

In February, U.S. equities continued to strengthen, supported by evidence of accelerating U.S. economic growth even as the sequestration of federal spending kicked in at the end of the month. The S&P 500 Index gained 1.4% as did the S&P 600 SmallCap, while the S&P 400 MidCap and NASDAQ Composite climbed 1.0% and 0.8% respectively. The North Growth U.S. Equity Fund appreciated 1.6% during the month, outperforming all the indices we regularly track. Due to a significant weakening of the Canadian dollar against its U.S. counterpart, the Fund was up 5.1% in Canadian dollars versus the S&P 500 which gained 4.8% in Canadian dollars.

U.S. economic data since the beginning of 2013 has been overwhelmingly positive. The improvement in the housing market which began two years ago appears to be garnering traction as the S&P/Case-Shiller index of home prices in 20 U.S. cities increased 6.8% in the 12 months to December 2012, rising by the most year-to-year since July 2006. Recent figures from the Commerce department also showed that purchases of new homes in January were at the highest level in over three years.

The pickup in the housing market has aided confidence among U.S. consumers which advanced markedly in February. The Conference Board's index registered the biggest improvement since November 2011 and the first gain in sentiment in four months. In addition, the outlook for U.S. business spending is brightening as record earnings, low interest rates and pent-up demand prompt companies to expand. Orders for non-military capital goods excluding aircraft—a proxy for future business spending on equipment and software—rose 7.2% in January from the prior month, the largest increase since September 2004. Moreover, both the manufacturing and service industries in the U.S., as measured by the Institute for Supply Management (ISM) indices, expanded at the fastest pace in a year last month.

Most encouraging has been the improving U.S. labour market. While employment growth has been subpar compared to historic economic recoveries, recent indicators including a five-year low in the four-week average of first-time jobless claims (the number of workers filing initial applications for unemployment benefits) and a decline in company dismissals point to an acceleration in the pace of the recovery. In February, employment in the U.S. increased by 236,000, more than the average economists' forecast, and the unemployment rate dropped from 7.9% to 7.7%.

On the much better-than-expected economic news of late, the markets have looked past the fiscal policy hurdles in Washington. Indeed, consumers appear to have weathered well the higher payroll tax that went into effect on January 1st. As for the forced government spending cuts known as “the sequester” which began on March 1st, it is still too early to get a decent read on the impact to the economy. Up ahead, government spending authority is due to expire on March 27th and absent another budget deal between President Obama and Congress, the U.S. federal government would shut down. The suspension for the debt ceiling limit also comes due on May 19th.

Yet in spite of the uncertainty surrounding the federal budget impasse in the U.S., the economic expansion is solid, and the fundamentals of U.S. equities—strong earnings growth and attractive valuations—are clearly intact.

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 28, 2013

	1 Month	3 Months	6 Months	YTD
NGM US Equity Fund \$CDN	5.12	12.22	9.99	10.39
S&P 500 \$CDN	4.82	11.67	14.31	10.52
NGM US Equity Fund \$US	1.64	8.11	5.11	6.48
S&P 500 \$US	1.36	7.58	9.24	6.61
S&P 400 MidCap \$US	0.98	10.64	14.55	8.27
S&P 600 SmallCap \$US	1.41	10.81	12.34	7.27
NASDAQ Composite \$US	0.75	5.52	4.00	4.86

NORTH GROWTH U.S. EQUITY FUND

Annualized Rates of Return (%) for Periods Ending February 28, 2013

	1 Year	3 Years	5 Years	10 Years	15 Years	20years
NGM US Equity Fund \$CDN	7.96	9.74	7.17	6.54	7.33	10.77
S&P 500 \$CDN	18.26	12.73	5.93	4.37	2.14	7.41
NGM US Equity Fund \$US	3.58	10.49	6.17	10.49	9.66	11.83
S&P 500 \$US	13.46	13.50	4.94	8.24	4.36	8.45
S&P 400 MidCap \$US	14.57	15.97	8.60	12.01	9.28	11.70
S&P 600 SmallCap \$US	14.65	16.47	8.37	11.98	7.73	10.43
NASDAQ Composite \$US	8.21	13.53	8.03	9.95	4.67	8.06

Source: Bloomberg "Total Return Analysis" as of Mar.1, 2013.

*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: \$28.03 CDN
\$27.18

Total Assets in Fund \$270.6 Million CDN

NORTH GROWTH CANADIAN EQUITY FUND

Short Term Rates of Return (%) for Periods Ending February 28, 2013

	1 Month	3 Months	6 Months	YTD
NGM Canadian Equity Fund	N/A*	N/A*	N/A*	N/A*
S&P / TSX \$CDN	1.26	5.55	9.15	3.54

NORTH GROWTH CANADIAN EQUITY FUND

Annualized Rates of Return (%) for Periods Ending February 28, 2013

	1 Year	3 Years	5 Years	10 Years
NGM Canadian Equity Fund	N/A*	N/A*	N/A*	N/A*
S&P / TSX \$CDN	4.58	6.24	1.81	9.66

**The Canadian Equity Fund became a reporting issuer on June 15, 2012. It will be permitted to publish performance information again one year from that date.*

Series N Unit Price: \$ 15.08 CDN

Total Assets in Fund \$ 26.8 Million CDN

NORTH GROWTH CANADIAN MONEY MARKET FUND
Annualized Rates of Returns (%) for Periods Ending February 28, 2013

	*CURRENT YIELD	1 Year	3 Years	5 Years
NGM CDN Money Market Fund	0.86	0.86	0.73	0.96
30 Day T-Bill	N/A	0.93	0.79	0.94

** 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.*

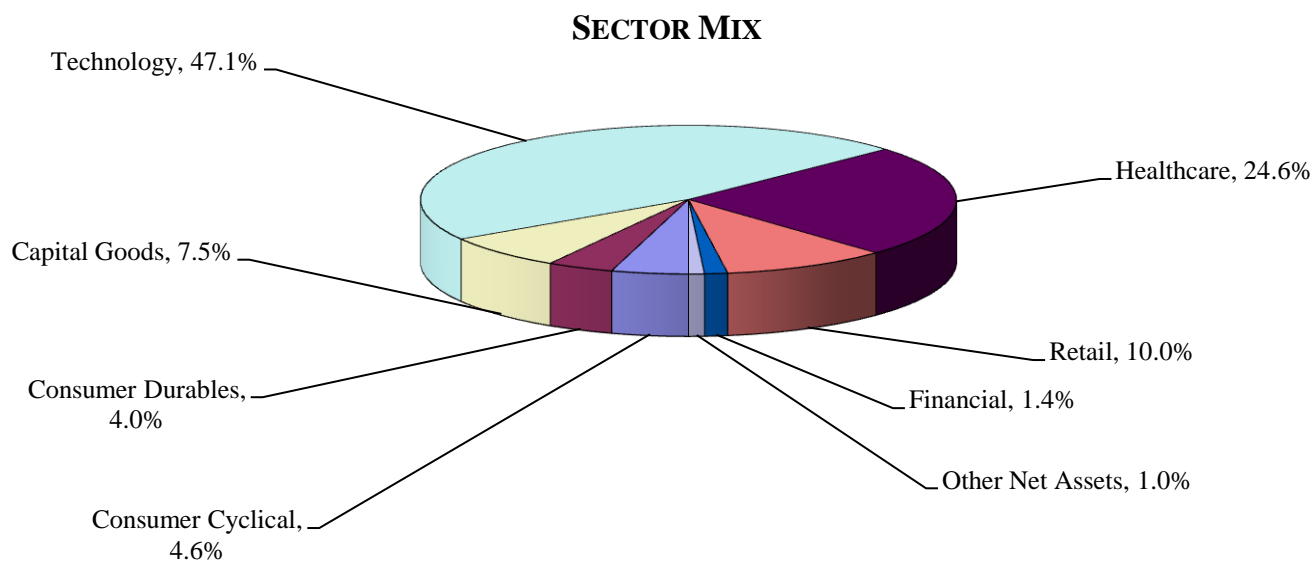
We take a very simple approach to managing the North Growth Canadian Money Market Fund. We invest in a portfolio of high quality short term bonds. The average maturity of the portfolio never is greater than 30 days. Historically the Fund has generated very competitive yields with this simple approach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

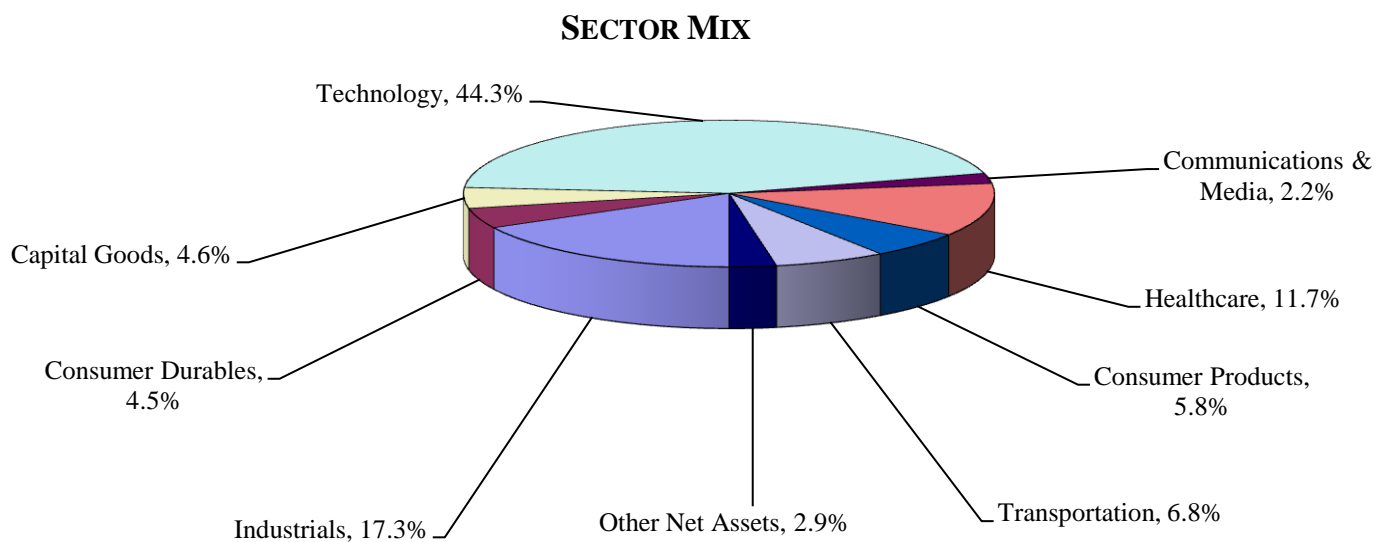
U.S. EQUITY FUND
TOP 10 HOLDINGS
As of February 28, 2013

	%
Cisco Systems Inc.	10.45
Apple Inc.	8.46
Intel Corporation	5.75
Pier 1 Imports Inc.	4.97
St. Jude Medical Inc.	4.69
Bristol-Myers Squibb Company	4.42
Microsoft Corporation	4.26
Texas Instruments Inc.	3.94
Pfizer Inc.	3.66
Citrix Systems Inc.	<u>3.61</u>
Top 10	54.21
Total Equities	99.05
Cash	<u>0.95</u>
TOTAL ASSETS	100.00%



CANADIAN EQUITY FUND
TOP 10 HOLDINGS
As of February 28, 2013

	%
Sandvine Corporation	8.49
Bombardier Inc., Class B.	7.81
WestJet Airlines Ltd.	6.77
Celestica Inc.	6.76
Sierra Wireless Inc.	6.48
Valeant Pharmaceuticals International, Inc.	5.70
EXFO Inc.	5.15
COM DEV International Ltd.	5.12
MacDonald Dettwiler and Associates Ltd.	4.96
CAE Inc.	<u>4.61</u>
Top 10	61.85
Total Equities	97.14
Cash	<u>2.86</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 Investor Services Trust**. For security reasons, instructions can only be accepted by mail or by fax to:

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Suite 830, One Bentall Centre
505 Burrard Street, Box 56
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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