

Independent Review Committee
2011 Report to Securityholders
of the North Growth Funds

North Growth Management Ltd established an Independent Review Committee in August 2009. Four meetings of the IRC were held in 2011.

Mandate of the IRC

In accordance with NI-81-107, the mandate of the IRC is to review for, and provide input to the Manager, on the Manager's written policies and procedures which deal with Conflicts of Interest Matters ("COIM's") and to review for and provide its decision to the Manager on such COIM's. The Manager is required under NI-81-107 to identify conflicts of interest inherent in its management of the Funds, and request input from the IRC on how it manages those conflicts of interest, as well as on its written policies and procedures outlining its management of those conflicts of interest.

The Manager must refer its proposed course of action in respect of any such conflict of interest matters to the IRC for its review. Certain matters require the IRC's prior approval, but in most cases the IRC will provide a recommendation to the Manager as to whether or not, in the opinion of the IRC, the Manager's proposed action proves a fair and reasonable result for the Fund(s). For recurring COIM's, the IRC can provide North Growth with standing instructions ("Standing Instructions").

This report is available on North Growth Investment Management's website at (www.northgrowth.com) or you may request a copy, at no cost to you, by contacting North Growth at (604) 688.5440.

Members of the IRC

Name and municipality of residence	Principal Occupation	Length of Service First appointed
Peter M. Jarvis, LLB Vancouver, BC Chair	Lawyer; Contracts Manager, MacDonald, Dettweiler & Associates	August 26, 2009
John K. Graf Richmond, BC	Corporate Director; Chartered Accountant	August 26, 2009
David Scott Vancouver, BC	Corporate Director; President, Scott.caGaliano Inc.	August 26, 2009

Each member of the IRC is independent of the Funds, the Manager and other companies related to the Manager. During the period, there were no changes in the composition of the IRC and there were no relationships that may cause a reasonable person to question a member's independence.

IRC Member Membership in the IRC's of Other Fund Families

Name	Other IRC
Peter M. Jarvis	QE Funds Corp.
John K. Graf	Nil
R. David Scott	Fidelity Investments Canada ULC

Holding of Securities

As at December 31, 2011, no member of the IRC beneficially owned, directly or indirectly, any securities of any class or series of voting or equity securities of North Growth, any service provider to North Growth or a Fund.

IRC Compensation and Indemnification

The aggregate compensation paid by the Funds to the IRC for the 2011 calendar year was \$14,000. The compensation consisted of quarterly retainers of \$1,500 for the chair and \$1,000 for each of the other members. The Manager reimburses the Funds for the compensation paid to the IRC members.

No indemnities were paid to the IRC by the Funds during the period.

At least annually, the IRC will review its compensation in a manner consistent with reasonability and good governance practices, giving consideration to the following:

1. the best interest of the Funds;
2. that each Fund must pay its reasonable allocation of the compensation of the IRC from the assets of the Fund;
3. that the compensation paid to the IRC by each Fund should fairly and reasonably reflect the general and specific benefits accruing to the Funds;
4. the number, nature and complexity of the Funds for which the IRC acts, including the commitment of time and energy that is expected from each member;
5. industry best practices, including industry averages and surveys on IRC compensation;
6. the Manager's recommendations, if any; and
7. the IRC's most recent assessment, if any, of its compensation.

The matter of IRC compensation was reviewed during 2011 and it was determined to leave the IRC compensation levels unchanged. The issue will be revisited following any decision by the Manager to establish one or more additional funds.

Conflict of Interest Matters

No conflict matters were referred to the IRC by the Manager and the IRC is not aware of any instance in which the Manager acted in a COIM referred to the IRC for which the IRC did not give a positive recommendation. The Manager has an obligation to notify the IRC of any such instance.

The IRC is not aware of any instance in which the Manager acted in a COIM but did not meet a condition imposed by the IRC in its recommendation or approval. The Manager has an obligation to notify the IRC of any such instance.

Standing Instructions Approved

The IRC has approved Standing Instructions, which constitute a written approval or recommendation from the IRC that permits the Manager to proceed with specific action(s) set out in the Standing Instructions on an ongoing basis, without having to refer the COIM or its proposed action to the IRC, provided the Manager complies with the terms and conditions of the Standing Instructions. In each case the Standing Instructions require the Manager to comply with its related policy and procedures and to report periodically to the IRC.

Standing Instruction 1 – Conflicts of Interest

A review of the sufficiency of the Standing Instructions was carried out by the Manager and the IRC in 2011. The IRC intends to promulgate the following Manager policies as Standing Instructions in Q2 of 2012:

Allocation of Investments among funds	This policy governs the way trades are allocated between Funds if more than one Fund is trading in an issuer at the same time.
Broker Evaluation and Selection	This policy addresses the factors taken into consideration by the Manager in selecting brokers to execute its trades
Change of Fund Auditor	This policy governs the factors that must be present in order for the Manager to change Fund Auditor.
Increases in Manager's Fees or Charges	This policy governs the procedure to be followed in order to increase the Manager's fees or charges.
NAV Discrepancy	This policy governs the correction of a material error made in calculation of a Fund's NAV.
Proxy Voting	This policy governs the voting of proxies.
Short Term Trading	This policy governs the deterrence of short term trading in the Fund.
Personal Trading	This policy governs the personal investing of employees of the Manager.
Large Unitholder Transactions	This policy governs the disposition of a large number of units by a large unitholder of the Fund.

North Growth Funds Served by the IRC (the "Funds")

US Equity Advisor Fund Series D Units

US Equity Advisor Fund Series F Units