

The combination of a severe Asian equity index pullback, concerns of rising U.S. subprime delinquencies and defaults and a sharp appreciation of the Japanese Yen led to a late-month, broad-based sell-off in the US equity markets. During February, the S&P 500 Index posted a -2.0% return and the NASDAQ Composite also reported a similar loss of -1.9%. The S&P SmallCap Index lost 0.5% while the S&P MidCap Index managed to post a gain of 0.7% during the month. The US Equity Fund fell 2.4%, slightly underperforming the S&P 500 Index by 40 basis points. In Canadian dollar terms, the US Fund fell 3.0% compared to the S&P 500 Index's Canadian dollar decline of -2.6%. Year-to-date, in Canadian dollar terms, the US Equity Fund is flat relative to the Index's loss of 0.1%.

The North Growth Canadian Equity Fund lost 2.1% compared to the S&P/TSX Index's gain of 0.3% during February. Year-to-date, the Fund is up 0.2% versus +1.4% for the Index.

Market sentiment towards US equities remains lackluster. Equity inflows over the past few years have disproportionately favored international funds over US equity funds. According to the Investment Company Institute (ICI), a mutual fund trade association, international funds captured 93% of total equity fund inflows while US funds captured only 7% in 2006. We believe much of the movement into foreign investments over the past few years has been driven by speculation and performance chasing. That said, many overseas markets now carry overextended valuations. The U.S. stock market, on the other hand, remains attractively valued and we believe that investors should be increasing their exposure toward US equity markets.

We continue to believe that large cap stocks represent compelling value over small cap stocks. While a major market correction may be necessary for the breakdown of the current multi-year small cap bull run, we are expecting large cap stocks to emerge as the new market leaders. Large cap stocks are selling at a substantial discount to their small cap peers despite favorable earnings growth potential and cash rich balance sheets. In periods of slowing earnings growth, it is common to see funds flow into large cap stocks. A rotation into this group could very well be the precursor to a strong market rally.

We continue to focus on stock selection and maintain that the current benign economic environment provides a favorable backdrop for US equities to outperform. US companies are financially strong and are well-positioned to accommodate a slowdown in the US economy. We believe that current earnings expectations are modest and the recent phenomenon of large share buybacks by a number of corporations should set the stage for upward revisions later in the year. From this perspective, we believe our current positioning in high quality, large capitalization stocks should lead to outperformance during the next significant uptrend in the US equity market.

Yours truly,

A handwritten signature in black ink, appearing to read 'C Yen', written in a cursive style.

Cynthia Yen, CFA

NORTH GROWTH US EQUITY FUND
SHORT TERM RATES OF RETURN FOR PERIODS ENDING FEBRUARY 28, 2007

	1 Month	3 Months	6 Months	YTD
NGM US Equity Fund \$CDN	-3.00%	2.29%	15.42%	0.03%
S&P 500 \$CDN	-2.56%	3.36%	15.29%	-0.10%
NGM US Equity Fund \$US	-2.40%	-0.12%	9.06%	-0.35%
S&P 500 \$US	-1.96%	0.92%	8.93%	-0.47%
S&P 400 MidCap \$US	0.73%	3.89%	12.44%	4.39%
S&P 600 SmallCap \$US	-0.54%	1.49%	10.46%	1.50%
NASDAQ Composite \$US	-1.85%	-0.46%	11.03%	0.15%

NORTH GROWTH US EQUITY FUND
ANNUALIZED RATES OF RETURN FOR PERIODS ENDING FEBRUARY 28, 2007

	1 Year	3 Years	5 Years	10 Years	Since Inception
NGM US Equity Fund \$CDN	10.57%	6.18%	9.84%	13.32%	15.64%
S&P 500 \$CDN	15.24%	4.38%	0.31%	5.96%	10.58%
NGM US Equity Fund \$US	7.44%	10.98%	16.97%	15.11%	16.14%
S&P 500 \$US	11.97%	9.10%	6.82%	7.63%	11.05%
S&P 400 MidCap \$US	9.68%	13.01%	11.94%	13.64%	14.69%
S&P 600 SmallCap \$US	8.64%	13.75%	13.02%	11.79%	N/A
NASDAQ Composite \$US*	6.65%	6.71%	7.54%	6.82%	10.48%

Source: Bloomberg "Total Return Analysis" as of March 1, 2007.

*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: Feb. 28, 2007 \$ 25.75 CDN
\$ 22.01 US

Total Assets in Fund \$ 288.6 Million CDN

**NORTH GROWTH CANADIAN EQUITY FUND
SHORT TERM RATES OF RETURN FOR PERIODS ENDING FEBRUARY 28, 2007**

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	-2.11%	4.94%	12.76%	0.19%
S&P / TSX \$CDN	0.25%	2.93%	9.38%	1.41%

**NORTH GROWTH CANADIAN EQUITY FUND
ANNUALIZED RATES OF RETURN FOR PERIODS ENDING FEBRUARY 28, 2007**

	1 Year	3 Years	5 Years	*Since Takeover	**Since Inception
NGM Canadian Equity Fund	1.92%	4.51%	5.35%	10.99%	6.85%
S&P / TSX \$CDN	14.43%	16.41%	13.50%	21.89%	4.22%

**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: Feb. 28, 2007 \$ 12.67 CDN

Total Assets in Fund \$ 25.4 Million CDN

NORTH GROWTH CANADIAN MONEY MARKET FUND
ANNUALIZED RATES OF RETURNS FOR PERIODS ENDING FEBRUARY 28, 2007

	* CURRENT YIELD	1 Year	3 Years	5 Years
NGM CDN Money Market Fund	4.05%	3.99%	2.85%	2.72%
30 Day T-Bill	4.20%	4.09%	3.01%	2.87%

* The *Current Yield* for the Money Market Fund is the average of the annualized daily yield for the most recent seven day period.

The North Growth Canadian Money Market Fund is consistently one of the highest yielding money market funds in Canada – not because we waste any time searching for basis points along the yield curve but because at **0.25%** the Fund's management fee is one of the **lowest in Canada**. We manage the Fund simply by creating a well-diversified portfolio of very short term, top credit quality notes and believe the product is a good proxy for the risk free rate*. We maintain the average maturity of the Fund at near 15 days, meaning that we essentially roll over the entire portfolio every 30 days. As a result, the Fund's current yield will rapidly follow any changes (up or down) in the Bank of Canada's overnight rate.

The accountant's fees for the annual audit are greater than the annual management fees, so North Growth Management takes a small loss on the product. We don't mind because we offer the product as a service to our clients. We also believe an inflation protected liquidity product, such as our money market fund is an underutilized asset class that could improve the overall financial planning of many of our clients. This may seem strange coming from a firm notorious for its opinion that bonds are essentially an inferior asset class that offer inadequate returns for their inherent risk, but we can lay out a strong theoretical argument that you can create a superior portfolio using equities and money market than you can using equities and mid to long term bonds.

For retirees living off their financial assets, we believe that using a client's own personal cash requirements and risk tolerance to determine their appropriate mix of money market and equities, can, in most instances, create a superior portfolio to the all too pervasive industry staple 60/40 equity/bond split. For clients seeking a truly personalized retirement plan we encourage you to make an appointment to come in and get a fresh look at your plan from the North Growth Management investment professionals.

*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).

INVESTING WITH NORTH GROWTH MANAGEMENT:

North Growth Management is a focused firm. 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 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.