June Monthly Report

July 12, 2012

In the absence of a worsening situation in Europe, U.S. equities rebounded slightly in June. The S&P 500 Index gained 4.1%, ahead of the S&P 400 MidCap and NASDAQ Composite Indices which were up 1.9% and 3.9% respectively while just lagging the S&P 600 SmallCap Index which appreciated 4.2% for the month. The North Growth U.S. Equity Fund gained 3.1% in June—beating the mid-cap index but underperforming the other indices we track. The Canadian dollar also rebounded last month; the stronger Canadian currency thereby reduced the Fund's return in Canadian dollars to 1.6% versus the S&P 500 which gained 2.6% in Canadian dollars.

Undoubtedly, the U.S. economy is experiencing a soft patch similar to those in 2011 and 2010. Continued uncertainty from the European debt crisis and upcoming U.S. fiscal cliff, along with slowing growth in emerging markets such as China, are dampening business confidence. Ahead of the earnings reports for the April-to-June quarter just ended, various companies have reduced their outlook for the year and corporate executives have become more cautious on account of the weaker global economy.

However, in spite of all the negative news headlines and poor market sentiment, the U.S. economy remains in a moderate expansion and appears poised to regain momentum. The housing market is reviving as the latest May data show that housing starts have been above 700,000 for five straight months, a first since 2008. Additionally, building permits, a proxy for future construction, rose to the highest level since September 2008. It is likely that home building will contribute to economic growth this year for the first time since 2005.

Household balance sheets in the U.S. continue to improve, with indebtedness down approximately $100 billion in the first quarter, according to the New York Fed. U.S. banks are also in better shape; bank loans have increased over the past 15 months and have actually accelerated in the most recent quarter. And despite the intense market focus on the disappointing employment data of late, job openings in the U.S. increased as hiring picked up in May, signalling a growing demand by American employers to add staff.

U.S. corporations remain fundamentally strong with expanding cash-rich balance sheets, therefore providing businesses with ample resources to invest in their labour force. Furthermore, the emergence of what economists refer to as a "U.S. manufacturing renaissance"—the re-shoring of production from places like China back to the U.S.—promises more jobs to come. Airbus recently joined the mounting list of companies, both domestic and foreign, to shift some manufacturing to the U.S. Ford, NCR, Caterpillar, GE, Master Lock, and All-Clad Metalcrafters are some of the other corporations that have made plans for a similar move.

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According to research by The Boston Consulting Group (BCG), the labour cost advantage of China over the United States has shrunk due to rapidly rising wages in China in conjunction with impressive productivity growth in the United States. When adjusted for productivity, BCG estimates that U.S. wages will be only 2.5 times Chinese wages versus 4.5 times in 2005. Factoring in other considerations such as logistics and energy costs makes the U.S. even more competitive on a global scale. The trend to return manufacturing to the U.S. is only beginning and bodes well for U.S. employment and economic growth going forward.

While the Euro region's sovereign-debt and banking crisis will certainly impact the U.S., the U.S. economy is remarkably resilient. Europe is not a new story—it's been widely discussed for the past two years—and barring a calamitous development there, the U.S. economic recovery remains firmly entrenched. Extremely negative investor sentiment and consequently low expectations for U.S. equity returns are reflected by the tremendously attractive stock valuations. We continue to believe U.S. equities provide exciting investment opportunities for long term growth.

Yours truly,

Erica Lau, CFA

NORTH GROWTH U.S. EQUITY FUND

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

	1 Month	3 Months	6 Months	YTD
NGM US Equity Fund $CDN	**1.58**	**-6.12**	**7.82**	**7.82**
S&P 500 $CDN	2.63	-0.74	9.61	9.61
NGM US Equity Fund $US	**3.06**	**-8.02**	**7.70**	**7.70**
S&P 500 $US	4.12	-2.75	9.49	9.49
S&P 400 MidCap $US	1.89	-4.93	7.90	7.90
S&P 600 SmallCap $US	4.18	-3.58	7.98	7.98
NASDAQ Composite $US	3.91	-4.76	13.32	13.32

NORTH GROWTH U.S. EQUITY FUND

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

	1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception
NGM US Equity Fund $CDN	**8.05**	**11.89**	**1.04**	**6.06**	**8.00**	**11.31**
S&P 500 $CDN	11.31	11.35	-0.69	1.22	2.67	7.31
NGM US Equity Fund $US	**2.37**	**16.97**	**1.97**	**10.37**	**10.22**	**12.45**
S&P 500 $US	5.45	16.40	0.22	5.33	4.77	8.40
S&P 400 MidCap $US	-2.33	19.36	2.55	8.21	9.64	11.62
S&P 600 SmallCap $US	1.43	19.78	1.83	7.91	8.03	10.71
NASDAQ Composite $US	7.05	18.18	3.46	8.08	5.53	8.61

Source: Bloomberg "Total Return Analysis" as of July 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: $25.95 CDN
$25.49 US

Total Assets in Fund: $253.9 Million CDN

NORTH GROWTH CANADIAN MONEY MARKET FUND

Annualized Rates of Returns (%) for Periods Ending June 30, 2012

	*CURRENT YIELD	1 Year	3 Years	5 Years
NGM CDN Money Market Fund	**0.86**	**0.83**	**0.55**	**1.43**
30 Day T-Bill	N/A	0.88	0.62	1.36

** 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 0.86% 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 June 30, 2012

	%
Apple Inc.	10.96
Cisco Systems Inc.	9.05
Intel Corporation	6.34
Bristol-Myers Squibb Company	5.55
Pier 1 Imports Inc.	4.82
Microsoft Corporation	4.38
St. Jude Medical Inc.	4.05
Citrix Systems Inc.	3.83
Texas Instruments Inc.	3.46
Cerner Corporation	3.41
Pfizer Inc.	3.24
American Eagle Outfitters Inc.	3.18
Zimmer Holdings Inc.	2.83
Precision Castparts Corp.	2.68
Applied Materials Inc.	2.67
WellPoint Inc.	2.52
DSP Group Inc.	2.23
Varian Medical Systems Inc.	2.18
Herman Miller Inc.	2.11
Micron Technology Inc.	1.76
Electronic Arts Inc.	1.74
Guess? Inc.	1.58
General Electric Company	1.51
Johnson Controls Inc.	1.46
NIKE Inc., Class B	1.23
Flow International Corporation	1.18
Cheesecake Factory Inc.	1.18
Ethan Allen Interiors Inc.	1.04
Rite Aid Corporation	1.03
Safeway Inc.	1.02
Jacobs Engineering Group Inc.	0.96
Wal-Mart Stores Inc.	0.95
Citigroup Inc.	0.95
GT Advanced Technologies Inc.	0.93
Gilead Sciences Inc.	0.59
Itron Inc.	0.50
Savient Pharmaceuticals Inc.	0.33
Total Equities	99.42
Cash	0.58
TOTAL ASSETS	**100.00**

CANADIAN EQUITY FUND
As of June 30, 2012

	%
Bombardier Inc., Class B.	7.49
Celestica Inc.	6.91
Sandvine Corporation	6.83
WestJet Airlines Ltd.	6.17
Sierra Wireless Inc.	5.97
ATS Automation Tooling Systems Inc.	5.16
EXFO Inc.	4.97
MacDonald, Dettwiler and Associates Ltd.	4.73
CAE Inc.	4.40
COM DEV International Inc.	4.36
Valeant Pharmaceuticals International, Inc.	4.35
GSI Group Inc.	3.89
Dorel Industries Inc.	3.80
Jean Coutu Group (PJC) Inc., Class A	3.72
QLT Inc.	3.62
Open Text Corporation	2.70
Saputo Inc.	2.38
Imris Inc.	2.38
TELUS Corporation	2.25
Ballard Power Systems Inc.	1.63
Stantec Inc.	1.01
Research in Motion Limited	0.36
Azure Dynamics Corporation	0.03
Total Equities	89.12
Cash	10.88
TOTAL ASSETS	**100.00**

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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.