



AUGUST MONTHLY REPORT

September 5, 2001

August was a very weak month for US equities, with all the major indices led down by a 10% drop in the NASDAQ Composite. The North Growth US Equity Fund performed better than the broad market measures with a 3.3% decline for the month. Year-to-date, the Fund's performance is holding up well with a 1.9% gain versus negative returns of 13.4% for the S&P 500 and 26.8% for the NASDAQ Composite. Our significant outperformance in the difficult markets of the past two years is now becoming evident in our intermediate term, three year average annual return of 24.3% per annum – more than 17% ahead of the S&P 500's average annual three year return.

Our position has not changed – we remain cautious due to concerns regarding valuation levels and our belief that corporate earnings will remain under pressure for at least a few more quarters. Market sentiment does not yet appear to indicate a capitulation that tends to mark the end of a bear market. Investors are overly eager to see some of the fallen angels return to past glories. A good example of this was the 4% rally by the NASDAQ on Friday August 24th – fueled by the restructuring announcement from Cisco. What excited the press and the market was the following two sentence quote, from Cisco CEO John Chambers, found within a three page press release:

“We are making these changes at a time when we are beginning to see signs that our business is stabilizing. Although we can't predict the future, our orders for the first weeks of the quarter are in line with the expectations we discussed on our fourth quarter earnings call.”

We revisited Cisco's fourth quarter earnings call (August 7, 2001) to refresh our memory. The official guidance for the quarter was for revenues to be flat to down 5% sequentially (which equates to minus 35 to 40% year over year) and gross margins of 50% versus 63.5% last year. Furthermore, management indicated that they did not believe we were at a bottom yet. There were some signs that the US market was stabilizing (from a free fall) but that Europe and Asia might get worse before any improvement.

I think it should be obvious that we do not agree with the rosy interpretations of John Chamber's comments that were widely disseminated by the financial press.

Our commitment to our “growth at a reasonable price” philosophy has served the Fund particularly well over the past few years. Currently we remain cautious with regards to valuations. We believe that our focus on individual stock selection will lead us back to a fully invested position when valuations are reasonable vis-à-vis reasonable expectations for growth.

Yours truly,

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

Rory North

PERFORMANCE COMPARISONS: SHORT-TERM

	<i>Year to August 31, 01</i>	<i>Feb. 28, 01 to August 31, 01</i>	<i>May 31, 01 to August 31, 01</i>	<i>Month of August 01</i>
North Growth US Equity Fund \$CDN	5.41%	0.42%	-2.53%	-2.12%
North Growth US Equity Fund \$US	1.93%	-0.53%	-3.31%	-3.28%
S&P 500 \$US	-13.40%	-7.98%	-9.44%	-6.26%
S&P 400 MidCap \$US	-3.79%	-0.19%	-5.10%	-3.27%
Russell 2000 \$US	-2.10%	-0.41%	-5.21%	-3.23%
Wilshire 5000 \$US*	-13.64%	-7.97%	-9.43%	-6.19%
NASDAQ Composite \$US	-26.78%	-15.97%	-14.39%	-10.91%

PERFORMANCE COMPARISONS: LONG-TERM

	1 Year	2 Years	3 Years	4 Years	5 Years
North Growth US Equity Fund \$CDN	17.5%	25.5%	23.9%	14.9%	19.3%
North Growth US Equity Fund \$US	11.5%	23.1%	24.3%	11.8%	16.4%
S&P 500 \$US	-24.4%	-6.2%	7.1%	7.4%	13.3%
S&P 400 MidCap \$US	-8.1%	13.3%	22.0%	13.2%	17.7%
Russell 2000 \$US	-11.5%	6.2%	13.1%	4.0%	8.5%
Wilshire 5000 \$US*	-26.4%	-6.5%	6.2%	4.9%	10.3%
NASDAQ Composite \$US	-57.0%	-18.6%	6.7%	3.6%	9.9%

Source: Bloomberg "Total Return Analysis" as of August 31, 2001.

** The Wilshire 5000 Index is a Simple Price Index:*

it does not include income because there is no dividend re-investment data available.

RETURN SINCE INCEPTION (ANNUALIZED), OCT. 13, 1992 - AUGUST 31, 2001

19.72 %

NAVPS: AUGUST 31ST/01

\$ 20.35 CDN

TOTAL ASSETS IN FUND

\$ 92.93 MILLION CDN

CANADIAN MONEY MARKET FUND

NET CURRENT YIELD AS OF AUGUST 31, 2001:

3.92%

PORTFOLIO HOLDINGS*As of August 31, 2001*

Chesapeake Energy Corp	5.37
Universal Health Services Cl B	4.26
St Jude Medical	3.95
Timberland	3.01
Precision Castparts	3.00
Transocean Sedco Forex	2.80
Nextel Communications Inc	2.57
Louis Dreyfus Natural Gas	2.44
Clayton Homes Inc	2.41
Mesa Airlines Inc	2.29
Manor Care Inc	2.18
Wellpoint Health Networks	2.15
Watson Pharmaceuticals	1.95
Synopsis Inc	1.76
Scientific-Atlanta Inc	1.75
Jones Apparel Group Inc	1.57
Federal Signal Corp	1.55
Ocular Sciences	1.46
Sigma-Aldrich	1.19
Maverick Tube Corp	1.16
Mohawk Industries	1.09
Jacobs Engineering	1.03
Sunrise	1.00
Cardinal Health Inc	0.94
Biomet Inc	0.87
Schnitzer Steel	0.62
Snap-On Inc	0.62
Pier 1 Imports Inc	0.62
Johnson & Johnson	0.53
Dentsply International	0.49
LSI Logic	0.46
Cable Design Technologies	0.41
Checkpoint Systems	0.41
Compaq Computer Corp	0.37
InFocus	0.31
G&K Services	0.27
TJX Companies	0.27
Brinker International Inc	0.26
Darden Restaurants Inc	0.26
Devon Energy Corp	0.25
Michaels Stores Inc	0.25
Stone Energy Corp	0.23
Vishay	0.19
City National Corp	0.14
American Power Conversion	0.10
Total Equities	60.81
Cash and Short Term Notes	<u>39.19</u>
TOTAL ASSETS	100.00%