

U.S. equities continued to advance in March, capping off a quarter of strong performance. The S&P 500 Index gained 3.3% for the month, followed by the S&P 600 SmallCap and S&P 400 MidCap Indices which returned 2.9% and 1.9% respectively. Of the indices we regularly track, the NASDAQ Composite delivered the best performance in March with its 4.3% appreciation. The North Growth U.S. Equity Fund outperformed all the mentioned indices last month, gaining 4.6%. A slightly weaker Canadian dollar increased the Fund's return in Canadian dollars to 5.4% versus the S&P 500 which was up 4.1% in Canadian dollars. For the first quarter of 2012, the U.S. Equity Fund advanced 17.1%, beating all the indices we follow with the exception of the NASDAQ which was up 19.0%. The S&P 500 gained 12.6% during the quarter while the S&P 400 MidCap and S&P 600 SmallCap returned 13.5% and 12.0% respectively over the same period. In Canadian dollars, the Fund appreciated 14.9%, ahead of the S&P 500's 10.4% Canadian-dollar quarterly return.

By contrast, Canadian equities declined in March as reflected by the S&P/TSX Composite Index which fell 1.6%. The North Growth Canadian Equity Fund gained [REDACTED] for the month, clearly outperforming the Canadian Index. For the quarter, the Canadian Equity Fund advanced [REDACTED], significantly above the 4.4% return of the S&P/TSX Composite over the same period.

Memories of the U.S. economy softening in the summers of 2010 and 2011 and the corresponding dips in stock prices appear to have investors worried about a similar pattern this year. Despite the U.S. economy being in its third year of expansion, fears of a double-dip recession continue to linger. In 2010, as financial institutions were still recovering from the credit crisis induced recession of 2008-2009, bank loans declined following the completion of the Federal Reserve's first round of quantitative easing. Last year, the financial industry was clearly in a stronger position relative to 2010 and bank lending trended higher for the majority of the year. However, in 2011, the U.S. economy faced a number of anomalous shocks that included a spike in energy prices resulting from the social upheaval in the Middle East, disruptions to the global supply chain resulting from the devastating Japanese earthquake and tsunami, and a shattering of investor confidence resulting from the S&P downgrade of the U.S. credit rating. In spite of all the headwinds and the ongoing financial strains in Europe, the U.S. economy remained remarkably resilient and actually gained momentum in the final quarter of 2011 and the first quarter of 2012.

Currently, the U.S. economic expansion appears to be entrenched and the economy is better equipped to overcome a slowdown in Europe. As the markets are seemingly obsessed with an impending deceleration, it is worthwhile to continue highlighting the positive developments in U.S. economic data that suggest otherwise. Manufacturing has

boosted economic growth in the U.S. over the past several years and continues to be strong. The Institute for Supply Management (ISM)'s factory index climbed to 53.4 in March from 52.4 in February as production accelerated to a three-month high and the factory employment gauge rose to the highest level since June of last year. Increased auto sales, sustained business spending on equipment, and inventory rebuilding are supporting the continued growth in U.S. manufacturing.

Additionally, consumer confidence remains in an upward trend with the Bloomberg Consumer Comfort Index for the week ended April 1st rising to the highest reading in four years. Unemployment claims remain in a downward trend and many employment indicators point to a continued improving U.S. labour market. Corporate executives also appear to be more upbeat about the economy which supports better employment prospects. The Conference Board's measure of CEO confidence increased to 63 in the first quarter of 2012 from 49 in the fourth quarter of 2011.

Invariably, economic news ebbs and flows; however, on balance, the data is suggestive of a positive economic feedback loop in the U.S.. Favourable macroeconomic trends provide support for continued corporate earnings growth which ultimately drives higher stock prices. We remain constructive in our outlook for U.S. equities.

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 March 31, 2012

	1 Month	3 Months	6 Months	YTD
NGM US Equity Fund \$CDN	5.40	14.85	22.79	14.85
S&P 500 \$CDN	4.13	10.43	19.80	10.43
NGM US Equity Fund \$US	4.56	17.09	29.03	17.09
S&P 500 \$US	3.29	12.59	25.89	12.59
S&P 400 MidCap \$US	1.88	13.50	28.23	13.50
S&P 600 SmallCap \$US	2.90	11.99	31.22	11.99
NASDAQ Composite \$US	4.28	18.97	28.75	18.98

NORTH GROWTH U.S. EQUITY FUND

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

	1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception
NGM US Equity Fund \$CDN	14.62	18.30	1.94	5.12	9.34	11.83
S&P 500 \$CDN	11.66	14.13	-0.93	-0.65	3.81	7.44
NGM US Equity Fund \$US	11.41	27.92	4.97	10.17	11.76	13.10
S&P 500 \$US	8.54	23.42	2.01	4.12	6.10	8.67
S&P 400 MidCap \$US	1.98	28.55	4.78	7.70	11.02	12.07
S&P 600 SmallCap \$US	5.02	29.22	3.62	7.58	9.50	11.06
NASDAQ Composite \$US	12.36	27.75	6.03	6.13	7.06	9.01*

Source: Bloomberg "Total Return Analysis" as of April 2, 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: \$27.64 CDN
\$27.71 US

Total Assets in Fund: \$272.5 Million CDN

NORTH GROWTH CANADIAN EQUITY FUND

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

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund S&P / TSX \$CDN	█ -1.63	█ 4.39	█ 8.14	█ 4.39

NORTH GROWTH CANADIAN EQUITY FUND

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

	1 Year	3 Years	5 Years	10 Years	*Since Takeover	**Since Inception
NGM Canadian Equity Fund S&P / TSX \$CDN	█ -9.76	█ 15.59	█ 1.65	█ 7.22	█ 10.34	█ 3.18

*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: \$ 12.86 CDN

Total Assets in Fund: \$ 23.0 Million CDN

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

	*CURRENT YIELD	1 Year	3 Years	5 Years
NGM CDN Money Market Fund	0.83	0.83	0.51	1.59
30 Day T-Bill	N/A	0.88	0.56	1.52

** 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
As of March 31, 2012

	%
Apple Inc.	11.37
Cisco Systems Inc.	10.18
Intel Corporation	6.10
Pier 1 Imports Inc.	4.87
Bristol-Myers Squibb Company	4.75
Microsoft Corporation	4.21
Citrix Systems Inc.	3.77
St. Jude Medical Inc.	3.70
Texas Instruments Inc.	3.70
Cerner Corporation	3.10
Pfizer Inc.	2.91
WellPoint Inc.	2.66
Zimmer Holdings Inc.	2.58
Precision Castparts Corp.	2.57
Herman Miller Inc.	2.39
American Eagle Outfitters Inc.	2.37
Varian Medical Systems Inc.	2.26
Applied Materials Inc.	2.13
Electronic Arts Inc.	2.12
Micron Technology Inc.	2.06
Safeway Inc.	2.00
DSP Group Inc.	1.67
NIKE Inc., Class B	1.61
General Electric Company	1.54
Johnson Controls Inc.	1.42
GT Advanced Technologies Inc.	1.32
Ethan Allen Interiors	1.20
Guess? Inc.	1.20
Citigroup Inc.	1.16
Cheesecake Factory Inc.	1.15
Adobe Systems Inc.	1.07
Flow International Corporation	1.02
Jacobs Engineering Group Inc.	1.02
Wal-Mart Stores	0.97
Savient Pharmaceuticals Inc.	0.68
Total Equities	98.83
Cash	<u>1.17</u>
TOTAL ASSETS	100.00

CANADIAN EQUITY FUND
As of March 31, 2012

	%
Miranda Technologies Inc.	9.67
Celestica Inc.	7.12
Bombardier Inc., Class B.	6.85
EXFO Inc.	6.82
Sandvine Corporation	6.24
WestJet Airlines Ltd.	5.22
Valeant Pharmaceuticals International, Inc.	5.13
ATS Automation Tooling Systems Inc.	4.96
Sierra Wireless Inc.	4.18
CAE Inc.	4.13
Dorel Industries Inc.	4.03
GSI Group Inc.	4.03
MacDonald, Dettwiler and Associates Ltd.	3.69
Jean Coutu Group (PJC) Inc., Class A	3.50
COM DEV International Inc.	3.39
QLT Inc.	3.28
Imris Inc.	2.52
Saputo Inc.	2.45
TELUS Corporation	2.14
Ballard Power Systems Inc.	1.99
Stantec Inc.	1.11
Open Text Corporation	1.06
Research in Motion Limited	0.70
Day4 Energy Inc.	0.22
Azure Dynamics Corporation	0.14
Total Equities	94.56
Cash	<u>5.44</u>
TOTAL ASSETS	100.00

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:

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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.