

# AUGUST MONTHLY REPORT

September 21st, 2000

## DEAR INVESTOR...

August was an exceptionally good period for all the major US indices. Technology was by far the strongest sector as evidenced by the 11.7% surge in the NASDAQ composite index. Despite the Fund's underweight position in two of the best performing sectors, technology and financials, and its significant cash position, the North Growth US Equity Fund delivered a solid monthly return of 5.2% vs. 6.2% for the S&P 500 index. The performance of the Fund was broad based. In fact, were it not for the poor performance of our holding in Albertson's, the Fund would have kept pace with the S&P 500 index.

Albertson's, as you may well know, is the second largest grocery chain in the United States. Throughout 1998 and most of 1999 it traded at a significant premium to its growth rate as the Street was enamored by the synergistic potential from its acquisition of American Stores. As with many large acquisitions, integration proved to be quite difficult. By the 3rd quarter of 1999 the Street had lost faith in the story and the shares were off their peak by over 40%. At this time we felt that Albertson's seasoned management team was working through a formidable task and the company was now trading at a reasonable level for its growth outlook. We established a position and were encouraged throughout the next two quarters by the apparent progress management was making on the integration.

In late August we decided to increase our position in the company. Unfortunately, shortly thereafter Albertson's pre-announced an earnings shortfall. The details of the announcement revealed that many of the integration issues were not, as we believed, improving and in addition increasing competition was hampering growth. After careful consideration, we reassessed our outlook for the company's growth going forward and determined that despite very low valuation levels this investment no longer fit our growth at a reasonable price philosophy. The position was sold in early September at a slight loss.

We have sold a number of good growth stocks over the past year because their valuations had grown to extreme levels. To some readers this has suggested that our style is basically "value investing." The Albertson's example clearly shows that this is not the case. We are not and never have been value investors in the classical sense. Our emphasis is on companies with good long-term earnings growth potential. The other side of our style is that we do not go for growth at any price. Our mantra is "growth at a reasonable price" and that is what we practice.

Yours truly,



Rudy North

# PERFORMANCE RESULTS

AS OF AUGUST 31, 2000

## PERFORMANCE COMPARISONS\*

	Year to Aug. 31, 00	Six Months to Aug. 31, 00	Three Months to Aug. 31, 00	Month of August 00
North Growth US Equity Fund \$CDN	28.61%	26.11%	5.07%	4.07%
North Growth US Equity Fund \$US	26.14%	24.23%	6.86%	5.16%
S&P 500 \$US	4.11%	11.73%	7.13%	6.21%
S&P 400 MidCap \$US	23.06%	18.34%	14.58%	11.17%
Russell 2000 \$US	7.41%	-6.31%	13.34%	7.59%
NASDAQ Composite \$US	3.47%	-10.37%	23.73%	11.68%

\* Source: Bloomberg "Total Return Analysis" as of September 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	33.97%	27.19%	14.04%	19.80%	21.34%
Median U.S. Equity Fund \$CDN **	13.0%	-	16.9%	--	19.7%
Average U.S. Equity Fund \$CDN **	15.4%	-	17.2%	--	20.2%

Results are after all management fees and other expenses

\*\* reported by the Globe & Mail, Report on Mutual Funds, September 21, 2000

**Return Since Inception (Annualized), Oct. 13, 1992 - August 31, 2000** **20.00%**

NAVPS: AUGUST 31ST/00 \$ 20.78 (CDN)

TOTAL ASSETS IN FUND \$ 61.89 mn (CDN)

CANADIAN MONEY MARKET FUND

Net Current Yield as of September 20, 2000:

5.57%

# PORTFOLIO HOLDINGS

AS OF AUGUST 31, 2000

Precision Castparts	4.55
St Jude Medical	3.76
Louis Dreyfus Natural Gas	3.64
Universal Health Services Cl B	3.48
Jones Apparel Group Inc	3.27
Brinker International Inc	3.06
Timberland	3.02
Symantec Corp	3.02
Compaq Computer Corp	2.86
Wesley Jessen Vision	2.85
Cardinal Health Inc	2.74
Wellpoint Health Networks	2.48
Federal Signal Corp	2.30
Manor Care Inc	2.16
Michaels Stores Inc	2.16
Delhaize America Inc	1.82
Mesa Airlines Inc	1.76
BJ's Wholesale Club	1.68
Sigma-Aldrich	1.61
Clayton Homes Inc	1.56
Synopsys Inc	1.48
Nextel Communications Inc	1.42
Biomet Inc	1.34
O'Charleys Inc	1.32
TJX Companies	1.23
Snap-On Inc	1.06
Dentsply International	1.05
LSI Logic	1.02
Alza Corp	1.01
Schnitzer Steel	1.00
FirstMerit Corp	0.91
Diamond Offshore Drilling	0.88
Devon Energy Corp	0.65
Stone Energy Corp	0.65
Vishay	0.47
3Com Corp	0.35
American Power Conversion	0.25
City National Corp	0.17
Albertson's Inc	0.14
Pier 1 Imports Inc	<u>0.12</u>
<b>Total Equities</b>	<b>70.30</b>
<b>Cash and Short Term Notes</b>	<b><u>29.70</u></b>
<b>TOTAL ASSETS</b>	<b>100.00%</b>