



JUNE MONTHLY REPORT

July 24, 2001

The Globe & Mail Mutual Fund Report that comes out every 3rd Thursday has been discontinued until September. We feel that this report is a great overview of mutual fund results, especially useful for those of us who don't take full advantage of the internet. That being said, all of the comparative data that we include in the monthly reports is being made available through globefund.com.

This is probably a good month to keep it short. The Fund performed well during June as the market reached new highs during the short-term rally that started at the end of March. This rally has lost momentum, and so far in July the Fund is performing even better relative to the market.

During June, there was a landslide of negative second quarter earnings pre-announcements. The market was not deterred by these downgrades which led to a general interpretation by the press that the worst had already been discounted. We interpret this interpretation as being confirmation that despite big price corrections by many stocks, the market participants and commentators are still much too complacent and much too ready to regard any market strength as the beginning of a significant market advance. As we've said before, that just isn't the way it is at the beginning of a new bull market. At that time, most investors are scared and want to know if they should get out of equities.

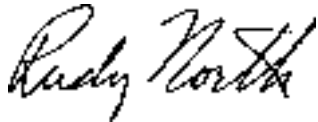
In the meantime, second quarter earnings have been dismal. Not too surprisingly they have been coming in at just a penny or two above company pre-announcement downgrade guidance. That's the way any company with any PR savvy engineers its earnings release. The fact that the market received these better than expected – but really dismal – reports with short-term enthusiasm for the individual stocks involved, reinforces our contention that this market has not reached a psychological bottom yet.

What is important is that, as documented in the May monthly, the market in general is still expensive despite some dramatic drops in the price of individual stocks that had become super expensive. We are in the process of correcting a speculative boom that produced some insanely overvalued stocks. Just because one of these stocks drops over sixty percent from its speculative high does not mean that it is a bargain or that it will quickly retrace its recent declines.

The next significant advance in the US equity market will, in our opinion, continue to favor growth at a reasonable price. We are finding interesting new ideas. At the same time, some of our holdings have been advancing so much that they no longer fit our investment philosophy and they have to be trimmed or eliminated from the Fund.

We are confident that our stock selection process will lead us back to a fully invested position when it is appropriate. At such time, equity investments should offer above average growth potential.

Yours truly,



Rudy 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 June 30, 01</i>	<i>Dec. 31, 00 to June 30, 01</i>	<i>Mar. 31, 01 To June 30, 01</i>	<i>Month of June 01</i>
North Growth US Equity Fund \$CDN	5.48%	5.48%	2.43%	-2.47%
North Growth US Equity Fund \$US	4.47%	4.47%	6.65%	-0.89%
S&P 500 \$US	-6.70%	-6.70%	5.85%	-2.43%
S&P 400 MidCap \$US	0.97%	0.97%	13.16%	-0.40%
Russell 2000 \$US	6.81%	6.81%	14.23%	3.41%
NASDAQ Composite \$US	-12.39%	-12.39%	17.53%	2.44%

Source: Bloomberg "Total Return Analysis" as of July 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	23.7%	24.1%	15.7%	17.4%	19.7%
Median U.S. Equity Fund \$CDN **	-15.8%	—	1.7%	--	11.4%
Average U.S. Equity Fund \$CDN **	-13.8%	—	2.6%	--	11.8%

Results are after all management fees and other expenses

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

RETURN SINCE INCEPTION (ANNUALIZED), OCT. 13, 1992 - JUNE 30, 2001 **20.14%**

NAVPS: JUNE 30TH/01 **\$ 20.36 CDN**

TOTAL ASSETS IN FUND **\$ 91.13 MILLION CDN**

CANADIAN MONEY MARKET FUND

NET CURRENT YIELD AS OF JULY 23, 2001:

4.18%

PORTFOLIO HOLDINGS*As of June 30, 2001*

St Jude Medical	4.89
Chesapeake Energy Corp	4.68
Manor Care Inc	4.51
Universal Health Services Cl B	4.08
Diamond Offshore Drilling	2.96
Mesa Airlines Inc	2.73
Louis Dreyfus Natural Gas	2.55
Clayton Homes Inc	2.46
Timberland	2.38
Precision Castparts	2.22
Watson Pharmaceuticals	2.13
Jones Apparel Group Inc	2.11
Wellpoint Health Networks	1.89
Synopsys Inc	1.83
Federal Signal Corp	1.75
Sprint PCS Group	1.62
Mohawk Industries	1.50
Stone Energy Corp	1.25
Brinker International Inc	1.17
Darden Restaurants Inc	1.17
Maverick Tube Corp	1.04
Sigma-Aldrich	1.00
Biomet Inc	1.00
Cardinal Health Inc	0.88
Devon Energy Corp	0.78
Schnitzer Steel	0.68
Jacobs Engineering	0.62
Snap-On Inc	0.58
Pier 1 Imports Inc	0.58
Johnson & Johnson	0.50
Dentsply International	0.49
Cable Design Tech	0.48
Cisco Systems	0.48
Compaq Computer Corp	0.46
LSI Logic	0.42
Symantec Corp	0.36
InFocus	0.34
Checkpoint Systems	0.30
G & K Services	0.26
Michaels Stores Inc	0.24
TJX Companies	0.24
Ocular Sciences	0.21
Vishay	0.19
City National Corp	0.13
American Power Conversion	0.12
Total Equities	62.26
Cash and Short Term Notes	<u>37.74</u>
TOTAL ASSETS	100.00%