

# APRIL MONTHLY REPORT

*May 2, 2003*

Surprisingly strong first quarter earnings coupled with the end of the large scale fighting in Iraq provided the fuel for a strong April rally for US Equities. The North Growth US Equity Fund modestly outperformed the S&P 500 during April. As usual, the performance details are on page three of this report. Much more important than the month-to-month fluctuations of the Fund is its longer term performance. We always stress a five-year holding period as the absolute minimum to be contemplated by equity investors. We are very pleased with the North Growth US Equity Fund's current five-year return of 9.14% especially when we consider that this period encompasses one of the worst bear markets in history. To put this into context, US\$100,000 invested in the North Growth US Equity Fund 5 years ago is now worth US\$154,853. The same investment in the S&P 500 would now be worth US\$88,472.

Corporate earnings were the real story for April. Across the board there was surprising strength in first quarter earnings. The majority of the S&P 500 companies have already reported. Over 63% of the reports generated positive surprises versus less than 17% of negative surprises. On average earnings are up more than 10%. Although we have high expectations for our companies we were also pleasantly surprised by the strong first quarter performance from the vast majority of our companies. A recurring theme was modest top line growth delivering solid bottom line growth due to significant operating leverage. In addition, the weak US dollar is providing a considerable boost to companies with international operations. We continue to believe that we are at the early stages of a significant earnings recovery.

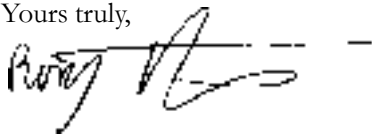
The other major issue during April was the continued strength in the Canadian dollar. Year-to-date the Canadian dollar has now appreciated by approximately 10%. This move is working against Canadian based investors in US equities as you can clearly see by the year-to-date performance of the North Growth US Equity Fund which is up almost 7% in US dollars, but down almost 3% in Canadian dollars. For the past two years, in our annual report, we have been discussing the possibility that the Canadian dollar could break its long term down trend versus the US dollar. We have no special insight into the direction of the Canadian dollar and believe that only with the benefit of hindsight will we be able to tell for sure if this trend has in fact been broken.

We have been working for some time to create a product which would enable investors in the North Growth US Equity Fund who are so inclined to largely eliminate their direct exposure to the US/Canadian dollar fluctuations. We are pleased to announce that this product, called the NGM Currency Hedge Limited Partnership, is now available to those of our clients with a minimum investment of C\$250,000 in the North Growth US Equity Fund and who meet the Accredited Investor criteria as defined by the BC Securities Commission. We have enclosed an introduction to this product with this monthly report.

North Growth Management is pleased to announce that effective May 1, 2003 we have taken over the management contract of a small Canadian Equity Fund and renamed it the North Growth Canadian Equity Fund. Mark Stevens, who has been managing the fund since its inception in September of 2000, has joined the North Growth Management team. We are excited to have Mark join our team and look forward to working to continue the record of superior returns that this fund has already delivered to its unitholders. Currently, the fund has approximately 40 unitholders. Our goal is to increase this number to over 150 unitholders by the end of this year. In order to facilitate this we are temporarily reducing the minimum investment for the North Growth Canadian Equity Fund for British Columbia residents or Accredited Investors to \$25,000. In the coming months we will make this fund available to investors as part of a North Growth Management RRSP.

We are encouraged by the trends in corporate earnings and believe this is a good environment for our style of Growth at a Reasonable Price investing. The North Growth US Equity Fund is fully invested and positioned for long term growth.

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](http://www.northgrowth.com).

## PERFORMANCE COMPARISONS: SHORT-TERM

	<i>Year to April 30, 03</i>	<i>Six months to April 30, 03</i>	<i>Three months to April 30, 03</i>	<i>Month of April 03</i>
North Growth US Equity Fund \$CDN	-2.81%	2.48%	1.83%	6.41%
North Growth US Equity Fund \$US	6.97%	11.35%	8.08%	8.97%
S&P 500 \$US	4.83%	4.48%	7.65%	8.24%
S&P 400 MidCap \$US	2.50%	3.98%	5.59%	7.26%
Russell 2000 \$US	4.57%	7.58%	7.54%	9.48%
NASDAQ Composite \$US	9.84%	10.41%	11.03%	9.21%

## PERFORMANCE COMPARISONS: LONG-TERM

	<i>1 Year</i>	<i>3 Years</i>	<i>5 Years</i>	<i>10 Years</i>
North Growth US Equity Fund \$CDN	-4.90%	8.78%	9.17%	15.96%
North Growth US Equity Fund \$US	4.07%	9.95%	9.14%	14.57%
S&P 500 \$US	-13.30%	-12.94%	-2.42%	9.65%
S&P 400 MidCap \$US	-17.52%	-2.00%	4.34%	12.15%
Russell 2000 \$US*	-20.74%	-6.26%	-2.38%	5.99%
NASDAQ Composite \$US*	-12.84%	-27.31%	-4.44%	8.27%

Source: Bloomberg "Total Return Analysis" as of May 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 - APRIL 30, 2003** **16.58%**

<b>NAVPS: APRIL 30/03</b>	<b>\$ 18.15</b>	<b>CDN</b>
	<b>\$ 12.66</b>	<b>US</b>
<b>TOTAL ASSETS IN FUND</b>	<b>\$ 130.60</b>	<b>MILLION CDN</b>

**CANADIAN MONEY MARKET FUND**  
**NET CURRENT YIELD AS OF APRIL 30, 2003**

**2.93%**

**PORTFOLIO HOLDINGS***As of April 30, 2003*

Nextel Communications Inc., Class A	9.29%
Chesapeake Energy Corporation	6.03
Cardinal Health Inc.	4.73
Texas Instruments Incorporated	4.16
Cisco Systems Inc.	3.76
Citrix Systems Inc.	3.73
Manor Care Inc.	3.41
Universal Health Services Inc., Class B	3.40
Gap Inc.	3.01
Plantronics Inc.	2.94
WellPoint Health Networks Inc.	2.72
King Pharmaceuticals Inc.	2.71
Dionex Corporation	2.68
Michaels Stores Inc.	2.66
Guidant Corporation	2.55
Ocular Sciences Inc.	2.53
Pier 1 Imports Inc.	2.52
DSP Group Inc.	2.31
American Power Conversion Corporation	2.16
Timberland Company, Class A	2.06
Maverick Tube Corporation	1.99
Columbia Sportswear Company	1.98
Borland Software Corporation	1.97
Trinity Industries Inc.	1.97
Polaris Industries Inc.	1.85
Diamond Offshore Drilling Inc.	1.77
Safeway Inc.	1.77
Jacobs Engineering Group Inc.	1.72
Bristol-Myers Squibb Company	1.71
Apple Computer Inc.	1.64
Checkpoint Systems Inc.	1.62
Mesa Air Group Inc.	1.48
Sybase Inc.	1.44
Mohawk Industries Inc.	1.43
Transocean Inc.	1.42
Advent Software Inc.	1.39
Technitrol Inc.	1.09
Vishay Intertechnology Inc.	0.99
Jones Apparel Group Inc.	0.92
BJ Services Company	<u>0.06</u>
<b>Total Equities</b>	<b>99.57</b>
<b>Cash</b>	<b><u>0.43</u></b>
<b>TOTAL ASSETS</b>	<b>100.00%</b>