



JULY MONTHLY REPORT

August 3, 2001

We are trying a slightly new format for our monthly report. We will no longer be waiting until the third week of the month for the Globe & Mail's statistics on longer-term median and average US fund performance. Instead, we will aim to publish our monthly report during the first week of the month using the 1 to 5 year performance of the various US Equity Indices we follow for the longer-term performance comparison purposes. For those of you interested in the peer group comparisons this data will still be available on our website under Daily Fund Prices (the performance data as calculated by Globefund is updated usually later in the second week of each month). In addition to the above, we have added the Wilshire 5000 Total Market Index to our comparison tables. This index is one of the most inclusive and is a good measure of the broader market performance.

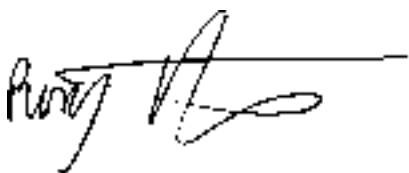
July was a good month for the Fund. We were up 0.87% while the S&P 500 was down 0.98% and the NASDAQ was down 6.19%. July was a very busy period with the vast majority of companies releasing second quarter earnings results. As a whole, it was a dismal reporting period. According to Thomson Financial/First Call, based on the 424 companies in the S&P 500 Index that have reported, second quarter profits fell more than 16%. We have not yet calculated the equivalent number for our portfolio but it was definitely positive. The superior earnings performance of our portfolio largely explains our strong performance for the month.

On the economic front, not much has changed recently. Overall, the statistical evidence points to a continuing weakening of the US economy, but potentially at a slower pace. In our opinion, the key threat to the economy continues to be the mounting number of layoffs across the board and the continued cost cutting initiatives by corporations. These factors have the potential to reduce aggregate demand which would further exacerbate the widespread overcapacity situation. In contrast, most economists seem convinced that lower interest rates and the tax cut will stimulate demand in the near term.

What does this mean for the market? We believe that, in general, market participants are overly optimistic about the near term prospects for earnings growth, with the result being excessive valuations for many mainstream equities. The excessive valuations are most notable in the technology sector, but even a healthy 15% grower like GE seems expensive to us at over 31 times trailing earnings. Currently, with most of the second quarter 2001 earnings in, the S&P 500 Index is trading at over 33.1 times trailing earnings – just shy of its 1999 peak of 35 times. With third quarter earnings expected to fall by approximately 15%, the market will be trading at record valuations again by the end of September even if it stays flat. We recognize that these multiples will be based on depressed earnings but we also recognize the unprecedented level of these multiples.

Based on the high valuations and poor earnings we believe caution is warranted. We continue to find new opportunities to invest in reasonably priced companies. However, this has been balanced by the need to sell some of our holdings that had reasonable valuations when we bought them, but have since reached high valuation levels. As always stock selection and commitment to our “growth at a reasonable price” philosophy will be key.

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: SHORT-TERM

	<i>Year to July 31, 01</i>	<i>Jan. 31, 00 to July 31, 01</i>	<i>April 30, 01 To July 31, 01</i>	<i>Month of July 01</i>
North Growth US Equity Fund \$CDN	7.70%	6.26%	1.52%	2.10%
North Growth US Equity Fund \$US	5.38%	3.93%	1.79%	0.87%
S&P 500 \$US	-7.62%	-10.78%	-2.75%	-0.98%
S&P 400 MidCap \$US	-0.53%	-2.70%	0.40%	-1.49%
Russell 2000 \$US	1.17%	-3.84%	0.36%	-5.28%
Wilshire 5000 \$US*	-7.95%	-11.26%	-2.64%	-1.74%
NASDAQ Composite \$US	-17.81%	-26.78%	-4.14%	-6.19%

PERFORMANCE COMPARISONS: LONG-TERM

	1 Year	2 Years	3 Years	4 Years	5 Years
North Growth US Equity Fund \$CDN	25.0%	24.3%	17.8%	16.2%	21.4%
North Growth US Equity Fund \$US	21.2%	23.2%	17.3%	13.1%	18.8%
S&P 500 \$US	-14.3%	-3.4%	3.9%	7.6%	15.3%
S&P 400 MidCap \$US	5.6%	13.2%	15.2%	14.2%	19.8%
Russell 2000 \$US	-1.6%	5.9%	6.4%	5.4%	10.5%
Wilshire 5000 \$US*	-15.9%	-4.0%	2.5%	5.5%	12.4%
NASDAQ Composite \$US	-46.0%	-12.1%	3.0%	6.5%	13.8%

** Simple Price Index: no dividend re-investment data available
Source: Bloomberg "Total Return Analysis" as of July 31, 2001.
Note - Including income in all cases.*

RETURN SINCE INCEPTION (ANNUALIZED), OCT. 13, 1992 - JULY 31, 2001 **20.21 %**

NAVPS: JULY 31ST/01 **\$ 20.79 CDN**

TOTAL ASSETS IN FUND **\$ 93.69 MILLION CDN**

CANADIAN MONEY MARKET FUND

NET CURRENT YIELD AS OF AUGUST 1, 2001:

4.09%

PORTFOLIO HOLDINGS*As of July 31, 2001*

Chesapeake Energy Corp	4.97
Universal Health Services Cl B	4.37
St Jude Medical	3.94
Manor Care Inc	3.50
Precision Castparts	3.12
Timberland	3.07
Diamond Offshore Drilling	3.07
Mesa Airlines Inc	2.72
Clayton Homes Inc	2.48
Louis Dreyfus Natural Gas	2.35
Watson Pharmaceuticals	2.24
Scientific-Atlanta Inc	2.12
Wellpoint Health Networks	2.12
Synopsis Inc	1.93
Jones Apparel Group Inc	1.88
Sprint PCS Group	1.71
Federal Signal Corp	1.55
Ocular Sciences	1.41
Stone Energy Corp	1.27
Maverick Tube Corp	1.25
Darden Restaurants Inc	1.24
Brinker International Inc	1.12
Sigma-Aldrich	1.10
Mohawk Industries	1.05
Jacobs Engineering	1.01
Biomet Inc	1.00
Cardinal Health Inc	0.93
Devon Energy Corp	0.79
Snap-On Inc	0.64
Schnitzer Steel	0.61
Pier 1 Imports Inc	0.59
Johnson & Johnson	0.53
LSI Logic	0.48
Dentsply International	0.48
Cable Design Technology	0.44
Compaq Computer Corp	0.44
InFocus	0.27
G & K Services	0.26
TJX Companies	0.26
Michaels Stores Inc	0.24
Checkpoint Systems	0.20
Vishay	0.19
City National Corp	0.14
American Power Conversion	<u>0.10</u>
Total Equities	65.18
Cash and Short Term Notes	<u>34.82</u>
TOTAL ASSETS	100.00%