

The US equity markets posted gains across the board in March, capping off the strongest first quarter performance since 1999. The S&P 600 SmallCap Index continues to lead the way with a 4.9% gain for the month bringing its year-to-date performance to 12.8%. The S&P 500 Index gained a solid but less exciting 1.2% for the month and 4.2% year-to-date. The North Growth US Equity Fund gained 2.2% for the month and 6.7% for the first quarter. During March the Canadian dollar gave up all of its January and February gains and as a result currency had very little impact on the first quarter performance of US equities when presented in Canadian dollars. Please refer to the US equity performance tables on page 4 of this report for more details.

The Canadian equity markets were also very strong in March with the S&P / TSX Composite Index gaining 3.9% for the month and 8.0% for the first quarter. The North Growth Canadian Equity Fund managed to maintain a small relative advantage for the month with a 4.2% gain bringing its first quarter gain to 11.5%. Please refer to the Canadian equity performance tables on page 5 for more details.

For some time now we have been making the point that when currency valuations approach fair value, currency risk concerns should become a non-factor for long term investors. With regards to the Canadian to US dollar exchange rate, we are on record that we believe that at current levels the Canadian dollar is on the high side of fair value. We continue to anticipate a substantial degree of short term volatility in the exchange rate with very little overall direction. Short term currency fluctuations attract far too much media attention, which should simply be tuned out as background noise. The first quarter of 2006 proved to be a great example of this with headlines ranging from "Canadian dollar sets new 14-Yr high" to "Canada's dollar has biggest weekly decline since January 2005", yet at the end of the quarter the exchange rate was basically unchanged from the beginning of the year.

During March, the North Growth Currency Hedge Limited Partnership was targeted by the CRA (Canada Revenue Agency) for an audit. Having never had any direct dealings with the CRA and having only ever heard negative comments about the Agency, I was pleasantly surprised by their efficiency. The individual conducting the audit was able to quickly understand how this unique product is structured and after a quick review of the Partnership's books she determined there were no grounds for further investigation. I take great pride in our accounting department, which is managed by John Jackman, and view the rapid resolution of this matter as a further confirmation that our record keeping is second to none.

On the portfolio side, for the US Fund, we are enjoying a nice natural flow to our decisions. We are finding it relatively easy to identify ideas that fit our “growth at a reasonable price” philosophy. With the US Fund fully invested, every buy decision requires a source of cash. Interestingly, by simply sticking to our investment discipline the majority of the trades that we have made over the past six months have involved selling a relatively expensive smaller cap holding to fund the purchase of a relatively inexpensive larger cap name. The most recent of these trades involved the Fund establishing a 3.5% position in the grand daddy of large caps, GE (General Electric), funded primarily through the sale of our Jacobs Engineering position. It is interesting to note that five years ago, when we initially purchased Jacobs, it traded at a substantial discount to GE, while today the inverse is true. Large caps now represent almost 70% of the US Fund’s holdings.

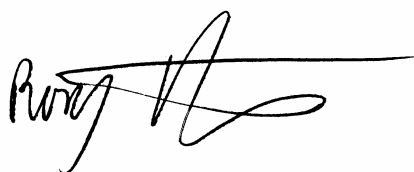
For the past six months or so we have been stressing that there are two reasons to own the North Growth Canadian Equity Fund – what it owns and, possibly more importantly, what it does not own. Ultimately it is a fund’s holdings that will drive its absolute returns. Recently, a number of our core holdings have appreciated nicely and we are quite satisfied with the absolute performance of the Canadian Fund. Despite the decent absolute returns, the Canadian Fund has lagged the overall Canadian market, leaving us unsatisfied with the relative performance of the Fund. However, we believe that the Fund is very well positioned for a period of strong relative performance that will be driven by what we don’t own.

Currently, we believe the Canadian market is significantly overvalued and that Canadian investors are exhibiting dangerous signs of complacency. We anticipate a substantial decline in the Canadian market in the relatively near term. We expect that as energy, materials and financials lead the Canadian market down, the North Growth Canadian Equity Fund will significantly close the relative performance gap that has opened up over the past few years. Accordingly, we are encouraging our clients to sell at least some of their mainstream Canadian investments in favour of the North Growth Canadian Equity Fund.

Ben Bernanke made a rather unexciting debut as Federal Reserve Chairman at the Fed’s March 28th meeting, clearly indicating no imminent changes to the Fed’s policies. To some this may have been somewhat of a disappointment as there had been some speculation that we might see some signs of changes in the way the Federal Open Market Committee operates emerge from this meeting. We continue to expect the Fed to follow the established monetary policy of targeting consistent economic growth and low inflation. With early signs that the economy is beginning to cool we anticipate only one more 25 basis point rate hike in May to bring the Federal Fund’s rate to 5.0%. Keep in mind though that we will not know for sure that the Fed is done until it holds rates steady in June.

The first quarter earnings reporting season began this week. Today before the open, GE reported strong 18% year-over-year earnings per share growth for the quarter. With solid business trends across its diverse businesses and new orders up 33%, GE provided an upbeat outlook for the rest of the year. We expect an overall bullish tone to emerge from this reporting season which, when coupled with attractive valuations and the realization that the Fed will soon be out of the way, may well prove to be the catalyst needed to generate renewed interest in US equities.

Yours truly,

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

Rory North, CFA

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

**NORTH GROWTH US EQUITY FUND
SHORT TERM RATES OF RETURN FOR PERIODS ENDING MARCH 31, 2006**

	1 Month	3 Months	6 Months	YTD
NGM US Equity Fund \$CDN	5.06%	7.13%	9.28%	7.13%
S&P 500 \$CDN	4.04%	4.66%	6.87%	4.66%
NGM US Equity Fund \$US	2.24%	6.67%	8.78%	6.67%
S&P 500 \$US	1.24%	4.21%	6.38%	4.21%
S&P 400 MidCap \$US	2.50%	7.63%	11.22%	7.63%
S&P 600 SmallCap \$US	4.91%	12.84%	13.27%	12.84%
NASDAQ Composite \$US	2.62%	6.37%	9.27%	6.37%

**NORTH GROWTH US EQUITY FUND
ANNUALIZED RATES OF RETURN FOR PERIODS ENDING MARCH 31, 2006**

	1 Year	3 Years	5 Years	10 Years	*Since Inception
NGM US Equity Fund \$CDN	9.81%	17.48%	9.72%	15.03%	16.35%
S&P 500 \$CDN	7.88%	8.62%	-2.08%	7.32%	10.49%
NGM US Equity Fund \$US	13.73%	26.78%	16.50%	16.78%	16.89%
S&P 500 \$US	11.73%	17.22%	3.97%	8.95%	11.01%
S&P 400 MidCap \$US	21.62%	26.05%	12.75%	14.51%	15.18%
S&P 600 SmallCap \$US	24.07%	29.97%	15.02%	12.89%	N/A
NASDAQ Composite \$US*	18.02%	21.11%	5.48%	8.27%	10.96%

Source: Bloomberg "Total Return Analysis" as of April 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: March 31, 2006 \$ 24.47 CDN
\$ 20.95 US**

Total Assets in Fund \$ 280.3 Million CDN

**NORTH GROWTH CANADIAN EQUITY FUND
SHORT TERM RATES OF RETURN FOR PERIODS ENDING MARCH 31, 2006**

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	4.22%	11.46%	9.69%	11.46%
S&P / TSX \$CDN	3.90%	7.98%	11.07%	7.98%

**NORTH GROWTH CANADIAN EQUITY FUND
ANNUALIZED RATES OF RETURN FOR PERIODS ENDING MARCH 31, 2006**

	1 Year	3 Years	5 Years	*Since Takeover	**Since Inception
NGM Canadian Equity Fund	18.24%	16.51%	7.74%	15.56%	8.45%
S&P / TSX \$CDN	28.43%	26.31%	11.73%	25.50%	3.13%

*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: March 31, 2006 \$ 13.58 CDN

Total Assets in Fund \$ 27.1 Million CDN

**NORTH GROWTH CANADIAN MONEY MARKET FUND
ANNUALIZED RATES OF RETURNS FOR PERIODS ENDING MARCH 31, 2006**

	* CURRENT YIELD	1 Year	3 Years	5 Years
NGM CDN Money Market Fund	3.46%	2.67%	2.44%	2.60%
30 Day T-Bill	3.66%	2.83%	2.62%	2.78%

** 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, as evidenced in the 120 basis point increase in the Fund’s current yield over the past six months versus a 125 basis point increase in the overnight rate over the same period.

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).