FEBRUARY MONTHLY REPORT

March 7, 2002

Despite a month end rally, February was another month of decline for all the equity indices we follow with the exception of a 0.12% advance for the S&P 500 Mid-Cap Index. The outstanding feature of the month was the –10.45% decline of the NASDAQ Composite Index compared to the more modest decline of 1.93% for the S&P 500.

We keep stressing that US equity markets are significantly overvalued despite the declines of the past two years. This excessive valuation is most pronounced in the high-tech sector of the market. Stocks in this sector were the market leaders of the late cycle speculative blow off of the decade long bull market of the 90's. In 2000 many of the largest technology stocks were selling at over 100 times peak earnings. Less mature companies were selling at even higher multiples. The performance of the NASDAQ during February clearly shows that the necessary valuation correction in these stocks has resumed following the group's strong rally from the lows of September.

A sharp recovery from the selling climax lows is typical of the fallen angels of the past cycle. This appears to be fuelled cycle after cycle by the mistaken belief of investors that past market leaders are attractive because they have sold off sharply and are likely to regain their past splendor. Cycle after cycle this proves not to be the case.

The "dead cat" bounce which we believe we have recently been witnessing in the technology sector is the latest example of this expensive investor trap. After the September market reaction this group was most touted as the recovery play. New buyers ran the stocks up dramatically. Starting in December the group leveled off and by mid-February had retraced much of the recovery bounce. So far this has been a classic example of how over-priced past cycle market leaders behave after the initial phase of their valuation correction.

The high-tech sector is likely to remain the fastest growing area in the economy over the long-term. Because of current valuation considerations we believe it is appropriate that the Fund be underweighted in technology. We are also confident that our "growth at a reasonable price" philosophy will lead us to be more heavily involved in technology when these stocks are once again attractive.

This is already happening in an extremely selective manner. At year-end the fund held a 0.46% initial position in Citrix. This company has had strong growth in the past, delivered strong growth during 2001 when most of its peers stumbled badly and, we believe, has the ability to continue its superior rate of growth. It is reasonably priced relative to other leading technology companies and, even better, simply in relation to its growth rate. We have done the fundamental analysis to convince us that the business outlook for this company could be significantly stronger than is generally expected. As a result of our bottom-up analysis we have increased the weighting in Citrix to 3.66% to bring the group weighting of the technology sector to 14.03%.

The rally that developed in the second half of February was coincidental with a number of "good" news developments. These items were interpreted as evidence that the economy had stopped its downward slide. None of them was anything that should not have been expected. The "news" that GM was increasing production, however, was confirmation that the massive inventory cutbacks of 2001 are ending.

The cessation of inventory cutting is currently the main factor behind an improving economy. Alan Greenspan's February 27th testimony to Congress summed the situation up as follows:

> "Some of the forces that have been restraining the economy over the past year are starting to diminish and activity is beginning to firm. Any slowing in the rate of inventory liquidation will induce a rise in industrial production…(even) if demand for those products is (merely) stable or falling only moderately… (However) that impetus to the growth of activity will be short lived unless sustained increases in final demand kick in before the positive effects of the swing from inventory liquidation dissipate."

On February 28th it was announced that the US GDP grew 1.4% in December. Clearly ahead of general expectations and slightly in advance of the timing that Greenspan's comments implied. This means that the US economy has not had the two consecutive quarters of shrinking GDP that constitute a recession. At a time of such unusual macro economic developments we feel that stock selection based on company fundamentals and reasonable valuation levels will continue to produce good investment results.

Yours truly,

Rudy North

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

	Year to February 28, 02	*August 31, 01 to February 28, 02*	*November 30, 01 to February 28, 02*	*Month of February 02*
North Growth US Equity Fund $CDN	**-4.47%**	**2.27%**	**-0.40%**	**-1.48%**
North Growth US Equity Fund $US	**-5.02%**	**-0.99%**	**-2.22%**	**-2.38%**
S&P 500 $US	-3.36%	-1.67%	-2.51%	-1.93%
S&P 400 MidCap $US	-0.39%	2.91%	4.75%	0.12%
Russell 2000 $US	-3.74%	0.87%	2.21%	-2.74%
NASDAQ Composite $US	-11.18%	-3.94%	-10.23%	-10.45%

PERFORMANCE COMPARISONS: LONG-TERM

	1 Year	**3 Years**	**5 Years**	**9 Years**
North Growth US Equity Fund $CDN	**2.70%**	**19.95%**	**16.91%**	**17.69%**
North Growth US Equity Fund $US	**-1.52%**	**17.55%**	**13.28%**	**14.48%**
S&P 500 $US	-9.51%	-2.45%	8.45%	12.81%
S&P 400 MidCap $US	2.71%	13.54%	15.34%	15.30%
Russell 2000 $US*	0.49%	7.69%	6.92%	8.64%
NASDAQ Composite $US*	-19.26%	-8.60%	6.10%	11.10%

Source: Bloomberg "Total Return Analysis" as of February 28, 2002.
** The nine year average for these indices is a Simple Price Appreciation because total return data is not available on Bloomberg.*

RETURN SINCE INCEPTION (ANNUALIZED), OCT. 13, 1992 - FEB. 28, 2002 **18.86%**

NAVPS: FEBRUARY 28/02 **$ 18.34** **CDN**

TOTAL ASSETS IN FUND **$ 103.58** **MILLION CDN**

CANADIAN MONEY MARKET FUND

NET CURRENT YIELD AS OF FEBRUARY 28, 2002:

1.80%

PORTFOLIO HOLDINGS

As of February 28, 2002

Nextel Communications	5.20
Chesapeake Energy Corp	4.58
Safeway Inc	3.88
Citrix Systems Inc	3.66
Sunrise	3.63
Ocular Sciences	3.58
Manor Care Inc	3.55
Universal Health Services CL B	3.51
St Jude Medical	3.20
Watson Pharmaceuticals	3.16
Jacobs Engineering	3.07
Transocean Sedco Forex	2.51
Wellpoint Health Networks	2.28
Clayton Homes Inc	2.21
Timberland	1.79
Maverick Tube Corp	1.31
Dominion Resources Inc	1.28
Sigma-Aldrich	1.10
Checkpoint Systems	1.00
Precision Castparts	0.99
Biogen Inc	0.96
Synopsys Inc	0.93
Federal Signal Corp	0.91
Biomet Inc	0.89
Scientific-Atlanta Inc	0.86
Jones Apparel Group Inc	0.81
Cardinal Health Inc	0.79
Mohawk Industries	0.74
Columbia Sportswear	0.73
Schnitzer Steel	0.69
LSI Logic	0.66
Johnson & Johnson	0.57
Adobe Systems	0.51
Darden Restaurants Inc	0.35
Cable Design Technologies	0.32
Brinker International Inc	0.31
InFocus	0.27
TJX Companies	0.27
Devon Energy Corp	0.22
Stone Energy Corp	0.21
G & K Services	0.16
Sun Microsystems Inc	0.14
City National Corp	0.14
Vishay	0.13
American Power Conversion	0.09
BJ Services	0.08
Total Equities	**68.23**
Cash and Short Term Notes	**31.77**
TOTAL ASSETS	**100.00%**