



OCTOBER MONTHLY REPORT

November 6, 2001

The market staged a rally in October after the traumatic month of September. The North Growth US Equity Fund continued to outperform the S&P 500 gaining 5.26% CDN and 4.58% US in October.

As of September 30, 2001 the S&P 500 had fallen 29.25% over the past 18 months. Most post World War II bear markets did not decline this much. Buying stocks after such a decline has historically proven very opportunistic in hindsight.

However, just because stocks are down more than any other bear market since 1973-74 does not mean that stocks are particularly cheap when compared to earnings. Price/earnings levels reached unprecedented heights in the past bull market. Although most of the current market commentary that we read claims that stocks are historically cheap, this just is not the case based on the historic record.

Since the market P/E is not anywhere near historic “end of the bear market levels”, we believe that sticking to our “growth at a reasonable price” approach on a stock by stock basis is very appropriate. This approach is working well and we still have a 35% cash position to opportunistically invest in equities.

Stock selection should lead to a further reduction of cash in the months ahead. The reduction in cash will not occur in a straight line. We are both buying and selling stocks based on individual company fundamentals. Sales and purchases are not influenced by predetermined target levels for the Fund’s cash buying reserve. It is this policy based on stock selection that is driving the Fund’s strong performance.

If commentary on investment principles, no matter how crucial it may be to the Fund’s performance, gets a bit boring, the current economics certainly are not boring. Most economic data being reported is spectacularly bad. This will also be the case at the bottom of the bear market so one has to be very careful when considering the implications of these developments.

A sample of one day’s observations follows:

- § Unemployment claims have reached a four-week average high which have exceeded levels seen in 1990.
- § Durable goods orders reported as a 6-month average are currently running at rates of change in excess of those seen in 1990.

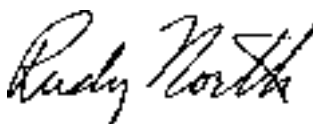
§ Manufacturing production worldwide has plummeted! Some countries are reporting an extreme drop. For example, Singapore's 3-month average y/y decline as of September 30 was -19.19%. The comparable figure was -5% during the South East Asia downturn in 1997-98.

There is no particular significance to the above examples; they are just what came to our attention one day during the past week. Another day would yield a similar list. This type of data simply emphasizes the obvious: the world is in a severe recession. The good news is that it shows we are well into the slowdown. The fact that such extreme levels are being reached also means that the problems are well recognized and that steps are being undertaken to solve the problem. It would not be out of character for the market commentators to cave in under the "hopelessness" being reflected in the economic data just before going into a new bull market.

When it is all said and done this bear market and the long bull market of the 90's will end up looking pretty typical. It won't have been a "new era". The main differentiating features of this period were the extended length in time of the cycle and that the excesses reached during the cycle were unprecedented.

We might not know when the bear market will end but everything is moving toward that point. Relying on stock selection to re-deploy our cash position is becoming an ever more exciting prospect.

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. 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 October 31, 01</i>	<i>April 30, 01 to October 31, 01</i>	<i>July 31, 01 to October 31, 01</i>	<i>Month of October 31, 01</i>
North Growth US Equity Fund \$CDN	5.91%	-0.17%	-1.66%	5.26%
North Growth US Equity Fund \$US	-0.04%	-3.44%	-5.14%	4.58%
S&P 500 \$US	-18.87%	-14.60%	-12.18%	1.91%
S&P 400 MidCap \$US	-12.02%	-11.20%	-11.55%	4.43%
Russell 2000 \$US	-10.32%	-11.04%	-11.36%	5.86%
Wilshire 5000 \$US*	-19.54%	-14.90%	-12.59%	2.45%
NASDAQ Composite \$US	-31.42%	-20.01%	-16.56%	12.79%

PERFORMANCE COMPARISONS: LONG-TERM

	1 Year	2 Years	3 Years	4 Years	5 Years
North Growth US Equity Fund \$CDN	8.91%	27.30%	22.08%	13.91%	19.12%
North Growth US Equity Fund \$US	4.37%	22.51%	20.89%	10.53%	15.10%
S&P 500 \$US	-24.89%	-10.69%	0.04%	5.13%	10.04%
S&P 400 MidCap \$US	-12.43%	7.33%	11.72%	10.45%	14.57%
Russell 2000 \$US	-12.54%	1.41%	5.73%	1.10%	6.16%
Wilshire 5000 \$US*	-26.42%	-11.25%	-0.79%	2.53%	7.41%
NASDAQ Composite \$US	-49.68%	-24.25%	-1.29%	1.79%	7.05%

Source: Bloomberg "Total Return Analysis" as of October 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 - OCT. 31, 2001 **19.38%**

NAVPS: OCTOBER 31ST/01	\$ 20.44	CDN
TOTAL ASSETS IN FUND	\$ 93.66	MILLION CDN

CANADIAN MONEY MARKET FUND

NET CURRENT YIELD AS OF OCTOBER 31, 2001:

2.93%

PORTFOLIO HOLDINGS*As of October 31, 2001*

Chesapeake Energy Corp	5.81
Nextel Communications	4.83
St Jude Medical	4.14
Universal Health Services Cl B	3.70
Timberland	3.45
Transocean Sedco Forex	2.97
Louis Dreyfus Natural Gas	2.96
Wellpoint Health Networks	2.29
Clayton Homes Inc	2.24
BJ Services	1.98
Precision Castparts	1.92
Manor Care Inc	1.84
Synopsys Inc	1.82
Watson Pharmaceuticals	1.68
Jones Apparel Group Inc	1.66
Ocular Sciences	1.61
Scientific-Atlanta Inc	1.59
Federal Signal Corp	1.54
Sunrise	1.19
Jacobs Engineering	1.17
Mohawk Industries	1.07
Sigma-Aldrich	0.99
Biomet Inc	0.97
Cardinal Health Inc	0.88
Checkpoint Systems	0.82
LSI Logic	0.82
Adobe Systems	0.81
Snap-On Inc	0.66
Schnitzer Steel	0.65
Johnson & Johnson	0.59
Pier 1 Imports Inc	0.57
Sun Microsystems Inc	0.53
Dentsply International	0.50
Cable Design Technologies	0.39
InFocus	0.33
Darden Restaurants Inc	0.29
G & K Services	0.27
TJX Companies	0.26
Brinker International	0.25
Stone Energy Corp	0.24
Devon Energy Corp	0.22
Vishay	0.16
City National Corp	0.13
American Power Conversion	0.10
Total Equities	62.89
Cash and Short Term Notes	<u>37.11</u>
TOTAL ASSETS	100.00%