

U.S. equities continued their solid upward momentum in April. The S&P 500 Index advanced 3.0%, about in line with the monthly returns of the other major indices we follow which ranged from 2.6% for the S&P 600 SmallCap to 3.4% for the NASDAQ Composite. The North Growth U.S. Equity Fund outperformed all these indices with a gain of 4.0% for the month. Due to the continued strengthening of the Canadian dollar, the U.S. Equity Fund's appreciation in Canadian dollars in April was 1.5% versus 0.5% for the S&P 500 Index.

The North Growth Canadian Equity Fund also delivered strong performance in April, posting a 2.0% increase compared to a 1.0% decrease for the S&P/TSX Composite Index. Year-to-date, the Canadian Equity Fund has significantly outperformed the S&P/TSX, gaining 12.6% compared to 4.5% for the Index.

The strength in U.S. equities last month resulted largely from better-than-expected earnings reports for the first quarter of 2011. According to Bloomberg, more than 75% of the S&P 500 companies that have reported results so far have beat analysts' estimates. Earnings-per-share have exceeded projections by 8.3% on average. Management commentary continues to be constructive and company balance sheets continue to improve.

Intel, a key holding in the North Growth U.S. Equity Fund, provides a stark example of a company that is growing earnings above expectations, generating record amounts of cash flow, and trading at extremely attractive valuations relative to its financial health and long term prospects. In its latest quarter, Intel reported revenue and earnings-per-share growth year-over-year of 25% and 37% respectively. The outstanding results were enhanced by the positive comments Paul Otellini, Intel's CEO, made on its conference call, highlighting excellent growth momentum and demand across all of the company's product segments. Strong cash generation underscores Intel's continued share buyback program, increased capital spending projection for the year, and increased dividend payout. In fact, in the past six months, Intel has raised its dividend twice, amounting to an increased rate of 33%. The stock currently yields around 3.5% and trades at 11 times trailing earnings or 9 times adjusted for cash, representing amazing "growth at a reasonable price."

Improving business confidence overall is translating into a gradually recovering labour market as companies increase their headcount. Although recent weekly unemployment insurance claims have risen unfavourably, payrolls expanded by 244,000 in April, the biggest gain since May 2010. Moreover, job openings rose to 3.1 million in March, the highest level since September 2008. Private hiring and job openings, which exclude government agencies, were notably stronger; the U.S. economy generated 268,000 private jobs last month, the most since February 2006, and private job openings in March were up 23% from a year ago.

Following 3.1% growth in the fourth quarter of 2010, U.S. GDP rose at a slower 1.8% annual rate from January through March this year. While economic data of late has been mixed, on balance it is still supportive of the U.S. economy being in a self-sustaining expansion phase. The sell-off in commodities since the beginning of May is actually a beneficial development that may bode well for economic growth ahead. Contrary to the notion that falling commodity prices are indicative of a weaker economy via weaker demand, lower commodity prices in fact would perpetuate the economic expansion by lowering input costs, boosting corporate profit margins and keeping inflation subdued.

We have maintained for quite some time that the high prices of commodities are not supported by the underlying economic fundamentals of supply and demand. Speculative fever has been rampant in the commodity markets, and incidentally, the sharp decline in commodities over the past two weeks coincided with various commodity exchanges in the U.S. and Europe raising margin requirements, the amount of money traders must keep on deposit, for commodity futures. The increased cost of trading raw materials such as silver, cotton, and soybeans is in response to the high volatility brought about by accelerating prices—the rise in margin requirements is intended to discourage financial speculation.

As a reminder, both the North Growth U.S. Equity Fund and North Growth Canadian Equity Fund do not currently have any exposure to commodities. The holdings in the Funds exhibit strong fundamentals, meeting our "growth at a reasonable price" investment criteria. While the Canadian Equity Fund has a \$150,000 minimum initial investment to new clients, existing North Growth clients can add the Canadian Equity Fund at a much lower minimum investment if there is an available prospectus exemption.

Yours truly,



Erica Lau, CFA

## NORTH GROWTH U.S. EQUITY FUND

## Short Term Rates of Return (%) for Periods Ending April 30, 2011

	1 Month	3 Months	6 Months	YTD
<b>NGM US Equity Fund \$CDN</b>	<b>1.47</b>	<b>0.92</b>	<b>6.61</b>	<b>3.41</b>
S&P 500 \$CDN	0.50	0.67	7.94	3.77
<b>NGM US Equity Fund \$US</b>	<b>3.96</b>	<b>6.80</b>	<b>14.92</b>	<b>8.67</b>
S&P 500 \$US	2.96	6.53	16.36	9.06
S&P 400 MidCap \$US	2.71	10.13	23.25	12.33
S&P 600 SmallCap \$US	2.60	10.35	23.22	10.51
NASDAQ Composite \$US	3.37	6.65	15.18	8.58

## NORTH GROWTH U.S. EQUITY FUND

## Annualized Rates of Return (%) for Periods Ending April 30, 2011

	1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception
<b>NGM US Equity Fund \$CDN</b>	<b>8.06</b>	<b>4.65</b>	<b>0.99</b>	<b>4.60</b>	<b>9.59</b>	<b>11.71</b>
S&P 500 \$CDN	9.21	-0.36	-0.42	-2.04	4.34	7.21
<b>NGM US Equity Fund \$US</b>	<b>15.98</b>	<b>6.85</b>	<b>4.41</b>	<b>9.79</b>	<b>12.28</b>	<b>13.27</b>
S&P 500 \$US	17.22	1.73	2.95	2.82	6.91	8.80
S&P 400 MidCap \$US	25.07	8.28	6.35	8.51	11.60	12.74
S&P 600 SmallCap \$US	21.42	7.87	4.21	8.68	9.51	11.49
NASDAQ Composite \$US	17.98	7.07	5.29	3.85	6.67	9.05*

Source: Bloomberg "Total Return Analysis" as of May 2, 2011.

\*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: Apr 30, 2011 \$24.47 CDN**  
**\$25.86 US**

**Total Assets in Fund \$241.7 Million CDN**

## NORTH GROWTH CANADIAN EQUITY FUND

## Short Term Rates of Return (%) for Periods Ending April 30, 2011

	1 Month	3 Months	6 Months	YTD
<b>NGM Canadian Equity Fund</b>	<b>1.98</b>	<b>5.64</b>	<b>17.48</b>	<b>12.62</b>
S&P / TSX \$CDN	-1.02	3.50	11.37	4.52

## NORTH GROWTH CANADIAN EQUITY FUND

## Annualized Rates of Return (%) for Periods Ending April 30, 2011

	1 Year	3 Years	5 Years	10 Years	*Since Takeover	**Since Inception
<b>NGM Canadian Equity Fund</b>	<b>23.46</b>	<b>6.16</b>	<b>-0.81</b>	<b>3.70</b>	<b>5.59</b>	<b>4.47</b>
S&P / TSX \$CDN	17.22	3.05	5.63	8.26	12.54	4.35

\*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: Apr 30, 2011 \$ 13.13 CDN**

**Total Assets in Fund \$ 23.4Million CDN**

**NORTH GROWTH CANADIAN MONEY MARKET FUND**  
**Annualized Rates of Returns (%) for Periods Ending April 30, 2011**

	*CURRENT YIELD	1 Year	3 Years	5 Years
<b>NGM CDN Money Market Fund</b>	<b>0.83</b>	<b>0.63</b>	<b>0.90</b>	<b>2.18</b>
30 Day T-Bill	N/A	0.66	0.88	2.13

*\* 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.*

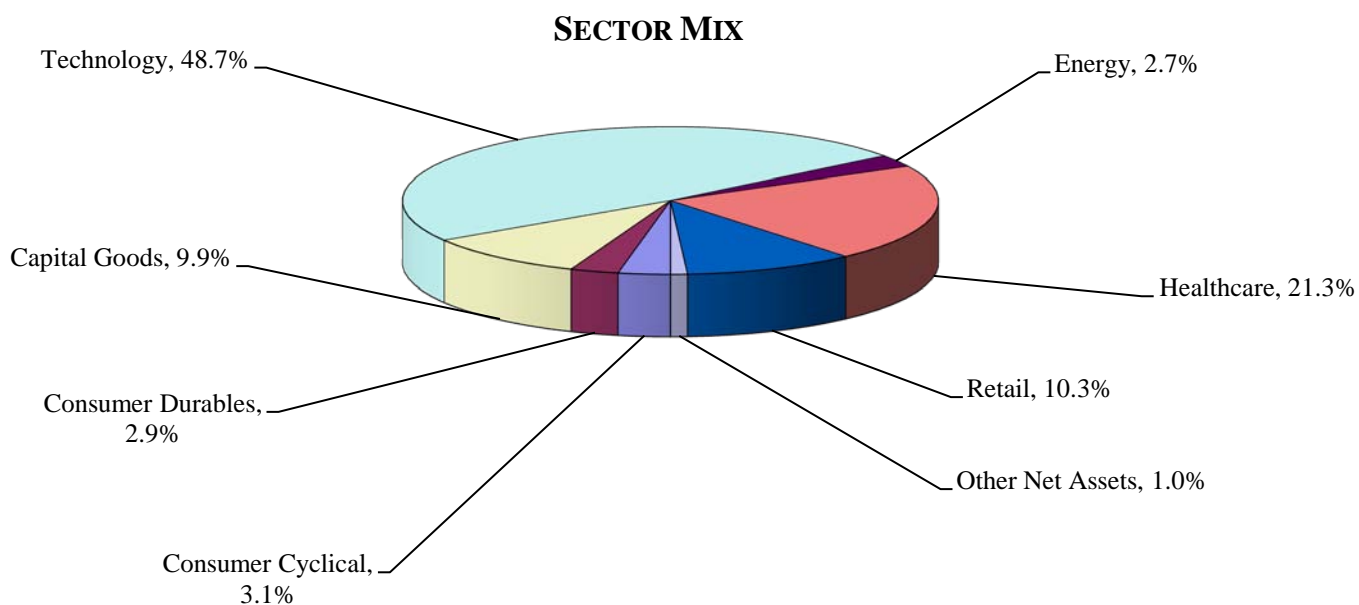
We take a very simple approach to managing the North Growth Canadian Money Market Fund. We invest in a portfolio of high quality short term bonds. The average maturity of the portfolio never is greater than 30 days. Historically the Fund has generated very competitive yields with this simple approach 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 0.83% 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.

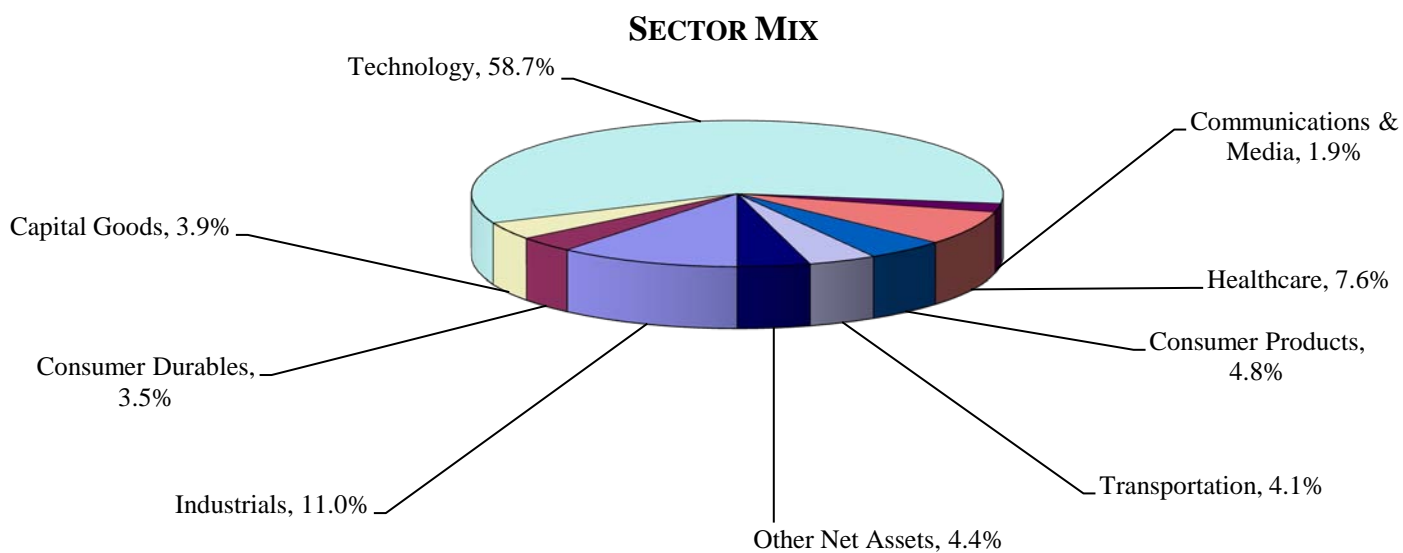
**U.S. EQUITY FUND  
TOP 10 HOLDINGS  
As of April 30, 2011**

	<b>%</b>
Apple Inc.	9.50
Cisco Systems Inc.	8.04
Intel Corporation	5.65
Pier 1 Imports Inc.	4.78
St. Jude Medical Inc.	4.77
Microsoft Corporation	4.58
Bristol-Myers Squibb Company	4.49
Applied Materials Inc.	4.44
Pfizer Inc.	4.36
Texas Instruments Inc.	<u>4.18</u>
<b>Top 10</b>	54.79
<b>Total Equities</b>	99.44
Cash	<u>0.56</u>
<b>TOTAL ASSETS</b>	<b>100.00%</b>



**CANADIAN EQUITY FUND  
TOP 10 HOLDINGS  
As of April 30, 2011**

	%
Zarlink Semiconductor Inc.	12.35
Bombardier Inc., Class B	7.72
EXFO Inc.	7.72
Sierra Wireless Inc.	6.03
Miranda Technologies Inc.	4.74
WestJet Airlines Ltd.	4.14
ATS Automation Tooling Systems Inc.	3.91
Valeant Pharmaceuticals International, Inc.	3.90
Sandvine Corporation	3.87
Azure Dynamics Corporation.	<u>3.80</u>
<b>Top 10</b>	58.18
<b>Total Equities</b>	95.60
Cash	<u>4.40</u>
<b>TOTAL ASSETS</b>	<b>100.00%</b>



**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  
505 Burrard Street, Box 56  
Vancouver, BC V7X 1M4

Fax: 604-688-5402

**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 reports prices on [www.globefund.com](http://www.globefund.com).