

– 15 years of “growth at a reasonable price”

Although October was a volatile month for US equities, all of the major indices posted solid gains. The North Growth US Equity Fund gained 2.9%, well ahead of the S&P 500 Index’s 1.6% gain but trailing the 5.9% generated by the Nasdaq Composite Index. The Canadian dollar continued to surge to new highs causing the Fund’s monthly return in Canadian dollars to be down 2.3% versus the S&P 500’s -3.5% return in Canadian dollars. Year-to-date, in US dollars, the Fund is up 12.7%, which is approximately 1.8% ahead of the S&P 500. Unfortunately, when taking into account the strength of the Canadian dollar, the year-to-date results of US investments in Canadian dollar terms are now reduced by approximately 21%.

The North Growth Canadian Equity Fund fell 1.1% in October versus the S&P/TSX Composite Index’s 3.9% gain. The last few months have been very challenging for the Canadian Fund and have caused its year-to-date return to drop to -3% versus 15.6% for the Index.

October 2007 was an important milestone for the North Growth US Equity Fund as it marked the first full 15-year period for the Fund. In Canadian dollars, the 15-year average annual return for the Fund is 14% which is equivalent to 16% in US dollars. We are very pleased with these results which beat the S&P 500’s return by 4.8% and, according to the statistics gathered by Globefund.com, the North Growth US Equity Fund ranks as the top US equity fund in Canada for the current 15-year and 10-year periods. The Fund is also the third best for the 5-year period and, if you take into account the multiple class structure of some of the other funds, it is also in the top 10 for the 3-year period.

Currently, equity markets are being shaken by ongoing uncertainty surrounding the global credit crunch that began in August as concerns over US subprime mortgage default rates rippled through the global credit markets. Over the past few weeks many banks and other financial institutions have announced huge asset writedown charges that, in aggregate, are now totaling in the tens of billions of dollars. At this point it appears as though the fourth quarter is being treated as a kitchen sink quarter where all the bad news is being piled on in order to clean the slate for future time periods. The tightening credit markets will definitely slow growth in the US and globally but we believe there is sufficient strength in the global economy for the US to avoid a recession.

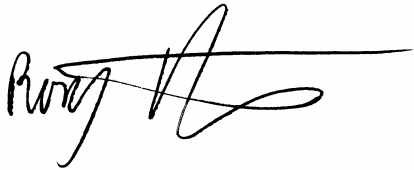
As we have emphasized on numerous occasions the weakness in the US dollar has placed the US in a very strong position to benefit from growth in the global economy. Recently released trade figures for August and September indicate that the US economy likely accelerated to a greater than 5% growth rate in the third quarter. The surprising strength of the US economy despite a beleaguered US consumer is the direct result of the low US dollar

driving rapid export growth and slowing US consumption of imported goods. This is a trend which has just begun and will be a powerful driver of the US economy so long as growth from the developing world continues.

Our portfolio has a heavy concentration in large capitalization US multinationals and is ideally positioned to prosper in an environment of slower US consumption but solid global growth. The latest quarterly earnings bear this out, as the results for approximately 90% of our portfolio holdings that have reported so far show an average earnings growth of just under 20% for the quarter. We do not believe the strong fundamental growth stories are being fully reflected in the current share prices of our holdings and as such we believe the portfolio should continue to build on its record of outstanding long term results.

The distribution date for both Funds is December 15th. At this point we expect that both Funds will pay out only a very nominal distribution if any at all.

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

NORTH GROWTH US EQUITY FUND

Short Term Rates of Return (%) for Periods Ending October 31, 2007

	1 Month	3 Months	6 Months	YTD
NGM US Equity Fund \$CDN	-2.25	-4.63	-7.65	-8.63
S&P 500 \$CDN	-3.53	-5.27	-10.23	-10.13
NGM US Equity Fund \$US	2.94	7.70	8.52	12.71
S&P 500 \$US	1.59	6.97	5.49	10.87
S&P 400 MidCap \$US	2.63	6.32	4.50	13.93
S&P 600 SmallCap \$US	1.86	5.32	2.89	8.56
NASDAQ Composite \$US	5.88	12.49	13.68	19.09

NORTH GROWTH US EQUITY FUND

Annualized Rates of Return (%) for Periods Ending October 31, 2007

	1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception
NGM US Equity Fund \$CDN	-2.12	5.97	8.46	9.61	13.98	14.21
S&P 500 \$CDN	-3.64	3.97	3.04	2.91	9.21	9.31
NGM US Equity Fund \$US	16.36	15.34	19.87	14.07	16.05	16.31
S&P 500 \$US	14.56	13.16	13.88	7.10	11.20	11.33
S&P 400 MidCap \$US	17.02	16.02	17.78	12.39	14.42	14.66
S&P 600 SmallCap \$US	11.55	14.29	18.42	10.10	14.61	15.03
NASDAQ Composite \$US	21.74	13.95	17.29	6.53	10.90*	11.23*

Source: Bloomberg “Total Return Analysis” as of November 1, 2007.

*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: Oct. 31, 2007 \$23.52 CDN
\$24.90 US**

Total Assets in Fund \$259.2 Million CDN

NORTH GROWTH CANADIAN EQUITY FUND
Short Term Rates of Return (%) for Periods Ending October 31, 2007

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	-1.11	-10.38	-6.64	-3.00
S&P / TSX \$CDN	3.91	6.11	10.35	15.57

NORTH GROWTH CANADIAN EQUITY FUND
Annualized Rates of Return (%) for Periods Ending October 31, 2007

	1 Year	3 Years	5 Years	*Since Takeover	**Since Inception
NGM Canadian Equity Fund	3.84	5.10	7.15	8.51	5.71
S&P / TSX \$CDN	21.43	20.74	20.99	21.86	5.72

**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: Oct. 31, 2007 \$ 12.27 CDN

Total Assets in Fund \$ 22.4 Million CDN

NORTH GROWTH CANADIAN MONEY MARKET FUND
Annualized Rates of Returns (%) for Periods Ending October 31, 2007

	* CURRENT YIELD	1 Year	3 Years	5 Years
NGM CDN Money Market Fund	4.65	4.27	3.41	3.00
30 Day T-Bill	N/A	4.26	3.50	3.12

** 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.*

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 reports prices on www.globefund.com.