



MARCH MONTHLY REPORT

April 7, 2004

The market volatility experienced in February carried through to the first half of March. Despite the strong rally that began mid-month, the S&P 500 and the NASDAQ Composite ended the month down 1.51% and 1.72%, respectively. The S&P 400 MidCap and the small cap Russell 2000 experienced greater volatility during the month, sufficient to generate positive returns of 0.42% and 0.93%, respectively. The North Growth US Equity Fund delivered middle of the pack performance of -0.63% for the month. Year-to-date, the Fund is essentially flat, in line with the NASDAQ but trailing the three other indices we follow by as much as 6.2% for the Russell 2000.

We are encouraged by the steady flow of positive fundamental news on both the state of the economy and corporate earnings. All economic indicators, except for perhaps employment statistics, are showing that we are at the early stages of a broadly based economic expansion. Meanwhile, the popular media is emphasizing the weak job growth experienced to date, implying that it is a major cause for concern. How quickly they forget that the last 'jobless recovery' set the stage for the longest economic expansion in US history. We are not overly concerned by the timing of job creation, believing it is a matter of when, not if, jobs will be created. The strong March employment report released on Friday, April 2 suggests we might not have to wait very long either.

On the corporate front, data points from positive inter-quarter updates from a number of our companies as well as quarterly earnings reports from firms with January or February quarter ends have provided us with greater confidence in our opinion that Wall Street has been underestimating the strength of this recovery. Throughout the quarter we have witnessed a slow and steady upward creep in earnings expectations, suggesting that perhaps the Street is starting to "get it".

Our portfolio continues to evolve as we focus on individual stock selection based on our "growth at a reasonable price" philosophy. As a result of this process, our technology holdings have increased to approximately 35% of the portfolio. Among the 14 individual technology names, probably the most pervasive commonality is the exceptional strength of their balance sheets and impressive cash flow generation. Thirteen of the fourteen holdings have net cash and investments that account for between 7% and 45% of their market capitalization. At the low end of this range is Intel with a mere \$13 billion or approximately \$2 per share and at the high end is Apple with \$4.7 billion or \$12.17 per share in cash. Square in the middle is Microsoft at 25% with over \$67 billion in cash and investments and generating well over \$1 billion of cash per month. When taking into account the balance sheet health and improving growth outlook, we believe these stocks make for very attractive "growth at a reasonable price" investments.



The first quarter pause in the market ascent despite solidly improving fundamentals is providing another good opportunity for long-term investors who missed the [Rare Opportunity](#) identified by Rudy last March. While it is certainly possible that the market may experience further weakness in the near term, we think it is more probable that the market will rally from these levels. We believe long-term investors should not miss this chance to ensure they are at their maximum level of equity exposure.

All Canadian businesses are now legally required to have a Privacy Policy that deals with the way the business collects, uses and discloses information about identifiable individuals. North Growth's Privacy Policy is posted on our website www.northgrowth.com. If you have any questions about the policy, or if you require a hardcopy please call our Privacy Officer, Caroline North at 604-688-5440.

Yours truly,

Rory 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 March 31, 04</i> | <i>Six months to March 31, 04</i> | <i>Three months to March 31, 04</i> | <i>Month of March 04</i> |
|--|-------------------------------------|---|---|----------------------------------|
| North Growth US Equity Fund \$CDN | 1.21% | 14.19% | 1.21% | -2.44% |
| North Growth US Equity Fund \$US | 0.07% | 17.56% | 0.07% | -0.63% |
| S&P 500 \$US | 1.69% | 14.08% | 1.69% | -1.51% |
| S&P 400 MidCap \$US | 5.06% | 18.92% | 5.06% | 0.42% |
| Russell 2000 \$US | 6.27% | 21.71% | 6.27% | 0.93% |
| NASDAQ Composite \$US | -0.35% | 11.90% | -0.35% | -1.72% |

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 | 39.07% | 10.90% | 17.25% | 16.68% |
| North Growth US Equity Fund \$US | 55.67% | 17.92% | 20.58% | 17.30% |
| S&P 500 \$US | 35.12% | 0.63% | -1.20% | 11.68% |
| S&P 400 MidCap \$US | 48.91% | 10.68% | 11.74% | 14.91% |
| Russell 2000 \$US* | 63.62% | 10.94% | 9.73% | 8.92% |
| NASDAQ Composite \$US* | 49.21% | 3.15% | -3.78% | 10.36% |

Source: Bloomberg "Total Return Analysis" as of April 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 - MAR. 31, 2004 **17.87% CDN**
17.33% US

NAVPS: MAR. 31, 2004 **\$ 23.60 CDN**
\$ 18.00 US

TOTAL ASSETS IN FUND **\$ 214.90 MILLION CDN**

CANADIAN MONEY MARKET FUND
NET CURRENT YIELD AS OF MAR. 31, 2004
1.97%