North Growth Management Ltd.

March Monthly Report

April 2, 2003

After tabulating the monthly data for March we were a little surprised to see that the North Growth US Equity Fund had underperformed the market for the month. During the first half of the month to March 12th the markets continued to slide and the Fund significantly underperformed the markets. This trend reversed itself after March 12th with the markets rallying strongly and the Fund outperforming the market, though not quite strongly enough to fully offset its weakness during the first half of the month. For the month, in US dollars, the Fund was flat versus +0.97% for the S&P 500 , +1.29% for the Russell 2000 and +0.32% for the NASDAQ Composite. The Canadian dollar continued to appreciate versus the greenback resulting in a negative -1.09% Canadian dollar monthly return.

Daily trading volumes on the NYSE have been exceptionally low over the past few months. There are indications that the trading is being dominated by more short-term orientated professional traders (hedge funds). It appears that the huge rally from March 12 through to March 21, which saw the S&P 500 increase by 10.8%, was largely driven by these traders unwinding a portion of their aggressive short positions. Although the aggregate short positions have decreased, they still remain at unusually high levels. In theory, towards the end of a bear market, large short positions can provide for significant upside. When the traders with short positions decide to cover their positions they may find it difficult to find investors willing to sell to them because most, if not all, of the natural sellers have already sold. Today, after more than 3 years of a bear market, it seems logical that the majority of investors inclined to sell would have already done so.

Over the past few months, we have spoken on occasion about the propensity for the average mutual fund investor to have terrible timing to such a degree that their actions can be used as a contrarian indicator. Generally we do not include our client base in this grouping of "the average mutual fund investor". Indeed, last year when the Fund Industry experienced net redemptions, your Fund experienced net purchases which amounted to a 25% addition to beginning-of-the-year asset levels. Moreover, during the year we were encouraged to see some Unitholders, who we know to be successful investors, purchase the Fund near the bottom of reactions. Nevertheless, on occasion, we have had individuals who fit "the average mutual fund investor" mould. In what could prove to be a good indicator that the bottom of the market has been reached, we have an anecdotal story to share.

Recently, we had a client who had been with us for less than a year redeem his holdings in the Fund. This client bought in mid-May of last year, while the post September 11 optimism was still a factor, but we were still very cautious with the Fund's cash balance at close to 30%. From this point through to mid-July, the markets fell dramatically and finally we began to see values that compelled us to put our cash to work. I received the first of three calls from this client at about this time. He was unnerved by the short-term weakness in the market and it took some time to get him refocused on the long-term. The market subsequently rallied strongly during the last week of July and throughout August, and I didn't hear from this client again until the market had rolled over again in mid-September. This second call was very similar to the first, ending with the client returning to a long-term outlook. Again the market rallied, and this time I did not hear from this client until March 11 of this year. This time the client felt there was no bottom to the market and redeemed. We view this anecdote as support to our view that we may very well have already seen the bottom of this bear and only share it with careful consideration, as always, to client confidentiality.

The US lead war with Iraq has begun. The phase of anxious anticipation as to when this inevitable confrontation would begin is now over. The world is now focused on the daily events of the war. Given the United States' clear resolve to fight this war to the finish, the best outcome and probably still the most likely outcome is a relatively quick US victory with minimal bloodshed when compared to other major conflicts such as the Iraq/Iran War, the Vietnam War, the Korean War, or even one of the World Wars. The shorter the war, the less disruption it will cause. It is already clear that US economic activity and corporate earnings will be weaker than originally expected during the first quarter. We believe that with a relatively quick end to this conflict the first quarter weakness will likely provide some additional pent up demand that could materialize in stronger than expected growth in the second half of the year.

We continue to believe we are at the beginning of a new bull market. Equity valuations are reasonable based on expectations that could very well prove to be too pessimistic. If earnings grow faster than currently expected, today's valuations will prove to have been a bargain. We are fully invested and continue to concentrate our portfolio on our best ideas. Unfortunately, as we were writing this report it was announced that one of our favourite companies, Clayton Homes, which has been a part of our portfolio continuously since the Fund's inception, is subject to a friendly takeover by Berkshire Hathaway. Warren Buffet never pays top dollar for his acquisitions. We believe he is getting a very good deal on Clayton and are very sorry to see this fine company disappear from our investable universe.

We have recently posted some minor upgrades to our website, adding new detailed performance pages for the Funds and other more cosmetic type changes. We encourage our clients to visit our site and use some of its features. Try the What If? Calculator (http://www.ngm.ca/resources/what_if.aspx) to see how your investment in the North Growth US Equity Fund has stacked up versus the S&P 500 Index.

We have also been hard at work on a number of initiatives. Look to next month's monthly report for North Growth to introduce our final two products.

Please note that the minimum initial investment for new clients for the North Growth US Equity Fund is now C$250,000.

Yours truly,

Rory 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

	Year to March 31, 03	*Six months to March 31, 03*	*Three months to March 31, 03*	*Month of March 03*
North Growth US Equity Fund $CDN	**-8.67%**	**3.44%**	**-8.67%**	**-1.09%**
North Growth US Equity Fund $US	**-1.83%**	**11.86%**	**-1.83%**	**0.01%**
S&P 500 $US	-3.15%	5.02%	-3.15%	0.97%
S&P 400 MidCap $US	-4.44%	1.14%	-4.44%	0.84%
Russell 2000 $US	-4.48%	1.41%	-4.48%	1.29%
NASDAQ Composite $US	0.58%	14.74%	0.58%	0.32%

PERFORMANCE COMPARISONS: LONG-TERM

	1 Year	*3 Years*	*5 Years*	*10 Years*
North Growth US Equity Fund $CDN	**-11.39%**	**7.11%**	**8.27%**	**14.81%**
North Growth US Equity Fund $US	**-3.76%**	**6.66%**	**7.55%**	**13.05%**
S&P 500 $US	-24.64%	-16.09%	-3.76%	8.52%
S&P 400 MidCap $US	-23.34%	-5.39%	3.26%	11.07%
Russell 2000 $US*	-26.82%	-10.92%	-4.03%	4.75%
NASDAQ Composite $US*	-26.84%	-33.33%	-5.77%	6.87%

Source: Bloomberg "Total Return Analysis" as of April 1, 2003
** 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 - MARCH 31, 2003 **16.03%**

NAVPS: MARCH 31/03	**$ 17.06**	**CDN**
	$ 11.62	**US**
TOTAL ASSETS IN FUND	**$ 120.67**	**MILLION CDN**

CANADIAN MONEY MARKET FUND
NET CURRENT YIELD AS OF MARCH 31, 2003

2.74%