

# MAY MONTHLY REPORT

June 15th, 2000

## DEAR INVESTOR...

We are pleased with the recent performance of the North Growth US Equity Fund. Our results over the past year and a half have been sufficiently strong to re-establish the Fund's longer term (5 year) performance as above average amongst our peer group of Canadian-based US Equity Funds. Furthermore, we continue to find numerous opportunities for "growth at a reasonable price" investments which lead us to believe that we are well positioned to continue to deliver strong performance going forward.

In the June edition of the Globe and Mail Mutual Funds Report the newspaper introduced their new five star fund rating system. Sound familiar ? I wonder what Morning Star thinks ? At this point we are not going to analyze the merits of this rating system, although if anyone would like to discuss it please give us a call, but we are pleased to report that the North Growth US Equity Fund received ★★★★★ placing us in the top 10% of our category which includes European Equity, International Equity, US Equity, North American Equity and Global Equity.

### HELP WANTED

We need 150 unitholders to allow the North Growth U.S. Equity Fund to become eligible as foreign content for self-administered RRSPs. The goal is to reach this number by the end of 2000 at the latest.

The Fund had less than 30 unitholders when we opened our doors at the beginning of 1998. We are currently up to 80. Obviously we have to pick up the pace but we don't want this to become a distraction from our portfolio management efforts. Your help would be a great benefit in more ways than one.

Our clients are certainly a very exclusive group. If we could get more clients just like you that exclusivity would not suffer and we would continue to have the highest quality and most supportive clientele imaginable. Really, it helps us tremendously to have your confidence. If you agree with our management policies and aren't too shy – mention us to a friend ! Putting the Fund in the names of different family members is a great way to get the number of unitholders up. Remember, we have an offering memorandum and can accept subscriptions as low as \$25,000 in BC - Great for gifts or for the investor who just wants to get started.

Until we get to 150 unitholders, the number of new accounts we get is more important than anything other than continued good performance.

**RRSP ELIGIBLE BY YEAR-END, YOU CAN HELP US DO IT !!**

The economy is still very strong and inflationary pressures remarkably restrained. The most recent monthly statistics for many of these measures have been slightly more subdued than in recent months. It is amazing how quickly the investment community and financial press interpreted these statistics as a sign of a slowing economy that could end the Fed's policy of tightening. We think this is premature and puts too much emphasis on monthly statistics that routinely go through multiple revisions. On the other hand, it doesn't mean that we should be complacent about looking for signs of a slowdown. Fed policy has been tight for a sufficiently long time to start to take effect. A number of major companies in different sectors of the economy have recently issued earnings warnings. Most of these companies are still selling at excessive valuations and the redress of this is still in its early phases despite recent market weakness.

We are at a very interesting juncture in the economic and market cycle. It is a time for careful scrutiny of economic news and preparation for decisive action. There is much to discuss in our soon to be released Semi-Annual Report.

In the meantime, the Fund continues to perform well. It is becoming more and more evident that the reasonably-priced but long-ignored mid- and smaller-cap stocks are taking over market leadership. Investors are becoming increasingly aware that the market leaders of the past 2 years are risky due to excessive valuations. Taking advantage of this unusual market phenomena presents an interesting opportunity for stock selection. "Growth at a reasonable price" is a most relevant investment style at this time and in-house analysis of the fundamentals of individual companies is important for the effective execution of this philosophy. It is a busy and interesting time. If handled properly, we anticipate the potential for strong relative performance during a period that could turn out to produce much more moderate performance than investors have come to expect over the past 5 years for the most widely followed capitalization-weighted indices.

Yours truly,



Rudy North  
Fund Manager

#### North Growth Canadian Money Market Fund Update

The North Growth Canadian Money Market Fund currently has a yield of 5.53% (June 14/00) net all expenses. We don't believe this can be beaten given the quality and convenience that the Fund provides.

The Fund is eligible for self-administered RRSPs.

#### Where to Find NGM Fund Prices

NGM funds are listed in the *Globe & Mail* and the *Vancouver Sun* under the heading "pooled funds". They can also be found on [globefund.com](http://globefund.com) and [morningstar.ca](http://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 contact Caroline North at [caroline@northgrowth.com](mailto:caroline@northgrowth.com) or 688-5440.

# PERFORMANCE RESULTS

AS OF MAY 31, 2000

## PERFORMANCE COMPARISONS\*

	Year to May 31, 00	Six Months to May 31, 00	Three Months to May 31, 00	Month of May 00
North Growth US Equity Fund \$CDN	22.40%	26.48%	20.03%	2.24%
North Growth US Equity Fund \$US	18.05%	24.62%	16.26%	1.12%
S&P 500 \$US	-2.82%	2.90%	4.30%	-2.05%
S&P 400 MidCap \$US	7.40%	13.78%	3.28%	-1.24%
Russell 2000 \$US	-5.23%	5.50%	-17.33%	-5.84%
NASDAQ Composite \$US	-16.37%	2.03%	-27.56%	-11.89%

\* Source: Bloomberg "Total Return Analysis" as of June 01, 2000.

Note - Including income in all cases.

## AVERAGE ANNUAL COMPOUND RATE OF RETURN

	1 Year	2 Years	3 Years	4 Years	5 Years
North Growth US Equity Fund \$CDN	31.2%	12.6%	16.2%	18.3%	21.4%
Median U.S. Equity Fund \$CDN **	9.7%	-	17.6%	--	19.9%
Average U.S. Equity Fund \$CDN **	11.1%	-	18.1%	--	20.4%

Results are after all management fees and other expenses

\*\* reported by the Globe & Mail, Report on Mutual Funds, June 15, 2000

**Return Since Inception (Annualized), Oct. 13, 1992 - May 31, 2000** **19.94%**

NAVPS: MAY 31<sup>ST</sup>/00 \$19.78 (CDN)

TOTAL ASSETS IN FUND \$57.43 mn (CDN)

CANADIAN MONEY MARKET FUND

Net Current Yield as of June 15, 2000:

5.54%

# PORTFOLIO HOLDINGS

AS OF MAY 31, 2000

Jones Apparel Group Inc	3.92
St. Jude Medical	3.74
Louis Dreyfus Natural Gas	3.68
Precision Castparts	3.20
Symantec Corp	3.19
Wesley Jessen Vision	3.07
Brinker International Inc	3.02
Timberland	3.00
Michaels Stores Inc	2.90
Universal Health Services CL B	2.87
American Power Conversion	2.82
BJ's Wholesale Club	2.62
Delhaize America Inc	2.46
Cardinal Health Inc	2.38
Wellpoint Health Networks	2.29
Synopsys Inc	1.64
O'Charleys Inc	1.58
TJX Companies	1.56
Clayton Homes Inc	1.55
Compaq Computer Corp	1.40
Sigma-Aldrich	1.39
Albertson's Inc	1.34
Nextel Communication Inc	1.30
Alza Corp	1.19
Schnitzer Steel	1.16
Mesa Airlines	1.11
Dentsply International	1.06
Federal Signal Corp	1.05
Snap-On Inc	0.97
Diamond Offshore Drilling	0.89
First Merit Corp	0.81
Stone Energy Corp	0.74
Devon Energy Corp	0.73
Technitrol	0.47
City National Corp	<u>0.18</u>
<b>Total Equities</b>	<b>67.28</b>
<b>Cash and Short Term Notes</b>	<b><u>32.72</u></b>
<b>TOTAL ASSETS</b>	<b>100.00%</b>