

OCTOBER MONTHLY REPORT

November 16th, 2000

DEAR INVESTOR...

October was another very strong month for the North Growth US Equity Fund. The Fund outperformed all the major indices during the month. It is also ahead of every index on all the shorter-term periods up to the trailing 12-month period. If I had any sense I would just end this report by saying, "Enjoy it and, by the way, the Fund is now eligible as foreign investment for self-administered RRSP plans"—but I won't.

FUNDAMENTAL RESEARCH AND GROWTH AT A REASONABLE PRICE WORKS

Consistency in the practice of our "growth at a reasonable price" investment philosophy is paying off this year. Much more importantly, it is producing the type of above average long-term total return that is the Fund's objective. Persistence rather than consistency is probably a better management objective. This might be splitting hairs but consistency, which should be one of the most highly regarded management objectives, has become somewhat compromised by an industry preoccupied with short-term performance consistency. The best advice for the long-term growth investor is that the short-term fluctuations are irrelevant. The important thing is to participate in the superiority of the long-term growth of equities.

Risk, as measured by the standard deviation of returns around the benchmark or index return, is not really relevant to the long-term investor. Unfortunately, this narrow definition of risk has resulted in some very counterproductive investment practices. It has, whether intended or not, focused attention on short-term results and volatility. The contention that risk can be measured and is relatively stable has also changed management objectives to mirroring benchmarks over the short-term in order to minimize relative volatility, rather than concentrating on the real investment objective of responsible long-term growth. Merely tracking the consistency of the short-term performance to a benchmark such as the S&P 500, which we agree is an excellent long-term representation of US equity returns, is not necessarily responsible investing.

We can and should live with the short-term fluctuations of the equity markets. That means sitting tight in bear markets. On the other hand, to stick doggedly to trying to duplicate the short-term performance of any benchmark, no matter how extreme or irrational its valuation level may have become, is simply an intellectual and managerial cop-out.

"Growth at a reasonable price" is our management philosophy. It has proven to be very effective over the long-term and over many different time periods. There are short-term periods when it hasn't worked for me personally over the past 35 years, such as in 1998. During that period, avoiding the excessive valuation of large-cap growth stocks resulted in poor relative performance. That is history. That year's performance won't go away. Nevertheless, even with that terrible year right in the middle of our latest 5-year record, as reported for October by Globe Fund the Fund's 5-year performance is ahead of the S&P 500 and the average US fund available in Canada.

We will skip any comment on economic developments this month other than to note that events are progressing as anticipated. The correction of over-valued technology stocks is clearly underway. Sporadic rallies in this group are to be expected as the market tends to want to buy into past favourites when they begin to breakdown. The markets continue to exhibit extremely high volatility levels, especially on the NASDAQ where intra-day moves of 5% or greater are becoming more common. The most highly esteemed and over-priced are the last to correct significantly. On this point the current market is behaving in the normal historic fashion.

The majority of earnings results for the September quarter have been reported, with many companies meeting their lowered pre-announced numbers or lagging Street earnings forecast. For the most part, the companies in the Fund reported very decent earnings growth in the latest quarter. Outside of the ultra large-cap, premium-priced market segment, we are finding investment opportunities based on our fundamental research that fit our basic investment philosophy. This is keeping the portfolio up to date with a changing market and producing good performance results.

BIG NEWS

A milestone was reached by the Fund at the end of October. The Fund now has in excess of 150 unitholders. That means the North Growth US Equity Fund is now a full-fledged Mutual Fund Trust just like all the other mainstream funds even though we still do not have a prospectus, and are limited to placements to sophisticated investors.

The Fund price is now easier to find in newspapers and it is ELIGIBLE AS FOREIGN CONTENT FOR SELF-ADMINISTERED RRSPs. Give us a call to talk about RRSPs.

Yours truly,



Rudy North

North Growth Canadian Money Market Fund Update

The North Growth Canadian Money Market Fund currently has a yield of 5.52% (November 15/00) 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

The NGM US Equity Fund is listed under the Mutual Funds heading in the *Globe & Mail* and the *Vancouver Sun*. The NGM Cdn. Money Market Fund can be found under the Money Market Fund heading in the *Globe & Mail*. Both funds can be found on **globefund.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 688-5440.

PERFORMANCE RESULTS

AS OF OCTOBER 31, 2000

PERFORMANCE COMPARISONS*

	Year to Oct. 31, 00	April 30 to Oct. 31, 00	July 31 to Oct. 31, 00	Month of Oct. 31, 00
North Growth US Equity Fund \$CDN	39.43%	16.46%	12.82%	3.10%
North Growth US Equity Fund \$US	32.18%	13.22%	10.19%	1.82%
S&P 500 \$US	-1.81%	-1.03%	0.18%	-0.42%
S&P 400 MidCap \$US	18.07%	8.57%	6.66%	-3.39%
Russell 2000 \$US	-0.42%	-1.06%	-0.25%	-4.46%
NASDAQ Composite \$US	-17.09%	-12.65%	-10.51%	-8.25%

* Source: Bloomberg "Total Return Analysis" as of October 31, 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	48.8%	29.3%	15.6%	21.8%	23.8%
Median U.S. Equity Fund \$CDN **	7.3%	-	14.8%	--	18.6%
Average U.S. Equity Fund \$CDN **	10.9%	-	15.0%	--	19.1%

Results are after all management fees and other expenses

** reported by the Globe & Mail, Report on Mutual Funds, November 16, 2000

Return Since Inception (Annualized), Oct. 13, 1992 - October 31, 2000 **20.75%**

NAVPS: OCTOBER 31ST/00 \$ 22.53 (CDN)

TOTAL ASSETS IN FUND \$ 67.90 mn (CDN)

CANADIAN MONEY MARKET FUND

Net Current Yield as of November 15, 2000:

5.52%

PORTFOLIO HOLDINGS

AS OF OCTOBER 31, 2000

St Jude Medical	4.92
Precision Castparts	4.27
Universal Health Services Cl B	3.89
Timberland	3.61
Brinker International Inc	3.57
Jones Apparel Group Inc	3.50
Symantec Corp	3.42
Compaq Computer Corp	3.29
Wellpoint Health Networks	3.17
Louis Dreyfus Natural Gas	3.16
Manor Care Inc	2.54
Cardinal Health Inc	2.51
Michaels Stores Inc	2.51
Federal Signal Corp	2.35
Sigma-Aldrich	1.87
3Com Corp	1.77
Mesa Airlines Inc	1.75
TJX Companies	1.69
BJ's Wholesale Club	1.54
LSI Logic	1.50
Nextel Communications Inc	1.40
Clayton Homes Inc	1.38
Biomet Inc	1.35
Synopsys Inc	1.31
Dentsply International	1.03
Darden Restaurants Inc	1.01
Schnitzer Steel	0.95
Snap-On Inc	0.83
Pier 1 Imports Inc	0.69
Diamond Offshore Drilling	0.64
Devon Energy Corp	0.53
Stone Energy Corp	0.53
Alza Corp	0.51
Vishay	0.33
O'Charleys Inc	0.28
City National Corp	0.14
American Power Conversion	0.13
Total Equities	69.87
Cash and Short Term Notes	<u>30.13</u>
TOTAL ASSETS	100.00%