

OCTOBER MONTHLY REPORT

November 7, 2002

The North Growth US Equity Fund has just completed its first 10 years. The 10 year average annual compound rate of return for the Fund as of October 31, 2002 is 16.8% in Canadian dollars and 14.2% in US dollars as compared to a US dollar return of 9.9% for the S&P 500 Total Return Index. In Canadian dollar terms this represents a 4.7 fold increase, or to put it another way, an investment in the North Growth US Equity Fund of \$100,000 on October 31, 1992 grew to \$474,004 on October 31, 2002. It is particularly gratifying to be reporting these exceptional long-term results at a time when the Fund's short-term performance is also quite remarkable. During October, the Fund was up 9.5% in US dollars versus 8.8% for the S&P 500 Total Return Index, widening the year to date out-performance of the Fund to almost 17%.

NOW IS THE TIME TO BUY EQUITIES

Cycle after cycle the pattern is the same, as we said in the August report. "When it is time to buy you won't want to." You may want to read the July, August and September reports. They make it clear where we have stood regarding investing in equities during recent months. Some of the points made in those reports are not repeated in this report.

After the market rebounded from the sell-off following the tragedy of September 11th last year, there was a general consensus of commentators and investors that the damage had been done and that it was time to get in on a new bull market. This view was so pronounced that it surged the market forward, prompting a veteran New York broker to phone us on November 11th, 2001 and blurt out: "My trading floor is going nuts – we're having a buying panic. Everybody is afraid of missing a new bull market". That kind of enthusiasm is typical of a false start or a 'bear market' rally.

We believe that the longest and most severe bear market since the Great Depression ended, after just over 2 ½ years and a 50% decline in the S&P500, on October 9, 2002. Incidentally, during the period, March 24, 2000 through October 9, 2002, the North Growth US Equity Fund was up 4.8% in US dollars.

Our bullish stance may surprise some readers of this report since the financial press has been trumpeting the problems of some high profile companies and fussing about the slow progress of the economic recovery in the US. This negative mindset pushes aside the reality that overall corporate profits are up in 2002 and it is now possible to find many attractively priced stocks to invest in. The fact that many investors are predisposed to accept the gloom and doom misinformation of the press also happens to be typical of the situation at the beginning of all significant bull markets.

September 2002 was a brutal month for US equities and the first nine days of October continued the downward dive. Investors were very nervous and panic driven statements that are typical at the bottom of a selling climax were

abundant. That was a golden buying opportunity but it is unrealistic to expect to hit the exact bottom of a bear market. Buying early in a new bull market is more realistic and in the long-term scheme of things virtually as rewarding. The fact that there are still many doubters is normal early in a bull market. Ironically, when such a rebound is in fact the beginning of a new bull market, the doubters will be most vocal.

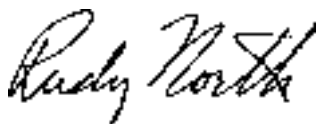
Today's doubters will be triumphantly proclaiming that the bull market is "confirmed" in 6 to 9 months from now and that equities are a great investment – which will be true! Sadly, the only thing that will be confirmed is that buyers will be paying higher prices.

The amazing fact of human nature is that the majority of investors will be buying enthusiastically with no regrets about having passed up lower prices earlier. The continuing market strength will give them "peace of mind", which is OK since equities are the best long-term asset class available to investors. This is fuel that often keeps bull markets moving up.

The Fund not only had good 10-year results and weathered the recent bear market exceptionally well, but more importantly, is currently performing strongly. Going into and during the bear market we decisively sold stocks that were becoming expensive and aggressively sought out reasonably priced stocks with strong earnings fundamentals. The effect of this effort was our cash building up to a peak of 42% at September 18, 2001, and has subsequently resulted in the Fund's cash being reduced to less than 3% currently. The cash reserve, ongoing changes in the Fund and new money coming into the Fund have all been invested in attractively priced companies whose operations are poised for growth. The Fund is fully invested, fresh and focused. At this point, it is a growth oriented equity fund set to perform in a new bull market.

We believe we are in a new bull market, the Fund is currently performing strongly, and we expect the year ahead to be rewarding for investors.

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 visit www.northgrowth.com.

PERFORMANCE COMPARISONS: SHORT-TERM

	<i>Year to October 31, 02</i>	<i>Six months to October 31, 02</i>	<i>Three months to October 31, 02</i>	<i>Month of October 02</i>
North Growth US Equity Fund \$CDN	-7.06%	-7.20%	5.29%	7.42%
North Growth US Equity Fund \$US	-4.95%	-6.54%	7.01%	9.47%
S&P 500 \$US	-21.84%	-17.02%	-2.39%	8.80%
S&P 400 MidCap \$US	-15.72%	-20.66%	-3.59%	4.33%
Russell 2000 \$US	-22.69%	-26.34%	-4.45%	3.20%
NASDAQ Composite \$US	-31.61%	-21.08%	0.22%	13.48%

PERFORMANCE COMPARISONS: LONG-TERM

	1 Year	3 Years	5 Years	10 Years
North Growth US Equity Fund \$CDN	-0.96%	17.08%	10.77%	16.84%
North Growth US Equity Fund \$US	1.02%	14.88%	8.56%	14.19%
S&P 500 \$US	-15.10%	-12.18%	0.73%	9.87%
S&P 400 MidCap \$US*	-4.78%	3.15%	7.22%	11.13%
Russell 2000 \$US*	-11.56%	-3.10%	-1.57%	6.50%
NASDAQ Composite \$US*	-21.03%	-23.19%	-3.24%	8.18%

Source: Bloomberg "Total Return Analysis" as of October 31, 2002.

* The ten 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 - OCTOBER 31, 2002 **17.18%**

NAVPS: OCTOBER 31/02 **\$ 17.84** **CDN**

TOTAL ASSETS IN FUND **\$ 113.95** **MILLION CDN**

CANADIAN MONEY MARKET FUND

NET CURRENT YIELD AS OF OCTOBER 31, 2002:

2.54%