

SEPTEMBER MONTHLY REPORT

October 3, 2003

In September, following five consecutive months of outperformance against the S&P 500 Index, the North Growth US Equity Fund modestly underperformed all the indices that we normally track. The Fund's decline of -2.25% in US dollars lagged the S&P 500's -1.06% monthly return by 1.19%. Against the returns of the S&P 400 Midcap, Russell 2000, and NASDAQ Composite indices, the Fund underperformed by under 1% for the month.

Over the past 12 months, to September 30, 2003, the Fund grew 48.12% in US dollars versus 24.38% for the S&P 500. Over the past five years, to September 30, 2003, the average annual return for the Fund in US dollars was 20.69% compared to 1.00% for the S&P 500. In other words, over the latest five-year period, a US\$100,000 investment in the Fund would have grown to US\$256,030 while the same investment in the S&P 500 Index would be worth only US\$105,083.

We all know that the best time to invest new money into equities is after the market has been weak. This was certainly the case last October. True to form, the bear market which had been raging for 31 months hit its low on October 9, 2002. US equities have now been in a new bull market for one year. Despite this, many investors are still thoroughly depressed and feel the stock market is not doing well.

The main reason that investors have been apprehensive despite rising markets is the fact that the economic recovery is perceived to be both abnormally slow and in danger of stalling out. It is not uncommon for a new recovery to start slowly. The economic expansion of the '90's, which eventually turned into the longest economic expansion in US history, started out with a rate of growth almost identical to what is currently taking place in the US. In that case, the slow growth lasted for ten quarters.

In the early '90s, the main concern about the new recovery was the slow rate of new job creation, just as it is today. The main cause back then was ongoing corporate restructuring and downsizing as businesses struggled to correct the massive growth in debt that took place in the '80s.

The current recovery has been slowed by businesses working through a massive overspending in high tech capital goods that took place in the late '90's. Again, the most troubling consequence has been the slowness of new job creation. Nevertheless, the economy continues to grow with impressive gains in productivity.

Financial commentary has had an incredibly negative bias for the past 12 months. One could hardly find any reference to the fact that the economy was growing until mid-July when signs of more vigorous growth finally registered in the financial press. Even then it was merely described as signs of economic growth as though the economy had not been growing when, in fact, the US economy had been growing since the first quarter of 2002.

While the bottom of the bear market was October 9, 2002, the opening months of 2003 witnessed a market correction which resulted in the S&P 500 being only 3.09% above the October low by March 11, 2003. The market rally since that

time amounted to a 29.83% gain by its peak on September 18. This rally finally began to attract net mutual fund purchases in July and August.

Historically, during the 20th century, the first two years from a bear market low have produced cumulative gains of approximately 60%. From the October of 2002 low point, the current bull market is up 28.22%. Only twice has the one-year gain after a bear market been lower at 13% and 21%. Putting all this into perspective, the US equity markets are still in the very early stages of a new bull market.

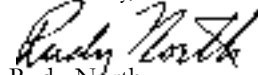
The refrain of “too far too fast” is one of the most misleading bits of conventional wisdom that investors tend to embrace too early in every bull market. That’s the way new bull markets start. The move that so many investors fear has been “too far too fast” typically gets recognized in hindsight as the confirmation of a new bull market.

The Fund became fully invested over 12 months ago because we were finding investment opportunities in companies with strong earnings prospects that were also selling at reasonable prices. Since our fundamental analysis of individual companies has been good, this investment philosophy has been producing above average results. Month-after-month we have pointed out that despite the bearish commentary about slowness of the economic recovery, virtually every economic measure that we look for in judging the outlook for the economy has been moving ahead from very depressed positions. These trends apply to so many aspects of the economy and are so well established that we do not see them reversing.

While there has been much concern about slow growth in employment, productivity gains for US businesses have been impressive. Based on the companies we own and even more that we follow closely, we believe that third quarter earnings for many companies will be extremely strong and much better than widely expected. We expect strong third quarter earnings to fuel the next advance in the market.

It is perfectly natural and healthy for a bull market to have a short-term pause or correction. The past few weeks have had enough weak days to start the media obsessing about a correction. Bull market corrections, especially in the first two years of a recovery, should be ignored or used as a buying opportunity.

Yours truly,



Rudy North

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 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.

PERFORMANCE COMPARISONS: SHORT-TERM

	<i>Year to September 30, 03</i>	<i>Six months to September 30, 03</i>	<i>Three months to September 30, 03</i>	<i>Month of September 03</i>
North Growth US Equity Fund \$CDN	11.23%	21.78%	6.93%	-4.78%
North Growth US Equity Fund \$US	29.99%	32.42%	6.74%	-2.25%
S&P 500 \$US	14.72%	18.45%	2.65%	-1.06%
S&P 400 MidCap \$US	19.82%	25.38%	6.59%	-1.53%
Russell 2000 \$US	28.60%	34.63%	9.08%	-1.84%
NASDAQ Composite \$US	34.27%	33.49%	10.22%	-1.26%

PERFORMANCE COMPARISONS: LONG-TERM

	<i>1 Year</i>	<i>3 Years</i>	<i>5 Years</i>	<i>10 Years</i>
North Growth US Equity Fund \$CDN	25.98%	9.26%	17.69%	15.94%
North Growth US Equity Fund \$US	48.12%	13.25%	20.69%	15.80%
S&P 500 \$US	24.38%	-10.12%	1.00%	10.04%
S&P 400 MidCap \$US	26.78%	-0.71%	11.94%	12.80%
Russell 2000 \$US*	36.51%	-0.75%	7.56%	6.78%
NASDAQ Composite \$US*	53.16%	-21.03%	1.41%	8.88%

Source: Bloomberg "Total Return Analysis" as of October 1, 2003

** The ten year average for these indices is a Simple Price Appreciation because total return data is not available on Bloomberg.*

RETURN SINCE INCEPTION (ANNUALIZED), OCT. 13, 1992 - SEPTEMBER 30, 2003 **17.33%**

NAVPS: SEPTEMBER 30/03 **\$ 20.78** **CDN**
\$ 15.39 **US**

TOTAL ASSETS IN FUND **\$ 166.19** **MILLION CDN**

CANADIAN MONEY MARKET FUND
NET CURRENT YIELD AS OF SEPTEMBER 30, 2003
2.48%