



JUNE MONTHLY REPORT

July 14, 2004

The market was considerably better in June. The North Growth US Equity was up 3.8% for the month. Only the Russell 2000 was better with a 4.22% gain during the month. Year to date the US Equity Fund in Canadian dollars is up 4.27% and in US dollars up 1.36%. This compares to a gain of 3.44% in US dollars for the S&P 500 Index to June 30, the NASDAQ Composite in US was up 2.43% while the S&P Mid Cap US was up 6.08% and Russell 2000 up 6.80%.

The first correction of a bull market doesn't require much of a reason. Usually it is simply a slight pull back after the strong advance of the first year or so of a bull market. Currently the pause in the market, as we have mentioned in the past two monthly reports, seems to be an over reaction to the prospect of rising interest rates. Interest rates do rise during bull markets but after a modest correction the bull market resumes. Finally, much later in the bull market, at a time when there are capacity constraints developing in the economy and other signs of overheating, a series of further interest rate hikes can usher in a bear market. That is completely different from the current situation where the economy still has adequate capacity to grow, inflation rates are just beginning to move above the extremely low levels of the past few years and where the first Fed Fund increase of $\frac{1}{4}\%$ has just been announced.


Apart from the Fed Rate increase of $\frac{1}{4}\%$ on June 30, nothing of any note developed during June. The market performed better, coming up to the top of the range it has been stuck in since late January.

We continue to anticipate strong earnings growth to be reported for the quarter just ended. While the excellent earnings gains of the past two quarters failed to get the market going, it would be logical for a third quarter of strong earnings to finally convince investors that business is in a strong growth trend and many stocks are attractively priced. This current economic and earnings outlook could support a rising market for an extended period of time.

The US equity market is currently valued at approximately 17 times expected 2004 earnings and 15 times expected 2005 earnings. This is neither overvalued nor undervalued. There is little difference in the valuation of large cap, mid cap or small cap stocks. Under these circumstances stock performance is most likely to be driven by earnings. This creates a good environment for stock picking based on our growth at a reasonable price investment philosophy.

There has been nothing new or exciting on this report. Sorry, but inventing exciting scenarios is not how we produce good investment results. At times like this the patience to stick with a successful investment philosophy and concentrate on fundamental company research is what works for us. Since earnings prospects would normally be described as exciting, we feel that the market behavior of the past few months could change to a substantial market rally at any time.

Yours truly,



Rudy North

PERFORMANCE COMPARISONS: SHORT-TERM

	<i>Year to June 30, 04</i>	<i>Six months to June 30, 04</i>	<i>Three months to June 30, 04</i>	<i>Month of June 04</i>
North Growth US Equity Fund \$CDN	4.27%	4.27%	3.03%	1.54%
North Growth US Equity Fund \$US	1.36%	1.36%	1.29%	3.80%
S&P 500 \$US	3.44%	3.44%	1.72%	1.95%
S&P 400 MidCap \$US	6.08%	6.08%	0.97%	2.28%
Russell 2000 \$US	6.80%	6.80%	0.50%	4.22%
NASDAQ Composite \$US	2.43%	2.43%	2.80%	3.11%

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	25.80%	11.12%	16.13%	17.99%
North Growth US Equity Fund \$US	27.09%	15.91%	18.29%	18.42%
S&P 500 \$US	19.11%	-0.69%	-2.20%	11.81%
S&P 400 MidCap \$US	27.99%	6.56%	9.03%	15.45%
Russell 2000 \$US*	33.42%	6.31%	6.72%	9.42%
NASDAQ Composite \$US*	26.79%	-1.35%	-4.94%	11.23%

Source: Bloomberg "Total Return Analysis" as of July 1, 2004

** 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 - JUN. 30, 2004
17.76% CDN
17.06% US
NAVPS: JUN. 30, 2004
\$ 24.31 CDN
\$ 18.23 US
TOTAL ASSETS IN FUND
\$ 223.50 MILLION CDN

CANADIAN MONEY MARKET FUND
NET CURRENT YIELD AS OF JUN. 30, 2004
1.76%