



MARCH MONTHLY REPORT

April 23, 2001

March was a very weak month for the US equity markets, with particular weakness in the technology sector caused by the continuous stream of earnings warnings from technology companies. Although the North Growth US Equity Fund was down 4.4% in US dollars for the month, it did outperform all of the Indices we follow. Relative to the S&P 500, the Fund's outperformance was of a magnitude that can be explained largely by our cash position. Not being able to outperform by a greater magnitude was somewhat disappointing in light of our underweight positioning in the technology sector. The relative strength of the financial sector in March and our zero exposure to this sector accounts for this discrepancy.

This monthly report was delayed by a day due to the surprise 50 basis points rate cut announced by the Federal Reserve on April 17, 2001. The 200 basis point rate cut, in a series of four 50 basis point cuts in just over 3 months, is an unprecedented move by the Federal Reserve and even more remarkable when we consider that this represents a 30% drop in rates in such a short period of time. Furthermore, in its statement on April 17, the Fed held out the potential for further easing in the near term! Obviously the big question is what should we make of this remarkable Fed action?

Given the dramatic rally we have seen in the last few weeks, capped off by the huge surge in the markets following the mid-day Fed announcement, it seems very clear that at this point the market believes the Fed's action indicates that a soft landing will be achieved and the US economy, and more specifically corporate earnings, will return to a growth path during the second half of this year.

We are not as sanguine. We believe the Fed is genuinely concerned that the dramatic capital spending induced slowdown that corporations have been talking about for the past few months could well develop into a significant recession. At this point, the main concern is that cost savings measure by corporations and the negative wealth effect threaten to undermine the amazingly resilient consumer demand.

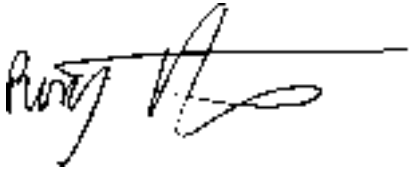
In an effort to preserve earnings in the face of slowing demand corporations in the US and across the globe have and continue to announce massive layoffs and cuts to discretionary spending on such things as travel, advertising and office equipment. We believe there is a significant probability that these actions will result in a decrease in aggregate demand. Historically, there is a close relationship between job security and consumer sentiment. Should this relationship hold, we believe that consumer demand is likely to come under pressure.

The Fed is reacting correctly to this threat. What has yet to be determined is whether the excess capital spending over the past few years, most notably in communication infrastructure, and the heavy consumer debt burden will blunt the effectiveness of monetary policy. Does anybody remember "pushing on a string"?

Needless to say, in this environment we believe a keen focus on valuations is essential. We are wary of the still high multiples for the overall markets. We believe however, that there are areas that provide reasonable growth potential at reasonable valuation levels. Increasingly our focus is on areas which have not experienced excessive capital spending over the past few years.

Stock selection is the key to successful equity investing. We are content to let the Fed watchers and technicians play at market timing in what will likely prove to be a very volatile period for equity markets.

Yours truly,

A handwritten signature in black ink, appearing to read 'Rory North', written over a horizontal line.

Rory North

WHERE TO FIND NGM FUND PRICES

The NGM US Equity Fund is listed under the **Mutual Funds heading** in the Globe & Mail and the Vancouver Sun. The NGM Cdn. Money Market Fund can be found under the **Money Market Fund heading** in the Globe & Mail. Both funds can be found on **globefund.com** and **morningstar.ca**. For those who prefer, we can e-mail our daily summary sheet to you every day that the market is open. To be added to our list please contact Caroline North at caroline@northgrowth.com or 688-5440.

PERFORMANCE COMPARISONS

	<i>Year to March 31, 01</i>	<i>Sept. 30, 00 to March 31, 01</i>	<i>Dec. 31, 00 to March 31, 01</i>	<i>Month of March 01</i>
North Growth US Equity Fund \$CDN	2.98%	9.18%	2.98%	-1.90%
North Growth US Equity Fund \$US	-2.04%	4.14%	-2.04%	-4.40%
S&P 500 \$US	-11.86%	-18.75%	-11.86%	-6.34%
S&P 400 MidCap \$US	-10.77%	-14.21%	-10.77%	-7.43%
Russell 2000 \$US	-6.50%	-12.91%	-6.50%	-4.89%
NASDAQ Composite \$US	-25.46%	-49.83%	-25.46%	-14.45%

* Source: Bloomberg "Total Return Analysis" as of April 2, 2001.

Note - Including income in all cases.

AVERAGE ANNUAL COMPOUND RATE OF RETURN

	1 Year	2 Years	3 Years	4 Years	5 Years
North Growth US Equity Fund \$CDN	25.3%	27.5%	14.9%	20.3%	20.6%
Median U.S. Equity Fund \$CDN **	-18.6%	—	2.9%	--	11.6%
Average U.S. Equity Fund \$CDN **	-17.0%	—	3.0%	--	12.0%

Results are after all management fees and other expenses

** reported by the Globe & Mail, Report on Mutual Funds, April 19, 2001

RETURN SINCE INCEPTION (ANNUALIZED), OCT. 13, 1992 - MARCH 31, 2001 **20.45%**

NAVPS: MARCH 31ST/01 **\$ 19.88**

TOTAL ASSETS IN FUND **\$ 82.46 MILLION**

CANADIAN MONEY MARKET FUND

NET CURRENT YIELD AS OF APRIL 19, 2001:

4.60%

PORTFOLIO HOLDINGS

St. Jude Medical	5.05
Universal Health Services Cl B	4.56
Chesapeake Energy Corp	4.30
Manor Care Inc	4.09
Precision Castparts	3.65
Louis Dreyfus Natural Gas	3.11
Jones Apparel Group Inc	3.04
Nextel Communications Inc	3.00
Brinker International	2.58
Wellpoint Health Networks	2.20
Cardinal Health Inc	2.18
Sigma-Aldrich	2.13
Mesa Airlines Inc	2.13
Watson Pharmaceuticals	2.09
Darden Restaurants Inc	2.09
Synopsys Inc	2.05
Diamond Offshore Drilling	2.05
Clayton Homes Inc	1.92
Timberland	1.89
Federal Signal Corp	1.67
Symantec Corp	1.60
Stone Energy Corp	1.60
Pier 1 Imports Inc	1.51
Mohawk Idnustries	1.37
Michaels Stores Inc	1.26
Biomet Inc	1.25
Devon Energy Corp	0.99
Motorola	0.98
Dentsply International	0.92
Snap-On Inc	0.81
Schnitzer Steel	0.71
Jacobs Engineering	0.63
LSI Logic	0.50
Johnson & Johnson	0.50
InFocus	0.31
TJX Companies	0.28
Cable Design Technology	0.23
Vishay	0.19
City National Corp	0.13
American Power Conversion	<u>0.11</u>
Total Equities	71.66
Cash and Short Term Notes	<u>28.34</u>
TOTAL ASSETS	100.00%