

Renewed concerns about Europe cast a negative tone on the equity markets in April. In the U.S., the S&P 500 Index declined 0.6%, worse than the S&P 400 MidCap which lost 0.2% but better than the S&P 600 SmallCap and NASDAQ Composite Indices which fell 1.3% and 1.4% respectively. The North Growth U.S. Equity Fund declined 3.0% during April, underperforming all of the indices we track. A stronger Canadian dollar decreased the Fund's return in Canadian dollars last month to -3.9% versus the S&P 500's -1.6% return in Canadian dollars. In Canada, the S&P/TSX Composite Index also fell 0.6%. However, the North Growth Canadian Equity Fund continued to outperform the Canadian market, gaining [REDACTED] for the month.

The ongoing news headlines highlighting Europe's economic woes appear to be weighing down U.S. equities despite yet another quarter of solid corporate earnings results. The latest January-to-March period marks the 13th consecutive quarter of better-than-estimated profits for companies in the S&P 500 Index. According to data compiled by Bloomberg, approximately 70% of the S&P 500 companies that have reported results since the start of the earnings season have beaten analysts' forecasts. Overall, earnings in the first quarter of 2012 grew around 7.3%—more than double the projected 3.0% growth rate at the beginning of the year and well ahead of the 0.1% estimated growth rate for the Index at the end of the quarter on March 31st. For the 66% of the North Growth U.S. Equity Fund holdings that have reported, first quarter earnings grew 17.7% compared to expectations of 7.0%.

The strong underlying fundamentals of U.S. corporations is a recurring theme that we have emphasized over the past several years. Coinciding with the latest quarter of better-than-expected earnings is the recent statistic from Standard & Poor's that the number of S&P 500 Index companies paying dividends has risen to the highest level in 12 years. In fact, Standard & Poor's projects that 2012 should set a record high for cash dividend payments as the estimated total payouts this year reaches \$279 billion. Given the large and growing amounts of cash on U.S. corporate balance sheets along with historically low stock valuations, companies are increasing shareholder returns in the form of dividends and buybacks.

The North Growth U.S. Equity Fund consists of outstanding corporations with excellent growth prospects and exceptional balance sheets. Accordingly, over the past few years, numerous holdings have boosted their dividend payouts and regularly repurchased their shares. Just in the last two months, Applied Materials, Intel and St. Jude Medical announced increases to their quarterly dividends by 13%, 7% and 10% respectively. Moreover, Apple announced plans to initiate a dividend and stock buyback later this year. Importantly, the financial strength of these companies enables them to support ongoing

raises to their dividend payouts while maintaining investments for future growth; we therefore expect this positive trend to continue.

Solid corporate fundamentals constitute a vital component of a positive economic feedback loop, providing a tailwind for employment, capital spending and consumer spending. Recent U.S. economic data continue to indicate that the world's largest economy is in a moderate expansion. Rising auto sales, improving bank credit and signs of stabilization in housing all point to the resilience of the U.S. economy. Compared to the same time in 2010 and 2011, surveys of consumer and business confidence as well as labor market data are markedly better, suggesting that the U.S. is in good shape to weather Europe's enduring sovereign debt crisis.

Our constructive outlook for U.S. equities remains unchanged. Extremely attractive valuations and strong corporate earnings against a sound macroeconomic backdrop underscore our conviction that U.S. stocks are poised to offer superior long term investment returns.

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 April 30, 2012

	1 Month	3 Months	6 Months	YTD
<b>NGM US Equity Fund \$CDN</b>	<b>-3.90</b>	<b>4.65</b>	<b>11.65</b>	<b>10.36</b>
S&P 500 \$CDN	-1.58	5.49	11.78	8.68
<b>NGM US Equity Fund \$US</b>	<b>-2.97</b>	<b>6.23</b>	<b>12.64</b>	<b>13.62</b>
S&P 500 \$US	-0.63	7.08	12.77	11.88
S&P 400 MidCap \$US	-0.22	6.22	12.48	13.24
S&P 600 SmallCap \$US	-1.26	3.75	12.67	10.58
NASDAQ Composite \$US	-1.40	8.56	14.16	17.30

## NORTH GROWTH U.S. EQUITY FUND

## Annualized Rates of Return (%) for Periods Ending April 30, 2012

	1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception
<b>NGM US Equity Fund \$CDN</b>	<b>8.55</b>	<b>13.76</b>	<b>1.15</b>	<b>4.79</b>	<b>8.87</b>	<b>11.55</b>
S&P 500 \$CDN	9.35	12.18	-1.32	-0.02	3.23	7.32
<b>NGM US Equity Fund \$US</b>	<b>3.99</b>	<b>21.15</b>	<b>3.54</b>	<b>9.75</b>	<b>11.42</b>	<b>12.87</b>
S&P 500 \$US	4.76	19.46	1.01	4.71	5.65	8.59
S&P 400 MidCap \$US	-0.94	22.65	4.11	7.72	10.82	12.00
S&P 600 SmallCap \$US	1.07	21.95	2.90	7.14	9.32	10.94
NASDAQ Composite \$US	7.17	22.27	4.84	6.92	6.73	8.89

Source: Bloomberg "Total Return Analysis" as of May 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: \$26.56 CDN**  
**\$26.89 US**

**Total Assets in Fund \$261.8 Million CDN**

## NORTH GROWTH CANADIAN EQUITY FUND

## Short Term Rates of Return (%) for Periods Ending April 30, 2012

	1 Month	3 Months	6 Months	YTD
<b>NGM Canadian Equity Fund</b> S&P / TSX \$CDN	█ -0.60	█ -0.58	█ 1.79	█ 3.77

## NORTH GROWTH CANADIAN EQUITY FUND

## Annualized Rates of Return (%) for Periods Ending April 30, 2012

	1 Year	3 Years	5 Years	10 Years	*Since Takeover	**Since Inception
<b>NGM Canadian Equity Fund</b> S&P / TSX \$CDN	█ -9.37	█ 12.70	█ 1.12	█ 7.41	█ 9.86	█ 3.10

\*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: \$ 12.98 CDN**

**Total Assets in Fund \$ 23.2 Million CDN**

**NORTH GROWTH CANADIAN MONEY MARKET FUND**  
**Annualized Rates of Returns (%) for Periods Ending April 30, 2012**

	*CURRENT YIELD	1 Year	3 Years	5 Years
<b>NGM CDN Money Market Fund</b>	<b>0.84</b>	<b>0.83</b>	<b>0.52</b>	<b>1.53</b>
30 Day T-Bill	N/A	0.88	0.58	1.47

*\* 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.*

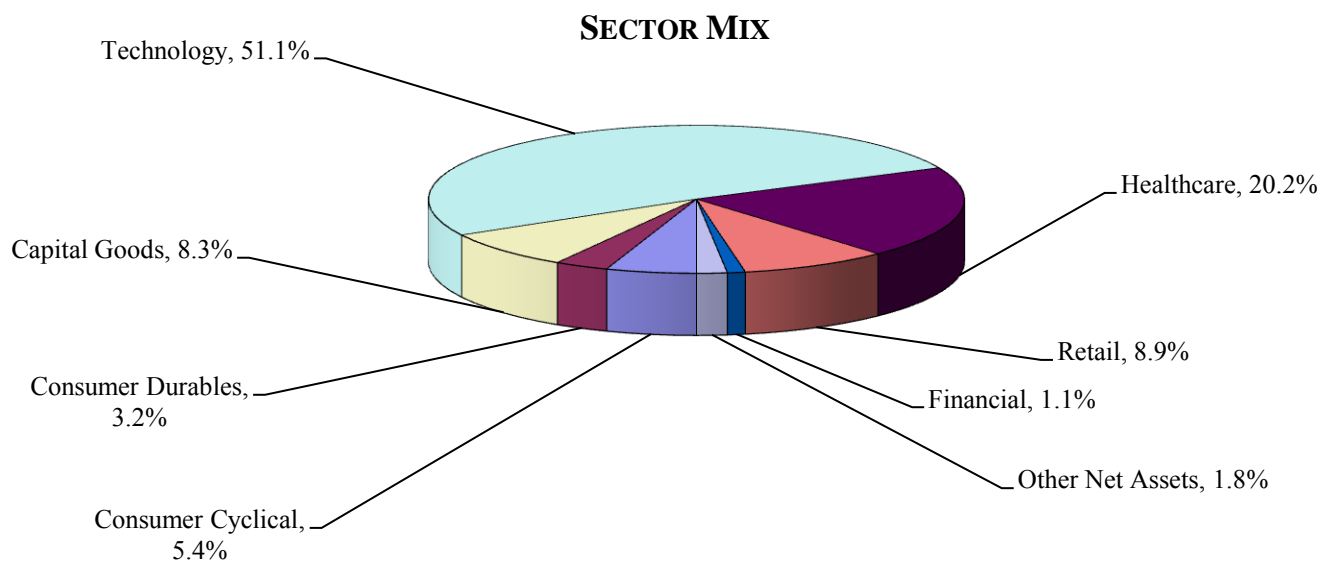
We take a very simple approach to managing the North Growth Canadian Money Market Fund. We invest in a portfolio of high quality short term bonds. The average maturity of the portfolio never is greater than 30 days. Historically the Fund has generated very competitive yields with this simple approach 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 0.84% 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 April 30, 2012**

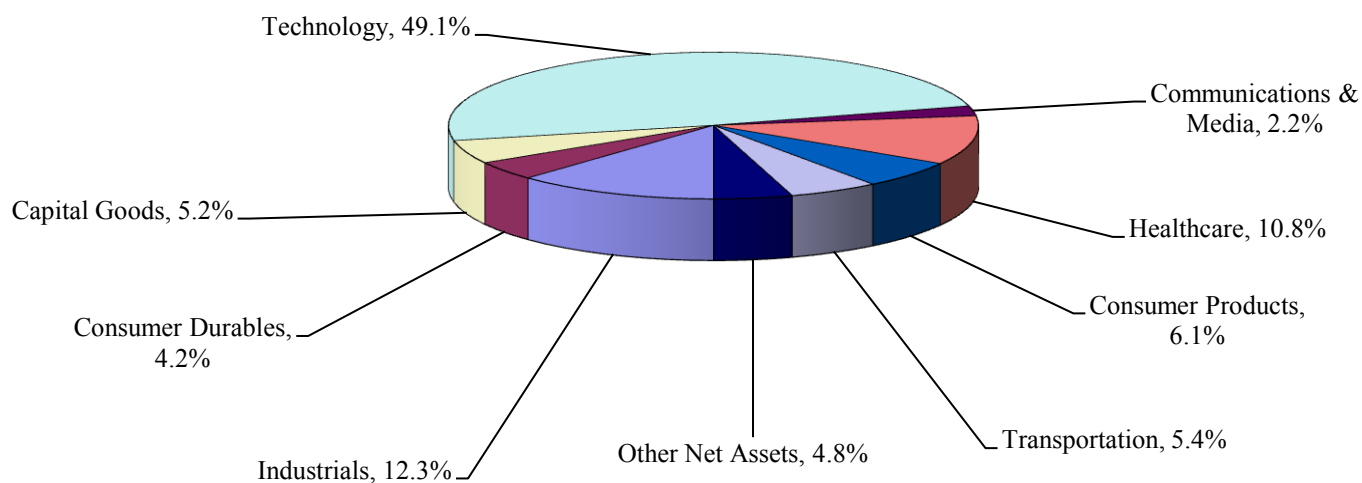
	%
Apple Inc.	10.32
Cisco Systems Inc.	10.00
Intel Corporation	6.36
Bristol-Myers Squibb Company	4.85
Pier 1 Imports Inc.	4.75
Microsoft Corporation	4.31
St. Jude Medical Inc.	3.70
Citrix Systems Inc.	3.67
Texas Instruments Inc	3.62
Cerner Corporation	<u>3.40</u>
<b>Top 10</b>	54.98
<b>Total Equities</b>	98.17
Cash	<u>1.83</u>
<b>TOTAL ASSETS</b>	<b>100.00%</b>



**CANADIAN EQUITY FUND**  
**TOP 10 HOLDINGS**  
**As of April 30, 2012**

	%
Miranda Technologies Inc.	9.15
Sandvine Corporation	7.06
Bombardier Inc., Class B.	6.86
EXFO Inc.	6.72
Celestica Inc.	6.51
WestJet Airlines Ltd.	5.44
Valeant Pharmaceuticals International, Inc.	5.22
ATS Automation Tooling Systems Inc.	5.18
CAE Inc.	4.32
Dorel Industries Inc., Class B	<u>4.19</u>
<b>Top 10</b>	60.65
<b>Total Equities</b>	95.21
Cash	<u>4.79</u>
<b>TOTAL ASSETS</b>	<b>100.00%</b>

**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](http://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](http://www.globefund.com)