

U.S. equities got off to a strong start for the year. All the major indices we follow posted solid gains in January ranging from +4.5% for the S&P 500 Index to +8.1% for the NASDAQ Composite. The North Growth U.S. Equity Fund appreciated 7.0%, beating the S&P 500 by 2.5% for the month. The U.S. Fund also outperformed the S&P 400 MidCap and S&P 600 SmallCap Indices by 0.4% yet lagged the NASDAQ by 1.1%. Due to a strengthening Canadian dollar, the Fund gained 5.5% in Canadian dollars last month versus the S&P 500 which was up 3.0% in Canadian dollars. Similarly, Canadian equities were strong in January as reflected by the 4.4% rise in the S&P/TSX Composite. The North Growth Canadian Equity Fund advanced [REDACTED], outperforming the Canadian Index.

Continuing on the positive trend since the fall of 2011, U.S. economic data keeps coming in better than expected, demonstrating strengthening momentum in the U.S. economic expansion. Encouraging gains in the labor market over the past few months likely contributed to the recent improvement in consumer confidence as well as the rise in the Conference Board's index of U.S. leading indicators. Claims for unemployment insurance payments have been in a sharp downward trend, indicating that the recovery in the labor market is gaining traction. For the latest week ended February 4th, applications for jobless benefits decreased by 15,000 to 358,000; the four-week average for unemployment claims as a result fell to 366,250, the fewest since April 2008. Further evidence of progress on the jobs front is the unemployment rate which declined to 8.3% in January, the lowest level since February 2009.

U.S. corporate earnings have consistently been better than expected during the past three years, and the reported results for the latest September-to-December 2011 period were no exception. Of the approximately 70% of S&P 500 companies that have reported earnings to date, 64% have exceeded analysts' estimates and on average, profits are estimated to have grown 9% year-over-year.

We remain very pleased with the earnings results of the holdings in the U.S. Equity Fund. Apple, the top holding in the Fund, provides a clear example of a company that is growing profits well above expectations at a phenomenal rate, financially strong, and trading at extremely attractive valuations—thereby representing remarkable “growth at a reasonable price”. In its latest quarter, Apple grew sales and earnings by 73% and 118% respectively over a year ago. Over the past five fiscal years, from 2007 to 2011, the company's earnings per share increased at an average annual rate of 48%. Apple generated over \$17.5 billion in cash flow from operations during the December quarter and holds close to \$100 billion in cash on its balance sheet; at over \$100 per share, cash constitutes over 20% of the stock price. Despite posting such outstanding results and

demonstrating strong momentum with bright prospects for future growth, Apple currently trades at only 14 times trailing earnings or 11 times adjusted for cash—even after having appreciated nearly 20% since reporting its quarterly earnings two weeks ago.

By all respects, Apple is an inexpensive stock with an excellent outlook for long term growth. However, given its large position in the U.S. Equity Fund, representing over 10%, we continue to exercise prudence and accordingly manage the weight of the holding. We continue to like the Apple story a lot and expect that it will further contribute to the U.S. Fund's performance.

Against an improving macroeconomic backdrop, the solid corporate fundamentals and low valuations of U.S. equities provide for numerous “growth at a reasonable price” investment opportunities. The North Growth U.S. Equity Fund remains fully invested and we are optimistic that 2012 will be a good year for U.S. stocks.

Yours truly,

A handwritten signature in black ink that reads "Erica Lau". The signature is written in a cursive, flowing style.

Erica Lau, CFA

NORTH GROWTH U.S. EQUITY FUND

Short Term Rates of Return (%) for Periods Ending January 31, 2012

	1 Month	3 Months	6 Months	YTD
NGM US Equity Fund \$CDN	5.46	6.69	9.48	5.46
S&P 500 \$CDN	3.02	5.96	7.80	3.02
NGM US Equity Fund \$US	6.96	6.04	4.32	6.96
S&P 500 \$US	4.48	5.32	2.71	4.48
S&P 400 MidCap \$US	6.61	5.89	0.03	6.61
S&P 600 SmallCap \$US	6.58	8.60	3.43	6.58
NASDAQ Composite \$US	8.06	5.16	2.68	8.06

NORTH GROWTH U.S. EQUITY FUND

Annualized Rates of Return (%) for Periods Ending January 31, 2012

	1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception
NGM US Equity Fund \$CDN	4.69	18.13	-0.59	4.66	8.83	11.44
S&P 500 \$CDN	4.35	11.50	-2.84	-1.12	3.28	7.12
NGM US Equity Fund \$US	4.55	26.33	2.64	9.58	10.99	12.69
S&P 500 \$US	4.22	19.24	0.33	3.52	5.33	8.32
S&P 400 MidCap \$US	2.71	25.26	3.90	7.78	10.18	11.82
S&P 600 SmallCap \$US	7.50	25.06	2.83	7.68	8.61	10.87
NASDAQ Composite \$US	5.29	25.25	3.68	4.63	5.52	8.56

Source: Bloomberg "Total Return Analysis" as of February 1, 2012.

*These returns are a simple price appreciation because total return data is not available on Bloomberg.

The inception of the Fund: October 13, 1992.

Unit Price: \$25.38 CDN
\$25.31 US

Total Assets in Fund \$250.7 Million CDN

NORTH GROWTH CANADIAN EQUITY FUND

Short Term Rates of Return (%) for Periods Ending January 31, 2012

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund S&P / TSX \$CDN	4.37	2.38	-2.44	4.37

NORTH GROWTH CANADIAN EQUITY FUND

Annualized Rates of Return (%) for Periods Ending January 31, 2012

	1 Year	3 Years	5 Years	10 Years	*Since Takeover	**Since Inception
NGM Canadian Equity Fund S&P / TSX \$CDN	-5.65	15.97	1.94	7.54	10.23	3.22

*North Growth Management Ltd. took over the Canadian Equity Fund's management contract on May 1, 2003.

**The inception of the Canadian Equity Fund: September 1, 2000.

Unit Price: \$ 12.15 CDN

Total Assets in Fund \$ 21.9 Million CDN

NORTH GROWTH CANADIAN MONEY MARKET FUND
Annualized Rates of Returns (%) for Periods Ending January 31, 2012

	*CURRENT YIELD	1 Year	3 Years	5 Years
NGM CDN Money Market Fund	0.83	0.82	0.50	1.69
30 Day T-Bill	N/A	0.88	0.56	1.63

** The **Current Yield** for the Money Market Fund is the average of the annualized daily yield for the most recent seven day period. This measure is no longer available for the 30 day T-Bill Index.*

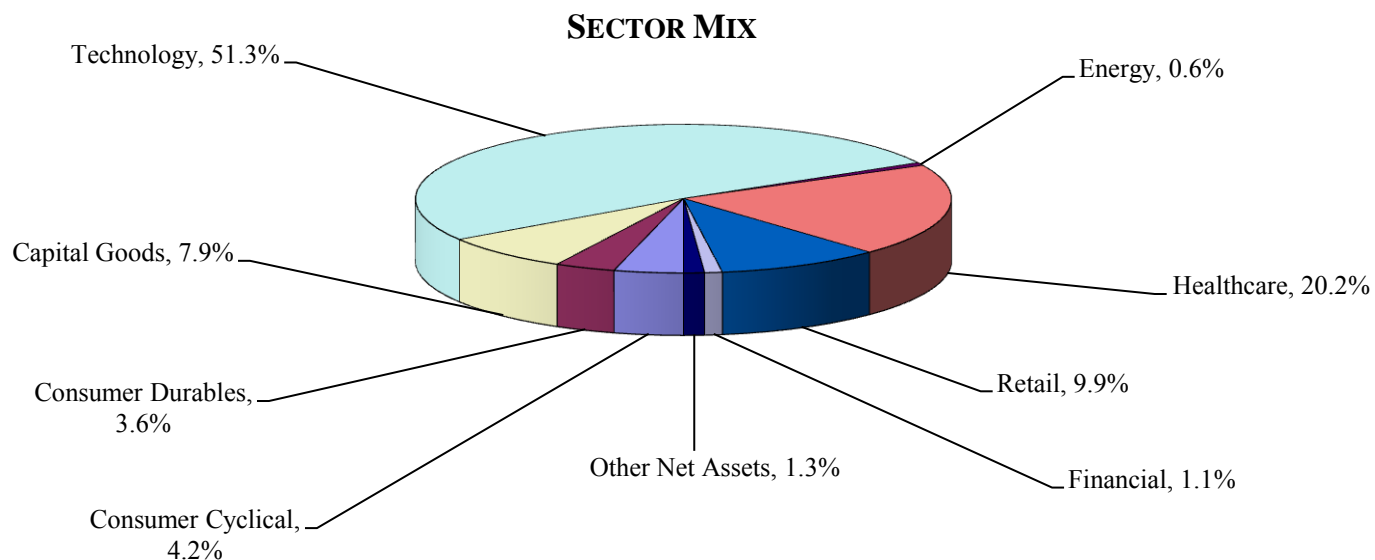
We take a very simple approach to managing the North Growth Canadian Money Market Fund. We invest in a portfolio of high quality short term bonds. The average maturity of the portfolio never is greater than 30 days. Historically the Fund has generated very competitive yields with this simple approach because the management fee is, and always has been, 0.25%. In today's low rate environment most other money market funds in Canada have cut their management fees and extended their maturities in order to improve yields, as a result the North Growth Canadian Money Market Fund's yields are now below the industry average.

We manage the portfolio to ensure high liquidity and have no intention to extend maturities in order to chase a few basis points and we do not have any room to reduce our management fees because we already take a loss on the product. We still believe our money market fund has superior liquidity characteristics due to its very low average maturity but our current yield is 0.83% which is lower than many other mainstream money market funds and even short term GICs at top tier Canadian banks.

The North Growth Canadian Money Market Fund's yield will quickly rise in response to any future increase in the Bank of Canada's overnight rate but its yield will not become competitive again unless other money market funds begin to increase their management fees back to their historic levels.

**U.S. EQUITY FUND
TOP 10 HOLDINGS
As of January 31, 2012**

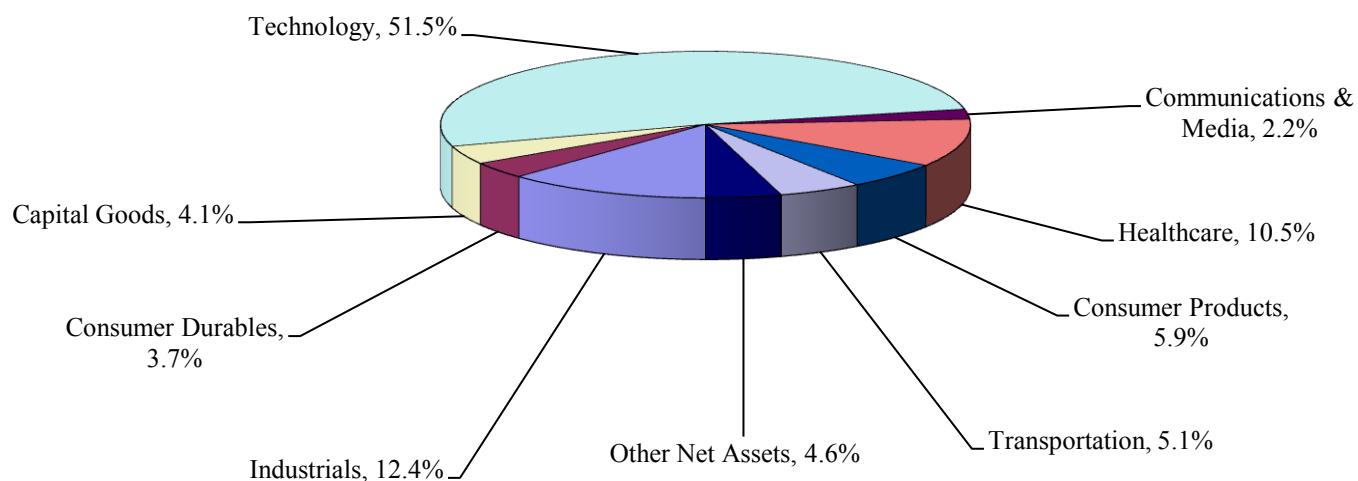
	%
Apple Inc.	11.28
Cisco Systems Inc.	9.21
Intel Corporation	6.27
Pier 1 Imports Inc.	4.99
Bristol-Myers Squibb Company	4.96
Microsoft Corporation	4.21
Texas Instruments Inc.	3.89
St. Jude Medical Inc.	3.80
Citrix Systems Inc.	3.41
Pfizer Inc.	<u>3.01</u>
Top 10	55.03
Total Equities	98.74
Cash	<u>1.26</u>
TOTAL ASSETS	100.00%



CANADIAN EQUITY FUND
TOP 10 HOLDINGS
As of January 31, 2012

	%
Miranda Technologies Inc.	7.67
Bombardier Inc., Class B	7.45
Celestica Inc.	6.66
EXFO Inc.	6.47
Gennum Corporation	6.17
Sandvine Corporation	5.33
WestJet Airlines Ltd.	5.06
Valeant Pharmaceuticals International, Inc.	4.89
Sierra Wireless Inc.	4.32
ATS Automation Inc.	<u>4.08</u>
Top 10	58.10
Total Equities	95.40
Cash	<u>4.60</u>
TOTAL ASSETS	100.00%

SECTOR MIX



INVESTING WITH NORTH GROWTH MANAGEMENT:

North Growth Management is a focused firm. We are Canada's U.S. Equity Specialist. Our objective is consistent, superior, long term returns on our equity funds based on our "growth at a reasonable price" investment philosophy.

CONDUCTING TRANSACTIONS:

The cut-off time for same-day transactions is 4 p.m. Eastern time or 1 p.m. Pacific time. Orders received after that time will be processed on the next business day. Cheques must be made payable to **RBC Dexia Investor Services Trust**. For security reasons, instructions can only be accepted by mail or by fax to:

North Growth Management Ltd.
Suite 830, One Bentall Centre
505 Burrard Street, Box 56
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Fax: 604-688-5402

WHERE TO FIND NGM FUND PRICES

Please visit www.northgrowth.com to view the Fund's daily prices or to be added to our e-mail list to receive daily notification of the Fund's prices. Alternatively, the Globe & Mail reports prices on www.globefund.com