

MAY MONTHLY REPORT

June 18th, 1998

COMMENTARY

May ended with the US Equity Markets down across the board. Small-cap, mid-cap and the NASDAQ indices were all down 4.5% or more versus a decline of only 1.7% for the S&P 500 index which continues to reflect the market's infatuation with large-cap stocks.

The Fund's portfolio expressed in US dollars declined 4.5% during May reflecting its low commitment to large-cap stocks. Due to help from a weak Canadian dollar, the net asset value per unit of the North Growth US Equity Fund at the end of May was \$17.34, a decline of 1.7% for the month.

The general market weakness has followed through into June. Since the end of May, a number of stocks that we judged might be vulnerable during a further period of market weakness were trimmed or sold. At the same time, we are continuing to research companies that we feel have high growth potential over the longer term. A number of "pilot positions" in the 0.2% range have been established. These positions will be quickly enlarged when we feel the Fund should be invested more aggressively. Most of them are in small- to mid-cap stocks.

A 15% advance in the market in the first 4 months of 1998 was certainly greater than what was expected going into 1998. It would have been quite logical if the market had declined in March as many forecasters had predicted. No matter how normal market corrections are in the investment world, their timing is certainly not predictable.

We welcome the current market sell-off as a correction of excesses and producer of buying opportunities. The beginning of this sell-off was attributed to rumours that the Fed was planning to raise interest rates. This reason didn't seem to make sense to us at the time. It wasn't too surprising that, when Alan Greenspan finally laid these fears to rest on June 10, the market just kept going down.

More recently, the market seems completely tied to Asian Markets and currencies. It is not clear to us that the US support of the Yen is sufficient reason to start a sustained advance in the US Equity Markets. Because of this, our cash position will probably fluctuate around 10% as we continue to concentrate on stock selection.

Yours truly,



Rudy North

PERFORMANCE RESULTS

AS OF MAY 31, 1998

PERFORMANCE COMPARISONS*

	Dec. 31, 97 to Mar. 31, 98	Mar. 31, 98 to Apr. 30, 98	Apr. 30, 98 to May 31, 98	Year to Date
North Growth US Equity Fund \$CDN	10.9%	2.1%	-2.8%	10.1%
North Growth US Equity Fund \$US	11.8%	1.2%	-4.5%	8.1%
S&P 500 \$US	13.9%	1.0%	-1.7%	13.1%
S&P 400 MidCap \$US	11.0%	1.8%	-4.5%	8.0%
Russell 2000 \$US	10.3%	0.5%	-5.4%	5.0%
NASDAQ Composite \$US	17.0%	1.8%	-4.8%	13.3%

* Source: Bloomberg "Total Return Analysis" as of June 01, 1998.

Note - Including income in all cases.

AVERAGE ANNUAL COMPOUND RATE OF RETURN

	1 Year	2 Years	3 Years	4 Years	5 Years
North Growth U.S. Equity Fund \$CDN	23.8%	24.3%	27.7%	23.3%	21.5%
Average U.S. Equity Fund \$CDN **	28.3%	22.8%	23.7%	--	18.3%
Median U.S. Equity Fund \$CDN **	28.8%	23.8%	24.9%	--	19.1%

Results are after all management fees and other expenses

** reported by the Globe & Mail, Report on Mutual Funds, June 18, 1998

NAVPS: MAY 31ST/98

\$17.34 (CDN)

PORTFOLIO HOLDINGS

AS OF MAY 31, 1998

Mesa Airlines Inc. (MESA)	4.26
Inacom Corp (ICO)	4.11
Compaq Computer Corp (CPQ)	3.76
AMR Corporation (AMR)	3.58
Xerox Corp. (XRX)	3.49
Greyhound Lines Inc. (BUS)	3.18
Greenbrier Cos Inc (GBX)	3.12
Dress Barn Inc. (DBRN)	3.01
Northwest Pipe Co. (NWPX)	2.97
Tommy Hilfiger Corp (TOM)	2.94
Whirlpool Corp (WHR)	2.89
Precision Castparts (PCP)	2.73
Barrett Business Services (BBSI)	2.63
Clayton Homes, Inc. (CMH)	2.59
Kellwood Co. (KWD)	2.58
Toll Brothers Inc (TOL)	2.44
Nextel Communications (NXTL)	2.27
Sun Microsystems (SUNW)	2.24
The Limited Inc. (LTD)	2.19
Integrated Health (IHS)	2.15
BJ'S Wholesale Club (BJ)	2.12
CompUSA Inc. (CPU)	1.91
Nucor Corp (NUE)	1.89
Adobe Systems (ADBE)	1.87
Aluminum Company of America (AA)	1.85
FDX Corporation (FDX)	1.81
Comcast Corp CL A Special(CMCSK)	1.76
Symantec Corp (SYMC)	1.71
Axent Technologies (AXNT)	1.70
Costco Companies (COST)	1.70
SBS Technologies(SBSE)	1.63
Owosso Corp. (OWOS)	1.60
O'Sullivan Industries (OSU)	1.52
Praxair Inc (PX)	1.49
Cox Communications (COX)	1.43
Carnival Corp (CCL)	1.37
Diamond Offshore Drilling (DO)	1.22
Pier 1 Imports Inc. (PIR)	1.19
Costilla Energy (COSE)	1.18
M/I Schottenstein Homes (MHO)	0.99
Paul Harris Stores (PAUH)	0.95
International Specialty Products (ISP)	0.93
Alaska Airlines (ALK)	0.86
Omnipoint Corp(OMPT)	0.83
Chesapeake Energy (CHK)	0.81
Fred Meyer Inc. (FMY)	0.53
Ford Motor Company (F)	0.24
Cisco Systems (CSCO)	0.23
Texas Instruments Inc. (TXN)	0.19
National Data Corp (NDC)	0.17
APS Holding (APSIQ)	0.16
LSI Logic (LSI)	<u>0.16</u>
Total Equities	97.13
Cash and Short Term Notes	<u>2.87</u>
TOTAL ASSETS	100.00%