

MAY MONTHLY REPORT

June 3, 2003

May was an exceptionally good month for the North Growth US Equity Fund, as the Fund outperformed all the indices that we normally track. The Fund's 10.76% return in US dollars was almost twice the S&P 500's gain of 5.27%. While the strong short-term performance of the Fund is gratifying, we continue to stress that equity investors maintain a long-term investment horizon of at least 5 years. Over the past five years, to May 31, 2003, the average annual return for the Fund in US dollars was 12.43% compared to -1.07% for the S&P 500. In other words, a US\$100,000 investment in the Fund would have grown to \$179,620 over the five-year period, but the same investment in the S&P 500 Index would have declined to \$94,727.

US equities are in a new bull market. The North Growth US Equity Fund is outperforming the S&P 500 Index persistently by a healthy margin. This is great news for the Fund's unitholders.

By the time it is "clear" that the problems affecting the market outlook have been resolved most investors will feel good about putting more money into equities. The drawback to this approach is that the market will be up substantially from its lows and any short-term pull backs will be small and not worth waiting for. At this time, anyone who intended to use the recent weakness in equity markets as an opportunity to put their long-term financial planning program in order is rapidly seeing this opportunity disappear.

Apart from the obvious fact that the recent bear market was traumatic for most investors, what is causing the present concern and indecision amongst so many investors? The answer has something to do with human nature. It is the way most people feel. They aren't looking for reasons why they should feel differently. They are more interested in rejecting positive developments so they don't have to change their minds. Since last July we have been setting forth the reasons for the beginning of a new bull market in every monthly report – there are so many reasons to be positive – we can not review them all in this monthly report.

The economy has been growing slowly for over a year. There is a lot of concern over this "slowness". In fact, it is not uncommon for a new economic cycle to start off slowly. Certainly that was the case back in 1991, the beginning of the longest bull market in US history. During such periods of slow growth after an economic decline, the common tendency is to focus on past problems and to stress short-term negatives, even monthly reversals within a positive trend. The media tends to report these reversals as significant problems for the economy. It is very hard for investors who are already cautious, to see through this misleading reporting.

Some of the current positives to the outlook for the economy and the equity markets are: low interest rates, adequate money supply and a responsive Federal Reserve, lower taxation, less concern about Iraq, improving profit margins, low inventories and higher personal incomes. In short, factors that typically lead and maintain a new recovery.

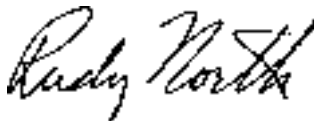
Despite all this, you can still find panels of experts talking about the difficulties of ending the “current bear market”! Don’t be misled. It’s always like this to some degree at the beginning of a new bull market.

For some of our more experienced unitholders you will be amused to learn the Globe & Mail has just discontinued their monthly Mutual Fund Review because of lack of interest by readers and advertisers. You want confirmation – you’ve got it!!

The Fund’s companies are reporting good earnings progress, in many cases in excess of even our positive expectations. Multiples for the entire market came down significantly during the bear market and are in the mid-range of the long-term historic average. This is completely rational given the fact that interest rates are at the low end of their historical range. Even more significant for investors, the confusion of a bear market has created many cases of good companies selling at attractive, low multiples despite excellent fundamentals. It is a great environment for stock picking. Our “growth at a reasonable price” investment philosophy historically has delivered good results during such periods and that is exactly what is currently happening.

Every serious long-term investor should have the equity portion of their investment plan up to the maximum level that they can ever foresee. Now is the time to be fully invested in equities – the best asset class available for investors interested in long-term growth.

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 May 31, 03</i>	<i>Six months to May 31, 03</i>	<i>Three months to May 31, 03</i>	<i>Month of May 03</i>
North Growth US Equity Fund \$CDN	2.77%	-4.37%	11.30%	5.74%
North Growth US Equity Fund \$US	18.47%	9.36%	20.69%	10.76%
S&P 500 \$US	10.35%	3.87%	15.05%	5.27%
S&P 400 MidCap \$US	11.00%	6.44%	17.13%	8.29%
Russell 2000 \$US	15.79%	9.36%	22.78%	10.73%
NASDAQ Composite \$US	19.75%	8.20%	19.44%	9.02%

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	4.54%	10.01%	11.02%	16.13%
North Growth US Equity Fund \$US	16.73%	13.34%	12.43%	15.27%
S&P 500 \$US	-8.09%	-10.86%	-1.07%	9.92%
S&P 400 MidCap \$US	-9.18%	1.05%	6.99%	12.55%
Russell 2000 \$US*	-8.19%	-1.07%	0.73%	6.62%
NASDAQ Composite \$US*	-0.74%	-22.03%	-1.82%	8.58%

Source: Bloomberg "Total Return Analysis" as of June 2, 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 - MAY 31, 2003 **17.05%**

NAVPS: MAY 31/03	\$ 19.20	CDN
	\$ 14.03	US
TOTAL ASSETS IN FUND	\$ 143.20	MILLION CDN

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

3.01%

PORTFOLIO HOLDINGS*As of May 31, 2003*

Nextel Communications Inc., Class A	7.30%
Chesapeake Energy Corporation	6.65
Gap Inc.	4.47
Cardinal Health Inc.	4.30
Texas Instruments Incorporated	4.01
Citrix Systems Inc.	3.73
Manor Care Inc.	3.62
Cisco Systems Inc.	3.59
Universal Health Services Inc., Class B	3.47
Plantronics Inc.	2.98
Ocular Sciences Inc.	2.97
American Power Conversion Corporation	2.80
Michaels Stores Inc.	2.79
King Pharmaceuticals Inc.	2.68
WellPoint Health Networks Inc.	2.66
Dionex Corporation	2.53
Guidant Corporation	2.40
Pier 1 Imports Inc.	2.38
DSP Group Inc.	2.23
Maverick Tube Corporation	1.95
Borland Software Corporation	1.91
Diamond Offshore Drilling Inc.	1.88
Jones Apparel Group Inc.	1.83
Polaris Industries Inc.	1.83
Microsoft Corporation	1.82
Apple Computer Inc.	1.80
Trinity Industries Inc.	1.79
Safeway Inc.	1.75
Transocean Inc.	1.52
Bristol-Myers Squibb Company	1.49
Mesa Air Group Inc.	1.48
Advent Software Inc.	1.45
Checkpoint Systems Inc.	1.45
Jacobs Engineering Group Inc.	1.42
Timberland Company, Class A	1.33
Mohawk Industries Inc.	1.30
Columbia Sportswear Company	1.29
Sybase Inc.	1.24
Ethan Allen Interiors Inc.	<u>1.04</u>
Total Equities	99.13
Cash	<u>0.87</u>
TOTAL ASSETS	100.00%