

# SEPTEMBER MONTHLY REPORT

October 19th, 2000

## DEAR INVESTOR...

September was essentially the inverse of August for all major US indices, with the NASDAQ Composite leading the way with a 12.7% decline. The North Growth US Equity Fund bucked the trend by delivering a positive 2.9% US\$ return for the month. Our cash position and underweight positions in both technology and financials contributed to our strong relative performance, while our significant overweight position in healthcare services was the primary driver of our solid absolute performance.

September's weak equity markets were driven by a rash of negative earnings pre-announcements from companies in almost all sectors of the market, from technology to basic industries. Higher costs due to energy prices, weaker international demand and poor currency translation effects were the most commonly cited reasons for reduced earnings expectations. The North Growth US Equity Fund was directly impacted by only 3 pre-announcements during September, of which two (Precision Castparts and Universal Health) were for positive surprises!

September was also characterized by a return to extremely high volatility levels, especially on the NASDAQ. Closing quotations for the various indices do not even come close to measuring actual volatility as intra-day swings of greater than 2% seem to have become normal. One recent statistic that captures the magnitude of the market's volatility is that at the close on Friday, October 13th of this year, the NASDAQ Composite was down 18.5% year-to-date, despite the fact that 7 out of the top 10 largest daily percentage increases for the NASDAQ were in 2000 year-to-date (ranging from +5.4% to +7.94%). Think about that for a moment.

There does appear to be the beginning of a move away from the growth at any price mentality that has dominated the market over the past few years. With the Internet bubble now rapidly deflating we believe the market is slowly becoming more rational. There are numerous high quality growth companies now trading at quite reasonable valuations. We believe that as investors begin once again to respect their capital our "growth at a reasonable price" philosophy should deliver solid investment returns.

Yours truly,



Rory North

# PERFORMANCE RESULTS

AS OF SEPTEMBER 30, 2000

## PERFORMANCE COMPARISONS\*

	Year to Sept. 30, 00	March 31 to Sept. 30, 00	June 30 to Sept. 30, 00	Month of Sept. 00
North Growth US Equity Fund \$CDN	35.23%	14.73%	10.58%	5.15%
North Growth US Equity Fund \$US	29.82%	10.61%	8.90%	2.91%
S&P 500 \$US	-1.39%	-3.60%	-0.97%	-5.28%
S&P 400 MidCap \$US	22.22%	8.46%	12.15%	-0.68%
Russell 2000 \$US	4.23%	-2.68%	1.14%	-2.96%
NASDAQ Composite \$US	-9.64%	-19.61%	-7.36%	-12.67%

\* Source: Bloomberg "Total Return Analysis" as of October 19, 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	45.95%	31.58%	13.44%	19.85%	22.16%
Median U.S. Equity Fund \$CDN **	13.6%	-	13.5%	--	18.1%
Average U.S. Equity Fund \$CDN **	16.9%	-	14.1%	--	18.7%

Results are after all management fees and other expenses

\*\* reported by the Globe & Mail, Report on Mutual Funds, October 19, 2000

**Return Since Inception (Annualized), Oct. 13, 1992 - September 30, 2000** **20.53%**

**NAVPS: SEPTEMBER 30TH/00** **\$ 21.85 (CDN)**

**TOTAL ASSETS IN FUND** **\$ 65.4 mn (CDN)**

CANADIAN MONEY MARKET FUND

**Net Current Yield as of October 18, 2000:**

**5.54%**

# PORTFOLIO HOLDINGS

AS OF SEPTEMBER 30, 2000

St Jude Medical	4.68
Precision Castparts	4.45
Universal Health Services Cl B	4.08
Louis Dreyfus Natural Gas	4.01
Jones Apparel Group Inc	3.42
Timberland	2.94
Wesley Jessen Vision	2.82
Brinker International Inc	2.81
Wellpoint Health Networks	2.67
Symantec Corp	2.63
Manor Care Inc	2.45
Cardinal Health Inc	2.39
Michaels Stores Inc	2.39
Compaq Computer Corp	2.24
Federal Signal Corp	2.05
Delhaize America Inc	2.05
Sigma-Aldrich	1.77
Mesa Airlines Inc	1.67
BJ's Wholesale Club	1.64
Clayton Homes Inc	1.55
Synopsys Inc	1.46
TJX Companies	1.43
Biomet Inc	1.34
O'Charley's Inc	1.23
Nextel Communications Inc	1.16
Alza Corp	1.11
Dentsply International	1.06
Schnitzer Steel	0.94
FirstMerit Corp	0.87
LSI Logic	0.81
Snap-On Inc	0.79
Diamond Offshore Drilling	0.78
Devon Energy Corp	0.65
Stone Energy Corp	0.58
Pier 1 Imports Inc	0.47
3Com Corp	0.39
Vishay	0.35
American Power Conversion	0.19
City National Corp	<u>0.16</u>

<b>Total Equities</b>	<b>70.48</b>
<b>Cash and Short Term Notes</b>	<b><u>29.52</u></b>

<b>TOTAL ASSETS</b>	<b>100.00%</b>
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