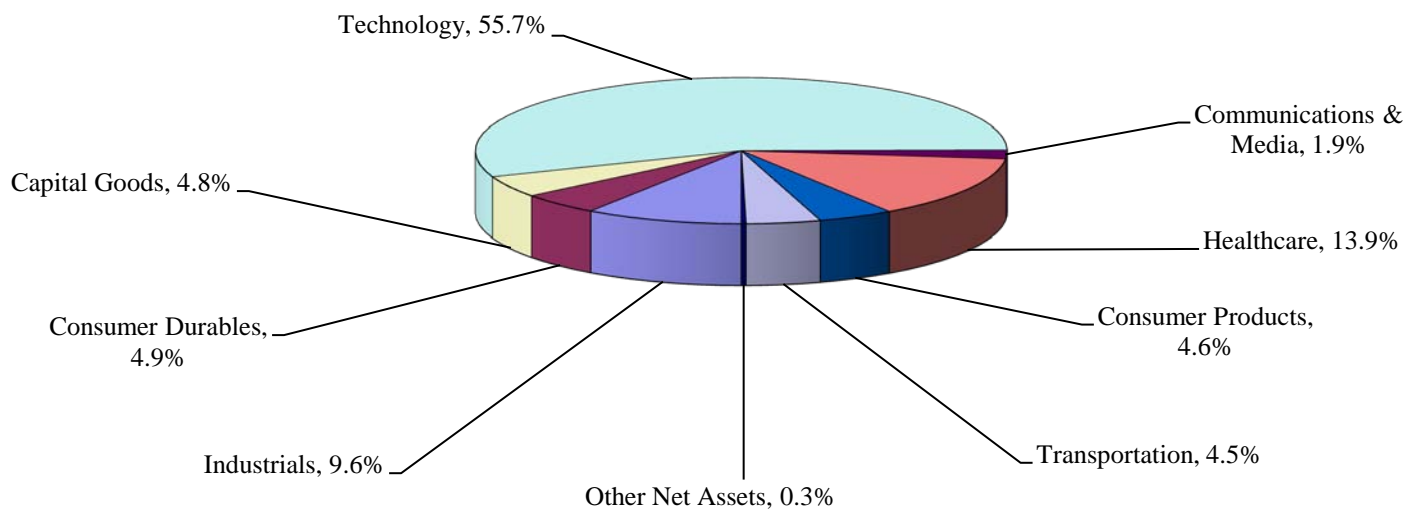
	%
Apple Inc.	11.50
Cisco Systems Inc.	9.98
Intel Corporation	5.25
Bristol-Myers Squibb Company	5.04
Citrix Systems Inc.	4.62
Microsoft Corporation	4.41
Precision Castparts Corp.	4.14
Pfizer Inc.	3.95
General Electric Company	3.87
Texas Instruments Inc.	<u>3.68</u>
Top 10	56.44
Total Equities	99.51
Cash	<u>0.49</u>
TOTAL ASSETS	100.00%



CANADIAN EQUITY FUND
TOP 10 HOLDINGS
As of July 31, 2010

	%
Zarlink Semiconductor Inc.	12.33
Sierra Wireless Inc.	7.12
Biovail Corporation	6.91
EXFO Inc.	6.80
Bombardier Inc., Class B	6.38
Dorel Industries Inc., Class B	4.86
ATS Automation Tooling Systems Inc.	4.77
QLT Inc.	4.52
Miranda Technologies Inc.	4.52
WestJet Airlines Ltd.	<u>4.51</u>
Top 10	62.74
Total Equities	99.71
Cash	<u>0.29</u>
TOTAL ASSETS	100.00%

SECTOR MIX



INVESTING WITH NORTH GROWTH MANAGEMENT:

North Growth Management is a focused firm. We are Canada's U.S. Equity Specialist. 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
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Fax: 604-688-5402

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 reports prices on www.globefund.com.