SEPTEMBER MONTHLY REPORT

October 2, 2002

September was a very weak month for US Equities as investors fretted about the potential for a war with Iraq and a slowdown in the economic recovery. The S&P 500 was the worst performing index for the month, falling 10.87%. This monthly decline capped off the sixth worst quarterly result since the Second World War. So far in 2002, US Equities are well on there way to posting one of their worst annual returns in history. Despite the broad weakness in the markets, the North Growth US Equity Fund continues to deliver very good relative performance. Although the Fund was down 6.23% in US dollar terms during September, it outperformed the S&P 500 by 4.64% and widened its year to date outperformance versus the S&P 500 to 15%.

After two and a half years of a bear market, the almost daily hammering that the market took during September was enough to make even the most positive long-term investors feel a bit depressed. **Nevertheless, this is the environment when the most rewarding long-term investments are made**.

I spent a good part of September in Europe and couldn't get over the frenzie with which the British and international newspapers were reporting the most recent problems of the telecommunications and insurance companies. In terms of perspective, the theme was how bad world equity markets had been for the past 5 or 6 years. Investment advice and advertising was focused on how to get the best return on fixed income investments. Having managed money during the past 10 bear markets, I am convinced that new bull markets tend to start during a climate of negative newspaper headlines and articles. I can't help but feel that I was witnessing something significant and encouraging in the European press during mid- and late September.

Buying reasonably priced stocks with good earnings fundamentals despite the fact that the "market" seems to go down almost everyday is an important discipline for successful growth oriented investors. During late 1999 and early 2000, many investors made the critical mistake of not selling stocks that they recognized as being at record high valuations simply because the market just kept going up. Not to be buying stocks that look like good investments on their own merits simply because the market is going down would be making the same type of mistake.

The market leads the economy and, traditionally, new bull markets start before the economy bottoms out. This cycle has been just different enough, with the strength in automobile and new home purchases to confuse this typical progression, but as many stocks become reasonably priced, the next leg up for the market is most **unlikely** to wait for a generally re-assuring economic picture. Moreover, short-term economic statistics are notoriously erratic. Ironically, despite the current focus on short-term economic news which is creating the perception that the economic picture is very perilous, both corporate earnings and key economic measures have been improving since the end of 2001.

Individual stock selection is always at the core of our management style, but it is never more productive than at the bottom of a bear market or in the early stages of a new bull market. The Fund's strong current relative performance is great confirmation of our belief that stock selection rather than conventional market timing is the key to investment success.

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 Erica Lau at erica@northgrowth.com or 688-5440.

PERFORMANCE COMPARISONS: SHORT-TERM

	Year to September 30, 02	*Six months to September 30, 02*	*Three months to September 30, 02*	*Month of September 02*
North Growth US Equity Fund $CDN	**-13.48%**	**-14.34%**	**-0.32%**	**-4.52%**
North Growth US Equity Fund $US	**-13.17%**	**-13.96%**	**-4.78%**	**-6.23%**
S&P 500 $US	-28.16%	-28.36%	-17.28%	-10.87%
S&P 400 MidCap $US	-19.22%	-24.31%	-16.55%	-8.06%
Russell 2000 $US	-25.09%	-27.98%	-21.40%	-7.18%
NASDAQ Composite $US	-39.73%	-36.36%	-19.82%	-10.82%

PERFORMANCE COMPARISONS: LONG-TERM

	1 Year	3 Years	5 Years	9 Years
North Growth US Equity Fund $CDN	**-2.95%**	**14.75%**	**8.61%**	**14.88%**
North Growth US Equity Fund $US	**-3.49%**	**11.79%**	**5.63%**	**12.67%**
S&P 500 $US	-20.47%	-12.87%	-1.62%	8.55%
S&P 400 MidCap $US	-4.69%	3.40%	5.38%	11.35%
Russell 2000 $US*	-9.28%	-3.98%	-3.07%	4.07%
NASDAQ Composite $US*	-21.51%	-24.47%	-6.71%	4.89%

Source: Bloomberg "Total Return Analysis" as of September 30, 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 - SEPTEMBER 30, 2002 **16.50%**

NAVPS: SEPTEMBER 30/02 **$ 16.61** CDN

TOTAL ASSETS IN FUND **$ 103.55** MILLION CDN

CANADIAN MONEY MARKET FUND

NET CURRENT YIELD AS OF SEPTEMBER 30, 2002:

2.58%