

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

March 30, 2012

Dear Investor,

In accordance with National Instrument 81-107 Independent Review Committee for Investment Funds (“NI 81-107”), North Growth Management Ltd. (the “Manager” or “North Growth”) established an Independent Review Committee (the “IRC”) for the North Growth Funds (the “Funds”) in August 2009.

The IRC met four times in 2012.

Since becoming operational, the IRC has functioned in accordance with the applicable securities laws, including NI 81-107. The IRC’s purpose is, within the scope of the NI 81-107, to represent the best interest of the Funds in any matter where the Manager has a conflict of interest. In this context, our focus is on the question of whether the Manager’s actions or proposed actions achieve a fair and reasonable result for the Funds.

All members of the IRC are “independent” as defined within NI 81-107. As a matter of IRC policy, this independence is affirmed at each of the meetings of the IRC.

The IRC has adopted a written charter that includes its mandate and responsibilities and the policies and procedures it will follow when performing its functions, and has approved Standing Instruction #1 – Conflicts of Interest. Other key duties of the IRC include reviewing and assessing the adequacy and effectiveness of the policies and procedures relating to conflict of interest matters in respect of the Funds, as well as conducting a self-assessment of the IRC’s independence, compensation and effectiveness.

The IRC has undertaken all of its mandated activities in 2011. Among other activities, the adequacy and effectiveness of the policies and procedures relating to conflict of interest matters in respect of the Funds was reviewed by the IRC in 2011. Additional Standing Instructions will be promulgated in 2012 to reflect the full range of policies of the Manager relating to conflict of interest matters.

We are pleased to present this 2011 annual report for the unitholders of the North Growth Funds. The IRC looks forward to continuing to work with the Manager to ensure that, through open communication and an effective working relationship, the best interests of the Funds are served when the Manager is faced with a conflict of interest matter.

(Signed)

---

Peter M. Jarvis  
Chair  
North Growth Management Ltd. Independent Review Committee