

U.S. equities continued their ascent in February, propelled by strong U.S. economic data. The S&P 500 Index gained 4.3% for the month while the S&P 400 MidCap and S&P 600 SmallCap Indices appreciated 4.5% and 2.1% respectively. The NASDAQ Composite delivered a relatively higher return of 5.6%. By comparison, the North Growth U.S. Equity Fund gained 4.7% in February, outperforming all the indices we track with the exception of the NASDAQ. Due to the continued strengthening Canadian dollar, the Fund was up 3.3% in Canadian dollars last month versus the S&P 500 which advanced 2.9% in Canadian dollars. Canadian equities also gained in February as reflected by the S&P/TSX Composite's 1.7% appreciation. The North Growth Canadian Equity Fund significantly outperformed the Index with its [REDACTED] monthly return.

Over the past 23 weeks, U.S. economic data has on balance been stronger than expected and indicative that the U.S. economic expansion is self-feeding. Gross domestic product (GDP) growth for the fourth quarter of 2011 was revised higher to 3.0% from the initial reading of 2.8% as consumer spending and business investment expanded more than previously estimated. In February, consumer confidence rose sharply to the highest level in a year and U.S. vehicle sales increased 16% to the highest level since before the recession. According to Ward's latest tally of scheduled vehicle production for the first quarter of 2012 and its first tally for the second quarter, U.S. auto production is expected to advance at a roughly 30% annual rate in the first half of this year. Clearly, the large gains in auto production are not only supported by the jump in vehicle sales, but also increase the likelihood that employment in the U.S. will continue to improve.

The unemployment rate in February held at a three-year low of 8.3% while the U.S. economy added 227,000 jobs, marking the third consecutive month of payroll gains surpassing the 200,000 mark. Obviously, an improved labor market boosts consumer confidence which feeds back to increased spending and vehicle sales which in turn feeds back to increased auto production and manufacturing and so on—in essence, a self-feeding expansion that appears to characterize the current U.S. economy.

Despite the positive macroeconomic trends, investor sentiment retains a negative bias; the markets seem to be focused a lot on potential problems that could derail the U.S. economic momentum. Concerns of a possible double-dip recession include the continued soft housing market, the Greek debt-restructuring and related Euro zone debt woes, the approaching “fiscal cliff” in 2013 and U.S. political uncertainty in an election year, the slowdown in China’s economic growth, and the spike in oil and gasoline prices arising from Iran’s nuclear threat. Of the risks cited, we believe a continued rise in fuel prices would pose the most significant challenge to the U.S. economy. However, it is noteworthy that both U.S. crude oil inventories and motor gasoline inventories are in the

upper limit of the average range for this time of year. Furthermore, as U.S. oil production has increased to a 15-year high, crude imports have declined to the lowest level in over a decade.

Poor investor sentiment is no better reflected than by the exceedingly low valuations of U.S. equities. Following nine quarters of greater-than-expected earnings growth in which profits increased 99% between the end of 2009 and 2011, the S&P 500 Index, with a price/earnings (P/E) ratio of 14.1, trades at a valuation 14% below its five-decade average of 16.4. Additionally, the price of S&P 500 six-month put options—contracts that pay should the Index fall 20%—is the highest since 2007 compared with call options betting on a rally of equal magnitude. Low valuations and rising bearish options costs underscore the lack of investor interest towards owning U.S. equities.

We remain convinced, contrary to the prevailing market sentiment, that U.S. stocks offer phenomenal investment opportunities for long term investors. Attractive valuations, strong corporate fundamentals and improving macroeconomic conditions support further increases in both earnings and stock prices.

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 February 29, 2012

	1 Month	3 Months	6 Months	YTD
NGM US Equity Fund \$CDN	3.32	8.46	17.57	8.96
S&P 500 \$CDN	2.94	6.79	14.48	6.05
NGM US Equity Fund \$US	4.71	11.83	16.37	11.99
S&P 500 \$US	4.32	10.11	13.31	9.00
S&P 400 MidCap \$US	4.50	10.99	12.54	11.40
S&P 600 SmallCap \$US	2.11	10.20	14.40	8.83
NASDAQ Composite \$US	5.58	13.51	15.67	14.09

NORTH GROWTH U.S. EQUITY FUND

Annualized Rates of Return (%) for Periods Ending February 29, 2012

	1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception
NGM US Equity Fund \$CDN	8.46	20.94	0.67	5.16	8.93	11.58
S&P 500 \$CDN	7.08	15.47	-1.76	-0.73	3.32	7.25
NGM US Equity Fund \$US	6.48	31.51	4.10	10.35	11.31	12.90
S&P 500 \$US	5.12	25.56	1.58	4.17	5.58	8.53
S&P 400 MidCap \$US	2.55	31.50	4.67	8.24	10.57	12.02
S&P 600 SmallCap \$US	5.14	31.41	3.37	8.09	8.91	10.95
NASDAQ Composite \$US	7.77	30.38	5.20	6.36	6.28	8.82

Source: Bloomberg "Total Return Analysis" as of March 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: \$26.23 CDN
\$26.51 US

Total Assets in Fund \$258.9 Million CDN

NORTH GROWTH CANADIAN EQUITY FUND

Short Term Rates of Return (%) for Periods Ending February 29, 2012

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund S&P / TSX \$CDN	█ 1.67	█ 4.32	█ 0.41	█ 6.12

NORTH GROWTH CANADIAN EQUITY FUND

Annualized Rates of Return (%) for Periods Ending February 29, 2012

	1 Year	3 Years	5 Years	10 Years	*Since Takeover	**Since Inception
NGM Canadian Equity Fund S&P / TSX \$CDN	█ -8.15	█ 19.17	█ 2.23	█ 7.72	█ 10.34	█ 3.35

*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: \$ 12.69 CDN

Total Assets in Fund \$ 22.7 Million CDN

NORTH GROWTH CANADIAN MONEY MARKET FUND
Annualized Rates of Returns (%) for Periods Ending February 29, 2012

	*CURRENT YIELD	1 Year	3 Years	5 Years
NGM CDN Money Market Fund	0.83	0.83	0.50	1.64
30 Day T-Bill	N/A	0.85	0.55	1.58

** 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.*

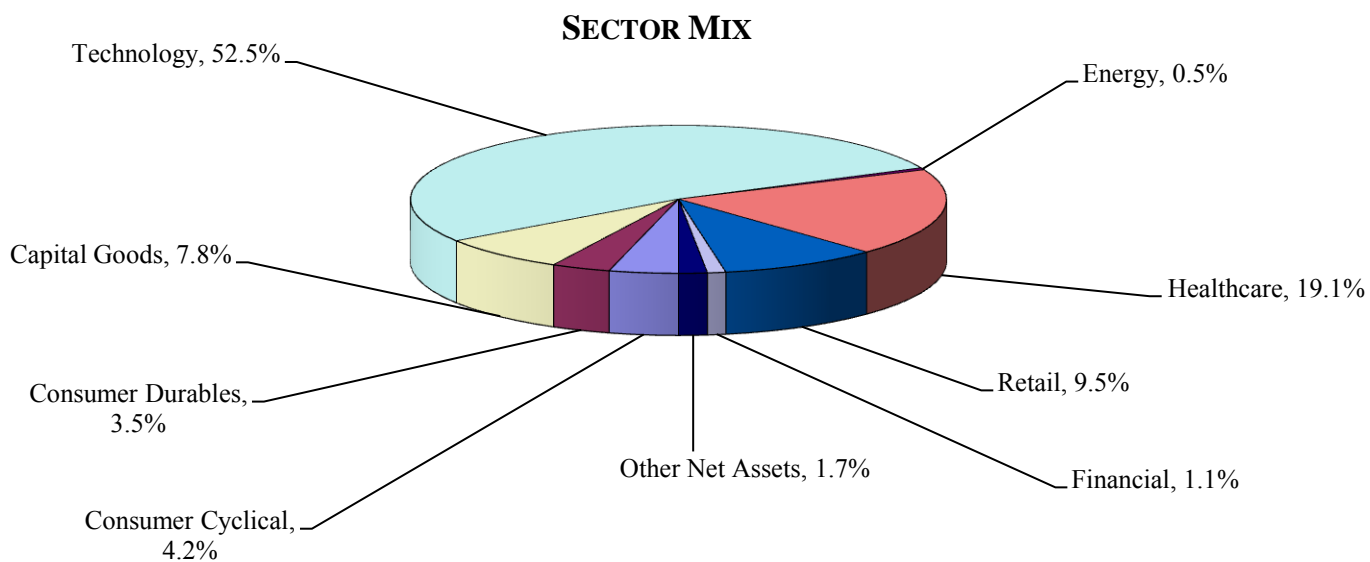
We take a very simple approach to managing the North Growth Canadian Money Market Fund. We invest in a portfolio of high quality short term bonds. The average maturity of the portfolio never is greater than 30 days. Historically the Fund has generated very competitive yields with this simple approach 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 February 29, 2012**

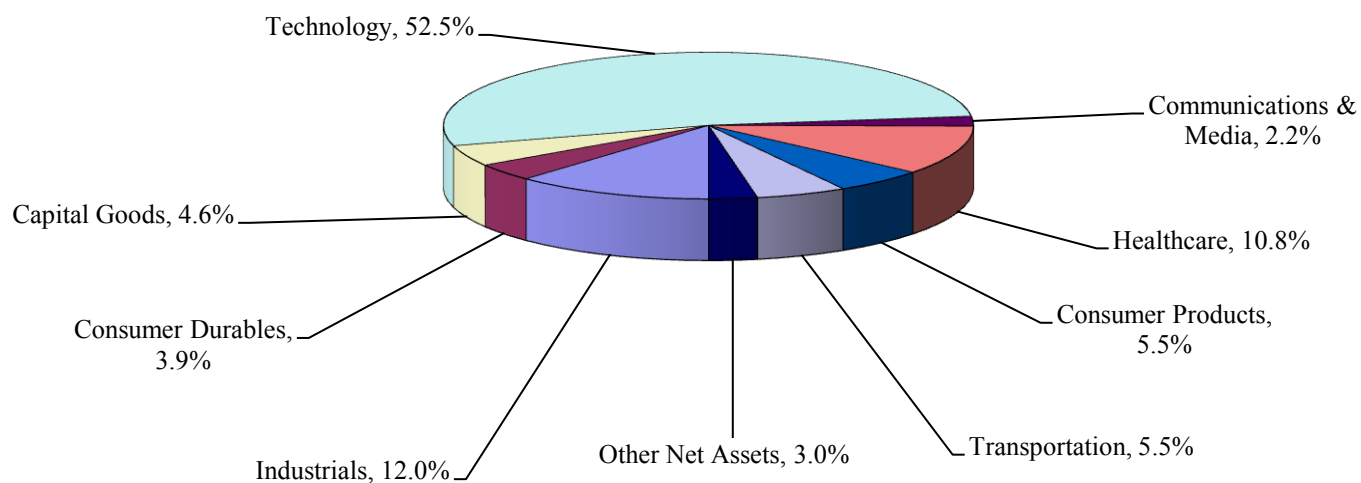
	%
Apple Inc.	11.78
Cisco Systems Inc.	9.69
Intel Corporation	6.09
Pier 1 Imports Inc.	5.13
Bristol-Myers Squibb Company	4.73
Microsoft Corporation	4.33
Texas Instruments Inc.	3.83
Citrix Systems Inc.	3.73
St. Jude Medical Inc	3.67
Cerner Corporation	<u>3.13</u>
Top 10	56.11
Total Equities	98.28
Cash	<u>1.72</u>
TOTAL ASSETS	100.00%



CANADIAN EQUITY FUND
TOP 10 HOLDINGS
As of February 29, 2012

	%
Miranda Technologies Inc.	7.60
Bombardier Inc., Class B	7.35
EXFO Inc.	7.10
Celestica Inc.	6.98
Sandvine Corporation	5.99
Gennum Corporation	5.95
WestJet Airlines Ltd.	5.50
Valeant Pharmaceuticals International, Inc.	5.09
ATS Automation Inc	4.61
Sierra Wireless Inc.	<u>4.35</u>
Top 10	60.52
Total Equities	97.04
Cash	<u>2.96</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
Vancouver, BC V7X 1M4

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