

During December North American equities delivered solid gains. In the US the S&P 500 gained 1.9% to finish the year up 26.5%, while the technology-heavy NASDAQ Composite gained 5.9% for the month and 45.4% for the year. The North Growth US Equity Fund also delivered a strong gain of 4.6% for the month and for the year led all the indices we follow with a 48.5% gain. The strength of the Canadian dollar during the year offset these gains by approximately 20%; nonetheless, the North Growth US Equity Fund in Canadian dollars gained a respectable 28.2% for the year. In Canada, the TSX Composite Index also had a strong finish to the year with a 2.9% gain for the month bringing the full year gain to 35.1%. The North Growth Canadian Equity Fund maintained its recent outperformance with a 4.8% gain for the month to finish the year up 47.9%.

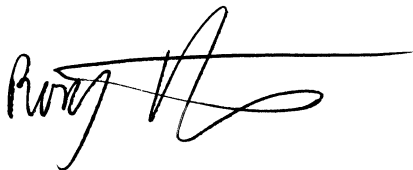
The strong performance of the North Growth Funds during the year can be attributed to our adherence to our investment principles and a continued focus on the long term. Emotions ran high throughout the year, making 2009 a very challenging year for all equity investors. Throughout 2009 we have remained consistent in our message to try and ensure that our clients maintain their investment discipline and focus on the long term. Although we were not able to keep all our clients from making poorly timed changes to their investment mix, in retrospect and having reviewed all the client transactions for the year, we feel we did a pretty good job.

With the global credit crisis now receding into history, and an improving yet underappreciated global macro economy, we look forward to moving into a more 'normal' environment during 2010. The US market represents over 45% of the global equity universe and within that has a disproportionately large share of the top companies within most sectors. We believe Canadians should take advantage of the current attractive valuations for US equities and the overvalued Canadian dollar to ensure that they have an adequate and rational exposure to US equities in their overall investment mix.

On December 15, 2009 the North Growth US Equity Fund paid an annual distribution of \$0.0194 per unit. On your T-3 tax form the distribution will consist of \$0.0345 of Foreign non-business income and a \$0.0151 credit for Foreign non-business income tax paid. Although we are dealing with a tiny distribution, I reviewed numerous scenarios to try and determine what would be the best mix between using the tax credits within the fund or distributing them out to our investors. I settled on a ratio where the tax credit is equal to 43.7% of the income distribution. There is no perfect level because our clients have different tax situations, but under this scenario investors with effective tax rates close to the top marginal tax rate should be able to eliminate all tax liabilities generated by the distribution. The North Growth Canadian Equity Fund did not pay a distribution this year.

This monthly report is shorter than usual as we are currently working on our annual report. Elena has taken on the substantial task of producing the annual report entirely in-house, with the goal of completing it by the end of January – a full month earlier than normal. Last year’s annual report was sent out at the end of February, right as the market approached the bottom, and Rudy’s message to unitholders was very insightful – so please keep your eyes peeled for this year’s message.

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 December 31, 2009

	1 Month	3 Months	6 Months	YTD
NGM US Equity Fund \$CDN	4.11	4.44	14.48	28.17
S&P 500 \$CDN	1.49	4.09	10.78	9.13
NGM US Equity Fund \$US	4.57	6.39	26.68	48.53
S&P 500 \$US	1.93	6.04	22.59	26.46
S&P 400 MidCap \$US	6.27	5.56	26.65	37.38
S&P 600 SmallCap \$US	8.63	5.12	24.73	25.57
NASDAQ Composite \$US	5.87	7.20	24.25	45.36

NORTH GROWTH US EQUITY FUND

Annualized Rates of Return (%) for Periods Ending December 31, 2009

	1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception
NGM US Equity Fund \$CDN	28.17	-5.79	0.07	7.53	11.21	11.74
S&P 500 \$CDN	9.13	-8.82	-2.24	-4.04	5.99	7.03
NGM US Equity Fund \$US	48.53	-2.48	2.80	10.99	13.37	12.83
S&P 500 \$US	26.46	-5.63	0.42	-0.95	8.04	8.08
S&P 400 MidCap \$US	37.38	-1.83	3.27	6.36	11.66	11.49
S&P 600 SmallCap \$US	25.57	-4.79	1.36	6.35	9.80	10.28
NASDAQ Composite \$US	45.36	-1.16	1.71	-5.08	7.63*	8.28*

Source: Bloomberg "Total Return Analysis" as of January 4, 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: Dec. 31, 2009 \$21.48 CDN
\$20.43 US

Total Assets in Fund \$212.0 Million CDN

NORTH GROWTH CANADIAN EQUITY FUND

Short Term Rates of Return (%) for Periods Ending December 31, 2009

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	4.77	7.38	24.48	47.88
S&P / TSX \$CDN	2.93	3.86	14.88	35.05

NORTH GROWTH CANADIAN EQUITY FUND

Annualized Rates of Return (%) for Periods Ending December 31, 2009

	1 Year	3 Years	5 Years	*Since Takeover	**Since Inception
NGM Canadian Equity Fund	47.88	-11.16	-4.20	0.65	0.79
S&P / TSX \$CDN	35.05	-0.21	7.66	11.72	2.69

*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: Dec. 31, 2009 \$ 8.87 CDN

Total Assets in Fund \$ 16.3 Million CDN

NORTH GROWTH CANADIAN MONEY MARKET FUND

Annualized Rates of Returns (%) for Periods Ending December 31, 2009

	*CURRENT YIELD	1 Year	3 Years	5 Years
NGM CDN Money Market Fund	0.07	0.34	2.52	2.76
30 Day T-Bill	N/A	0.36	2.39	2.73

* 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.

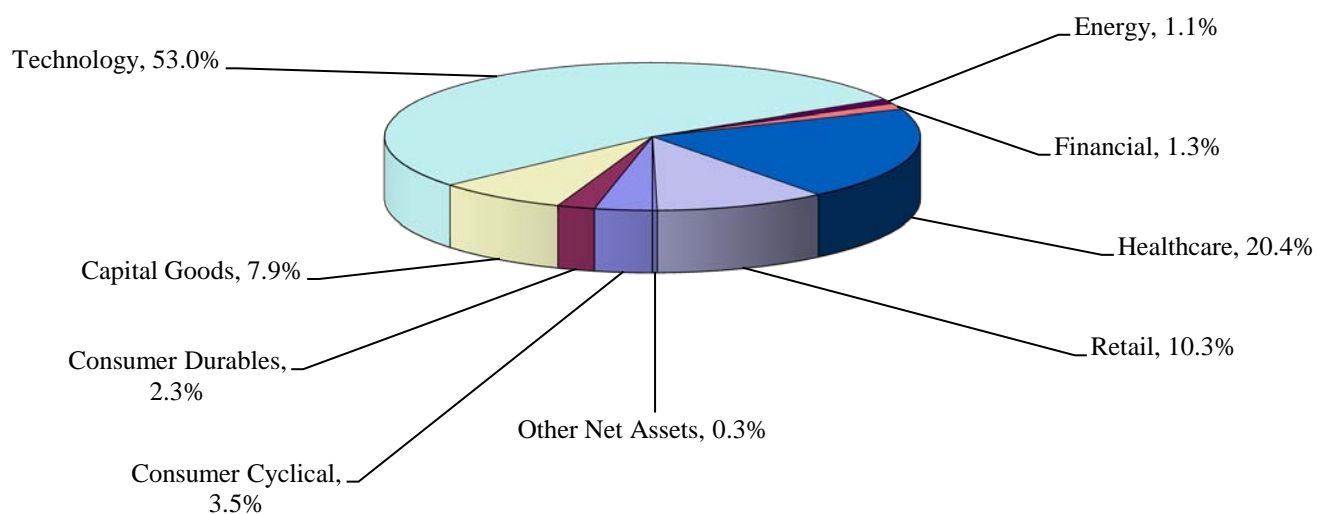
The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

*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 December 31, 2009**

	%
Apple Inc.	10.15
Cisco Systems Inc.	9.76
Bristol-Myers Squibb Company	5.23
Microsoft Corporation	5.21
Intel Corporation	5.05
Citrix Systems Inc.	4.30
Sybase Inc.	4.09
Pfizer Inc.	3.95
Texas Instruments Inc.	3.88
Applied Materials Inc.	<u>3.81</u>
Top 10	55.43
Total Equities	99.74
Cash	<u>0.26</u>
TOTAL ASSETS	100.00%

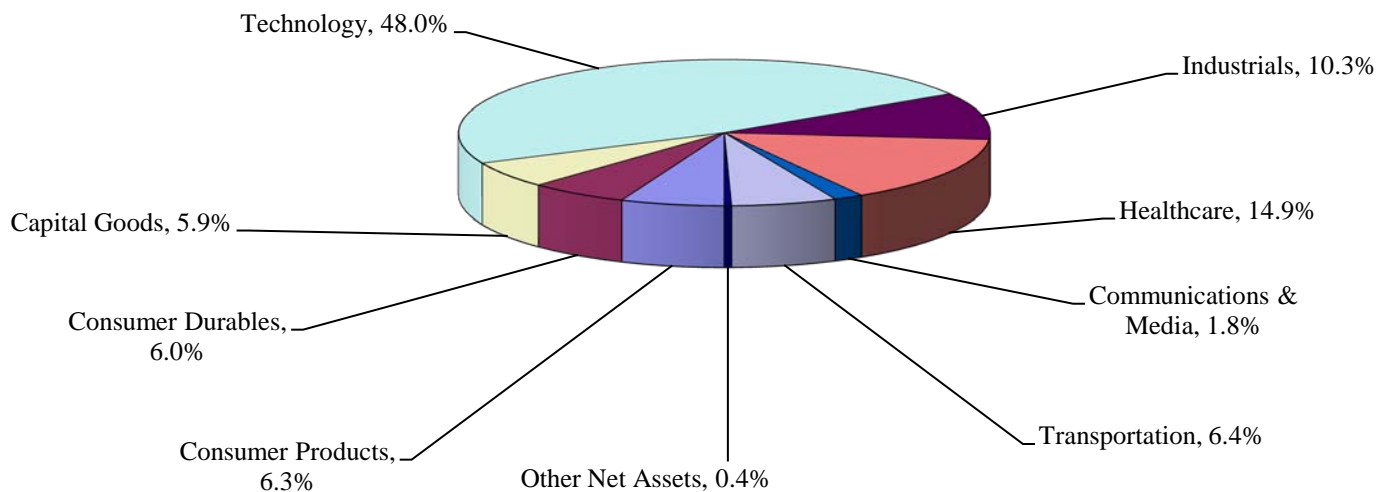
SECTOR MIX



**CANADIAN EQUITY FUND
TOP 10 HOLDINGS
As of December 31, 2009**

	%
Zarlink Semiconductor Inc.	8.53
Bombardier Inc., Class B	7.23
WestJet Airlines Ltd.	6.4
Dorel Industries Inc., Class B	6
ATS Automation Tooling Systems Inc.	5.87
Sierra Wireless Inc.	5.84
EXFO Electro-Optical Engineering Inc.	5.51
QLT Inc.	5.48
Biovail Corporation	5.42
Gennum Corporation	<u>4.98</u>
Top 10	61.26
Total Equities	99.55
Cash	<u>0.45</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
505 Burrard Street, Box 56
Vancouver, BC V7X 1M4

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.