

Equities posted strong gains in November, with the S&P 500 leading the way with a 6.0% gain for the month. While the North Growth US Equity Fund's 5.4% gain slightly trailed the S&P 500, it outperformed the other indices we follow including the tech heavy NASDAQ Composite's 5.1% gain. The strength of the loonie versus the greenback reduced US equity returns translated to Canadian dollar terms by approximately 2.6%. Year-to-date, the North Growth US Equity Fund is up 42.0% in US dollars or 23.1% when translated to Canadian dollars, comparing favourably to 24.1% for the S&P 500 in US dollars or 7.5% in Canadian dollars. The North Growth Canadian Equity Fund has also performed quite well recently, up 5.8% during November versus the 5.2% gain for the S&P / TSX Composite and, year-to-date, the Canadian Fund has risen 41.1% versus 31.2% for the S&P / TSX Composite.

After falling by 37% in 2008, and given the steadily improving global macroeconomic backdrop, the year-to-date gain for the S&P 500 of 24.1% should seem quite reasonable and well within historic norms. Despite this basic observation, one of the most common mantras these days is that because the S&P 500 has rallied 65% off its March 9<sup>th</sup> lows equities must be ahead of themselves. During the first few months of the year to March 9<sup>th</sup>, fear and extremely pessimistic economic expectations caused the S&P 500 to fall by 24%. Now that the fear and pessimism has proven to be unfounded, it is clear that at the March lows equities had fallen much too far. Simply unwinding the "fear trade" accounts for at least half of the rally from the lows, while better than expected global macroeconomic data and corporate fundamentals easily justify the rest.

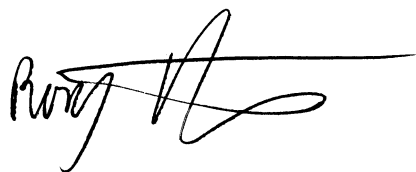
As the global economic recovery has taken hold, growth expectations have shifted from very negative to the idea of a muted slow growth environment. Although no longer outright pessimistic, sentiment has settled into a neutral range with slow growth clearly in the consensus. Meanwhile, as new economic data continues to come in, the evidence of an accelerating synchronized global economic recovery continues to mount. It now seems clear that we have entered a business-led expansion. Particularly in the US, in reaction to last year's financial crises, companies cut capital spending, inventories and employment too far. As corporations unwind the excessive cuts to position for a better economy, it is becoming increasingly likely that we will see a more vigorous expansion than is currently expected. We believe that, while consensus views remain cautious, better than expected earnings will continue to support further gains for US equities.

During October, the majority of companies reported earnings for the quarter ending September 30<sup>th</sup> that were ahead of expectations and that, in general, provided constructive outlooks for the current quarter. Early in November, Cisco Systems followed suit, reporting very solid results for their quarterly reporting period ending October 31<sup>st</sup>. Cisco's commentary was decidedly upbeat and their guidance for the current quarter was much better than analysts were expecting. Throughout the rest of November and into the first week of December, commentary from a wide range of companies, including semiconductor manufacturers and most recently FedEx, suggest that top line growth is starting to accelerate. Improved top line growth deepens our conviction that consensus views are too cautious and that US equities are attractively valued at current levels.

Our investment discipline has served us well through many investment cycles. During the most recent bear market it did not protect us from the downside but, importantly, it kept us focused on the long term. Going into the downturn our portfolio was made up of industry leading companies with strong balance sheets, compelling long term growth prospects, and probably most importantly, reasonable valuations. Due to the high quality nature of our portfolio we did not feel compelled to make wholesale changes to the portfolio during the downturn. We continued to adhere to our "growth at a reasonable price" philosophy and were able to add a select few names that have been meaningful contributors to the portfolio's recent strong performance. During November we re-established a position in the energy sector with our first pure play exposure to the solar sector—a 1% position in First Solar. We have been working on the solar opportunity for the better part of two years now and believe this is a good first step to establish a position in this important growth sector.

December 15<sup>th</sup> is the distribution date for the North Growth US Equity Fund and the North Growth Canadian Fund. We anticipate that the distribution for the US Fund will be very similar to last year, with no capital gains and a nominal income distribution of approximately 2 cents per unit. We do not expect the Canadian Fund to pay any distribution. Holders of the US Fund and the Canadian Money Market Fund should expect to receive their T-3 tax slips in January.

Yours truly,

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

Rory North, CFA  
COO & Lead Portfolio Manager

## NORTH GROWTH US EQUITY FUND

## Short Term Rates of Return (%) for Periods Ending November 30, 2009

	1 Month	3 Months	6 Months	YTD
<b>NGM US Equity Fund \$CDN</b>	<b>2.84</b>	<b>4.46</b>	<b>18.32</b>	<b>23.10</b>
S&P 500 \$CDN	3.42	4.03	16.52	7.53
<b>NGM US Equity Fund \$US</b>	<b>5.40</b>	<b>8.36</b>	<b>22.37</b>	<b>42.04</b>
S&P 500 \$US	6.00	7.91	20.50	24.07
S&P 400 MidCap \$US	4.05	5.01	19.92	29.27
S&P 600 SmallCap \$US	2.61	1.75	16.47	15.59
NASDAQ Composite \$US	5.05	7.03	21.44	37.30

## NORTH GROWTH US EQUITY FUND

## Annualized Rates of Return (%) for Periods Ending November 30, 2009

	1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception
<b>NGM US Equity Fund \$CDN</b>	<b>24.16</b>	<b>-6.35</b>	<b>0.12</b>	<b>7.45</b>	<b>11.02</b>	<b>11.54</b>
S&P 500 \$CDN	7.00	-8.23	-1.61	-3.84	6.12	6.97
<b>NGM US Equity Fund \$US</b>	<b>45.49</b>	<b>-3.85</b>	<b>2.48</b>	<b>11.10</b>	<b>12.99</b>	<b>12.61</b>
S&P 500 \$US	25.39	-5.79	0.71	-0.57	8.01	8.00
S&P 400 MidCap \$US	35.53	-3.96	2.86	6.33	11.27	11.15
S&P 600 SmallCap \$US	22.65	-7.39	0.13	6.31	9.37	9.80
NASDAQ Composite \$US	41.13	-3.22	1.31	-3.73	7.25*	7.97*

Source: Bloomberg "Total Return Analysis" as of December 1, 2009.

\*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: Nov. 30, 2009 \$20.65 CDN  
\$19.56 US**

**Total Assets in Fund \$203.4 Million CDN**

## NORTH GROWTH CANADIAN EQUITY FUND

## Short Term Rates of Return (%) for Periods Ending November 30, 2009

	1 Month	3 Months	6 Months	YTD
<b>NGM Canadian Equity Fund</b>	<b>5.75</b>	<b>9.27</b>	<b>18.59</b>	<b>41.14</b>
S&P / TSX \$CDN	5.15	6.09	12.00	31.22

## NORTH GROWTH CANADIAN EQUITY FUND

## Annualized Rates of Return (%) for Periods Ending November 30, 2009

	1 Year	3 Years	5 Years	*Since Takeover	**Since Inception
<b>NGM Canadian Equity Fund</b>	<b>47.34</b>	<b>-11.16</b>	<b>-4.40</b>	<b>-0.06</b>	<b>0.29</b>
S&P / TSX \$CDN	27.75	-0.67	7.60	11.39	2.40

\*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: Nov. 30, 2009 \$ 8.46 CDN**

**Total Assets in Fund \$ 15.5 Million CDN**

**NORTH GROWTH CANADIAN MONEY MARKET FUND**  
**Annualized Rates of Returns (%) for Periods Ending November 30, 2009**

	*CURRENT YIELD	1 Year	3 Years	5 Years
<b>NGM CDN Money Market Fund</b>	<b>0.06</b>	<b>0.48</b>	<b>2.63</b>	<b>2.80</b>
30 Day T-Bill	N/A	0.53	2.49	2.77

*\* 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 0.06% as compared to 0.20% to 0.40% for many other mainstream money market funds and even short term GICs at top tier Canadian banks.

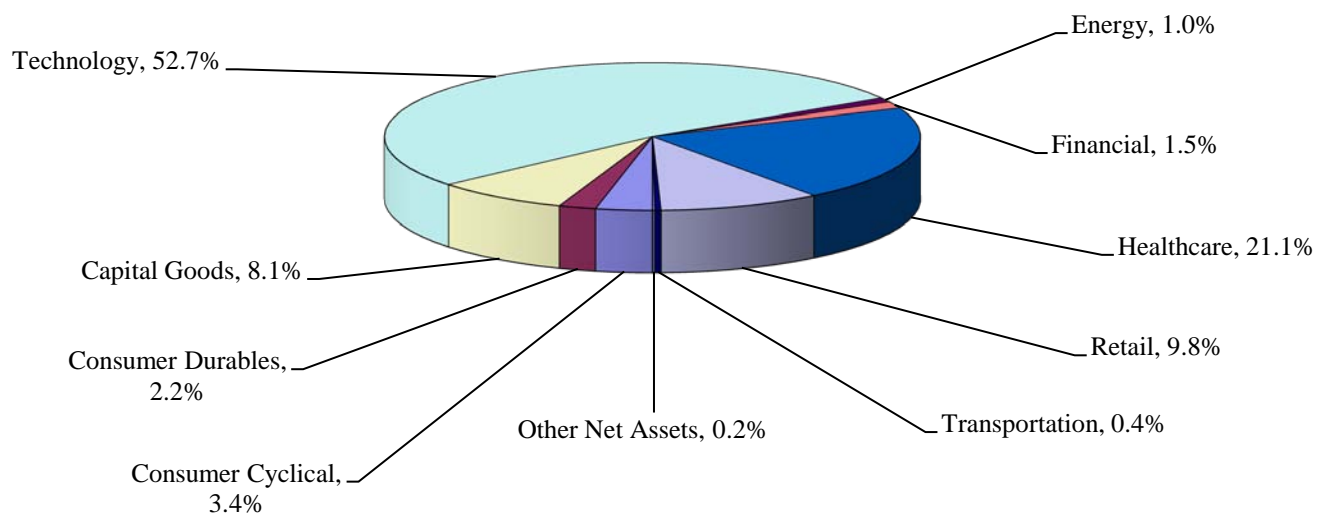
The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

\*The risk free rate is the theoretical rate of return of an investment with zero risk. The North Growth Canadian Money Market is not a risk free investment and is not covered by the CDIC (Canadian Deposit Insurance Corporation).

**US EQUITY FUND**  
**TOP 10 HOLDINGS**  
**As of November 30, 2009**

	%
Apple Inc.	10.08
Cisco Systems Inc.	9.99
Bristol-Myers Squibb Company	5.49
Microsoft Corporation	5.26
Intel Corporation	4.97
Pfizer Inc.	4.13
Citrix Systems Inc.	4.13
General Electric Company	4.02
Sybase Inc.	3.97
Texas Instruments Inc.	<u>3.94</u>
<b>Top 10</b>	<b>55.98</b>
<b>Total Equities</b>	<b>99.83</b>
Cash	<u>0.17</u>
<b>TOTAL ASSETS</b>	<b>100.00%</b>

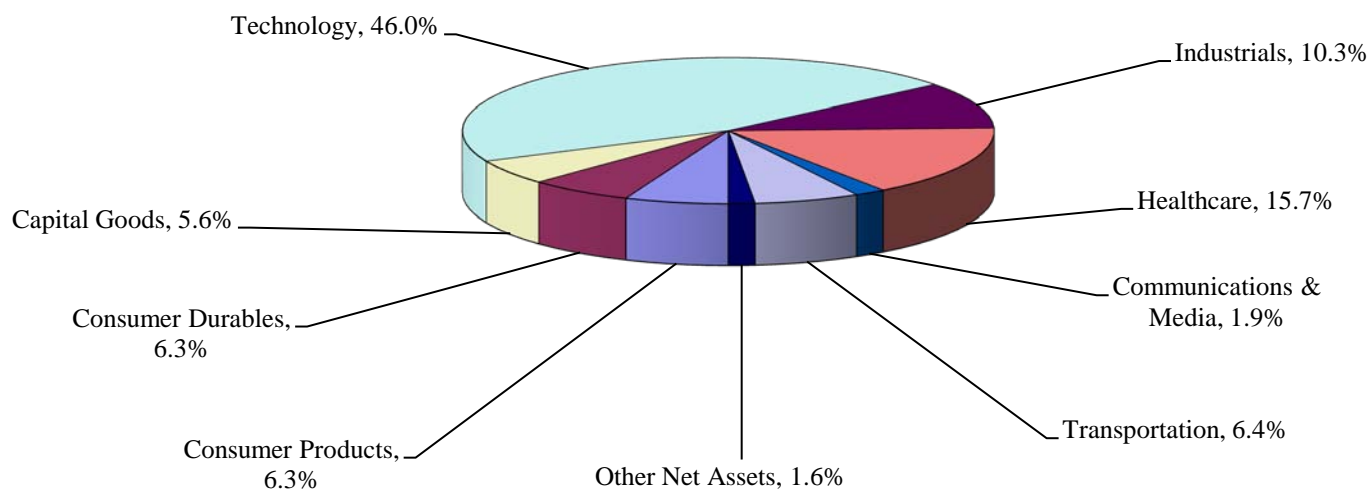
**SECTOR MIX**



**CANADIAN EQUITY FUND**  
**TOP 10 HOLDINGS**  
**As of November 30, 2009**

	%
Zarlink Semiconductor Inc.	9.06
Bombardier Inc., Class B	7.08
WestJet Airlines Ltd.	6.39
Dorel Industries Inc., Class B	6.31
Biovail Corporation	5.86
QLT Inc.	5.75
ATS Automation Tooling Systems Inc.	5.56
EXFO Electro-Optical Engineering Inc.	5.54
Sierra Wireless Inc.	5.19
Gennum Corporation	<u>4.76</u>
<b>Top 10</b>	61.5
<b>Total Equities</b>	98.39
<b>Cash</b>	<u>1.61</u>
<b>TOTAL ASSETS</b>	<b>100.00%</b>

**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  
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).