

US equities were relatively flat during December, with the S&P 500 Index essentially flat, the MidCap Index up 0.7% and the SmallCap and NASDAQ indices down approximately 1%. The North Growth US Equity Fund was also essentially flat for the month (-0.1%).

For the year ending December 31, 2005, the North Growth US Equity Fund gained 10.0% in US dollars, outperforming the S&P 500 Index's total return of 4.9% by just over 5%. The Canadian dollar appreciated by approximately 3.5% during 2005 reducing the Fund's annual return when expressed in Canadian dollars to 6.5% for the year and the S&P 500 Index return to 1.5%.

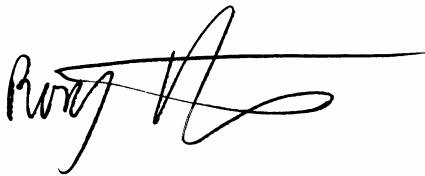
The North Growth US Equity Fund has now outperformed the S&P 500 Index for six consecutive years. The Fund's compound average annual return for this six year period in US dollars is +18.2% versus a -1.1% compound average annual return for the S&P 500 Index. In US dollar terms \$100,000 invested in the Fund grew to \$272,000 while \$100,000 invested in the S&P 500 Index over this period would have declined to \$94,000. The recent strength of the Canadian dollar reduced the Fund's compound average annual return over the past six years when expressed in Canadian dollars to 14.0%, which is still impressive especially when we consider that the "hot" Canadian market as represented by the S&P/TSX Composite Index only returned 6.8% per annum over the same period.

An interesting footnote to the Fund's excellent relative performance versus the S&P 500 Index during 2005 is that the technology heavy NASDAQ Composite Index was up only 2.1% in US dollars for the year, delivering the worst performance out of all the major indices we follow. Throughout the year, the Fund's weighting in technology shares was nearly triple the S&P 500's technology weighting. Despite our significant overweighting in what turned out to be the worst performing sector, the Fund outperformed because of our selection of stocks within the sector.

We believe that the Fund's outstanding historical performance record is directly attributable to our portfolio being built on a stock-by-stock basis using our "growth at a reasonable price" investment process. While the future is always uncertain and undoubtedly there will be periods where we underperform the market, we are becoming increasingly confident that through the disciplined application of our investment philosophy the North Growth US Equity Fund should continue to deliver superior long term rates of growth.

Currently, we are enthused with the investment opportunities we are finding. US corporations are in great shape; generating strong earnings growth, and boasting the best balance sheets in over 30 years. We believe the US economy is midway through a well-balanced economic expansion. With energy prices poised to decline and inflation already appearing to be well-contained, we expect the US Federal Reserve to soon stop raising rates at a level of 5.00% or less (versus 4.25% today). Traditionally, the end of a Fed tightening cycle has preceded a strong market move and we see no reason to believe that it will be any different this time.

Yours truly,

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

Rory 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

**SHORT TERM RATES OF RETURN FOR PERIODS ENDING DECEMBER 31, 2005**

	1 Month	3 Months	6 Months	YTD
<b>North Growth US Equity Fund \$CDN</b>	<b>-0.40%</b>	<b>2.01%</b>	<b>-0.16%</b>	<b>6.47%</b>
<b>North Growth US Equity Fund \$US</b>	<b>-0.06%</b>	<b>1.98%</b>	<b>5.19%</b>	<b>10.04%</b>
S&P 500 \$US	0.03%	2.09%	5.77%	4.91%
S&P 400 MidCap \$US	0.69%	3.34%	8.38%	12.56%
S&P 600 SmallCap \$US	-0.92%	0.39%	5.78%	7.68%
NASDAQ Composite \$US	-1.17%	2.73%	7.64%	2.12%

**ANNUALIZED RATES OF RETURN FOR PERIODS ENDING DECEMBER 31, 2005**

	1 Year	3 Years	5 Years	10 Years	Since Inception
<b>North Growth US Equity Fund \$CDN</b>	<b>6.47%</b>	<b>11.40%</b>	<b>8.86%</b>	<b>15.37%</b>	<b>16.07%</b>
<b>North Growth US Equity Fund \$US</b>	<b>10.04%</b>	<b>23.32%</b>	<b>14.54%</b>	<b>17.22%</b>	<b>16.66%</b>
S&P 500 \$US	4.91%	14.39%	0.54%	9.07%	10.88%
S&P 400 MidCap \$US	12.56%	21.15%	8.60%	14.36%	14.85%
S&P 600 SmallCap \$US	7.68%	22.38%	10.76%	12.16%	N/A
NASDAQ Composite \$US*	2.12%	18.89%	-1.75%	8.11%	10.68%

Source: Bloomberg "Total Return Analysis" as of January 3, 2006.

\*The return since inception for this index is a Simple Price Appreciation because total return data is not available on Bloomberg.

The inception of the Fund: October 13, 1992.

**NAVPS: Dec. 31, 2005**      **\$ 22.84 CDN**  
**\$ 19.64 US**

**Total Assets in Fund**      **\$ 256.8 Million CDN**

**North Growth Canadian Money Market Fund**  
**Net Current Yield**  
**2.98%**