

JULY MONTHLY REPORT

August 17th, 2000

DEAR INVESTOR...

The Fund performed better than all the major indices once more during July, rising 1.02% to end the month at \$19.97 per unit. The Russell 2000 (Mid-Cap) also was stronger than the large-cap indices. This has been a pattern for the year-to-date for both the Fund and, to a lesser extent, the Russell 2000, reinforcing our view that the market leadership is switching from expensive large-cap stocks to reasonably priced mid- and smaller-cap stocks.

The Vancouver Sun's Survey of Mutual Funds for the period ended July 31, 2000 published our 1-year, 3-year and 5-year results wrong. The North Growth US Equity Fund appreciated 23.6% for the one year period, not the 15.8% reported in the Sun. Based on the correct one-year return, the NGM Fund would have ranked 45th out of the 238 US equity funds included in Vancouver Sun's Survey of Mutual Funds. Also incorrect are the 3-year and 5-year returns quoted in the Sun. As of July 31st, the North Growth US Equity Fund's 3-year average annual return was 13.4%, not 0.8% as reported. The Fund's 5-year average annual return was 19.9%, not the reported 6.1%.

Our focus on "growth at a reasonable price" has resulted in the current concentration of the portfolio. The same philosophy will result in our moving out of these capitalization classes (mid- and smaller-cap) as they become overvalued. This is expected to be a multi-year process. In the meantime, we are concentrating on intense fundamental research to discover stocks with the potential for significant earnings growth at a reasonable price.

Buying stocks for short-term moves with the view of trading out of them for a quick profit is not our style. The Fund strives to move decisively and to purchase and sell investments as opportunistically as possible. Our overall level of trading is dictated by the occurrence of significant investment factors. This year trading was quite heavy during January and February when the Fund sold over half its high-tech holdings and re-deployed the assets in other much more reasonably priced growth stocks. There have also been months when trading activity has been exceedingly low. While we are the antithesis of day traders, we take our trading seriously and that can have a meaningful impact on the investment experience of longer horizon investment decisions.

Throughout this year the Fund has definitely been benefiting from opportunistic trading activity. We engage in a limited amount of trading to capitalize on exaggerated shorter-term price swings of stocks that we know very well. These are stocks that we feel have good long-term potential but are ahead of themselves based on our view of probable earnings fundamentals.

As a specific example, in July we made a particularly gratifying trade in one of our technology holdings, American Power Conversion. The Fund's position in this stock had been built over the past year at times when it was trading at attractive valuation levels. Operating earnings continued to grow rapidly. However, by late July the stock was trading at the upper end of our "growth at a reasonable price" comfort zone.

Given this "priced for perfection" valuation we reduced our holding from over 2% to a token position one day prior to the second quarter earnings announcement. Despite achieving quarterly earnings estimates, somewhat weaker than expected revenue and more cautious guidance from management drove the stock from the previous close of \$46 ¹/₂ to a close of \$25 ¹³/₁₆ the next day. This trade benefited the Fund by almost 1%.

In general, and certainly for the companies held in the Fund's portfolio, second quarter earnings have been strong. However, during this reporting period good growth stocks that have experienced significant multiple expansions over the past year or so have tended to sell off dramatically on even the mildest short-term earnings or sales shortfall relative to expectations. More serious disappointments combined with company guidance of continuing problems looking ahead created even more precipitous drops in share prices. These observations reinforce our view that current high valuation levels are the most significant risk factor facing the market in the year 2000.

Given the tone of the Beige Book (the Federal Reserve's Quarterly Economic Summary) and the exceptionally strong second quarter productivity numbers, we do not believe the Fed will raise rates on August 22nd. However, with the exceedingly tight labor situation and the potential for a re-acceleration in consumer demand during the second half of the year we still believe it is too early to call an end to this Fed tightening cycle.

Yours truly,



Rudy North

ADDRESS CHANGE

Canada Post has added a box number to our address. Please note the addition of "Box 56" to our mailing address. Three months from now mail that does not include "Box 56" will be returned to sender.

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North Growth Canadian Money Market Fund Update

The North Growth Canadian Money Market Fund currently has a yield of 5.55% (August 17/00) 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 **globe-fund.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 contact Caroline North at caroline@northgrowth.com or (604) 688-5440.

PERFORMANCE RESULTS

AS OF JULY 31, 2000

PERFORMANCE COMPARISONS*

	Year to July 31, 00	Six Months to July 31, 00	Three Months to July 31, 00	Month of July 00
North Growth US Equity Fund \$CDN	23.58%	27.42%	3.23%	1.06%
North Growth US Equity Fund \$US	19.95%	23.87%	2.75%	0.62%
S&P 500 \$US	-1.98%	3.20%	-1.21%	-1.56%
S&P 400 MidCap \$US	10.70%	13.91%	1.79%	1.58%
Russell 2000 \$US	-0.17%	1.48%	-0.81%	-3.13%
NASDAQ Composite \$US	-7.35%	-4.33%	-2.39%	-5.01%

* Source: Bloomberg "Total Return Analysis" as of August 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	23.59%	14.40%	13.36%	20.54%	19.87%
Median U.S. Equity Fund \$CDN **	4.9%	-	13.2%	--	18.3%
Average U.S. Equity Fund \$CDN **	7.3%	-	13.6%	--	18.5%

Results are after all management fees and other expenses

** reported by the Globe & Mail, Report on Mutual Funds, August 17, 2000

Return Since Inception (Annualized), Oct. 13, 1992 - July 31, 2000 **19.62%**

NAVPS: JULY 31ST/00 **\$ 19.97 (CDN)**

TOTAL ASSETS IN FUND **\$ 58.78 mn (CDN)**

CANADIAN MONEY MARKET FUND

Net Current Yield as of August 17, 2000:

5.55%

PORTFOLIO HOLDINGS

AS OF JULY 31, 2000

St Jude Medical	4.16
Precision Castparts	4.08
Universal Health Services Cl B	3.53
Symantec Corp	3.37
Jones Apparel Group Inc	3.25
Wesley Jessen Vision	2.99
Brinker International Inc	2.93
Louis Dreyfus Natural Gas	2.89
Michaels Stores Inc	2.85
Wellpoint Health Networks	2.67
Cardinal Health Inc	2.62
Timberland	2.59
Compaq Computer Corp	2.50
BJ's Wholesale Club	2.45
Federal Signal Corp	2.25
Delhaize America Inc	2.15
Manor Care Inc	1.70
Nextel Communications Inc	1.53
Alza Corp	1.47
O'Charleys Inc	1.47
Mesa Air Group	1.40
Clayton Homes Inc	1.39
Synopsys Inc	1.38
Biomet Inc	1.26
TJX Companies	1.17
Dentsply International	1.13
Snap-On Inc	1.11
Sigma-Aldrich	1.10
Albertson's Inc	1.07
Schnitzer Steel	1.06
LSI Logic	1.02
FirstMerit Corp	0.87
Diamond Offshore Drilling	0.79
Technitrol	0.73
Stone Energy Corp	0.56
Devon Energy Corp	0.54
American Power Conversion	0.28
City National Corp	0.17
Pier 1 Imports Inc	<u>0.13</u>
Total Equities	70.61
Cash and Short Term Notes	<u>29.39</u>
TOTAL ASSETS	100.00%