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NAIC GROWTH FUND INC  
Form N-CSR  
March 01, 2004

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT  
INVESTMENT COMPANIES

Investment Company Act file number: 811-05807

NAIC GROWTH FUND, INC.  
(Exact name of registrant as specified in charter)

711 West 13 Mile Road, Madison Heights, MI 48071  
(Address of principal executive offices) (zip code)

Kenneth S. Janke, President  
NAIC Growth Fund, Inc.  
711 W. 13 Mile Road  
Madison Heights, MI 48071  
(248) 583-6242  
(Name and address of agent for service)

Registrant's telephone number, including area code: (877) 275-6242

Date of fiscal year end: December 31

Date of reporting period: December 31, 2003

ITEM 1. REPORTS TO STOCKHOLDERS.

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NAIC Growth Fund, Inc.  
Annual Report  
December 31, 2003  
www.naicgrowthfund.com

Contents	
Report to Shareowners	2
Statement of Assets and Liabilities	3
Statement of Operations	4
Statements of Changes in Net Assets	5
Financial Highlights	6
Portfolio of Investments	7
Notes to Financial Statements	10
Report of Independent Public Accountants	14
Dividends and Distributions	15
NAIC Growth Fund, Inc., Board of Directors	19
Shareowner Information	21

Report to Shareowners:  
December 31, 2003

Stock prices generally advanced in 2003 although some familiar names lagged the market through the year. The Dow Jones Industrial Average increased 25.3% while the Standard & Poor's 500 gained 24.6%. Adjusting for the dividend of \$0.3482 attributable to 2003, the NAV for the NAIC Growth Fund was up 18.1%. A portion of the shortfall can be attributed to the advancement in prices coming primarily from many cyclical stocks in the popular averages.

The Fund managers have been concentrating on the expense ratio that has been high due to the small size of assets under management. The public offering that went into effect last year is an effort to increase the total value of the Fund. This led to some increased expenses because of registration and legal fees. However, by increasing total assets, future expenses should remain fairly stable with the expense ratio narrowing. Management continues to monitor that aspect carefully.

During the year, there was a partial sale of 4,000 Stryker leaving 10,000 shares in the portfolio. In addition, positions were eliminated with the sale of Del Monte Foods, Medco Health Systems (both were spin-offs of stocks held), PolyOne, Wyeth, Vishay Intertechnology, Eli Lilly, Intel and Federal Signal.

One new stock was added with the purchase of 5,000 Avery Dennison. We also increased our positions with purchases of 4,000 Albertson's (15,000), 1,250 Biomet (17,000), 1,000 Carlisle Companies (9,000), 1,000 Comerica (10,000), 4,000 Conagra (18,000), 800 Huntington Bancshares (25,000), 3,000 Johnson & Johnson (15,000), 7,000 Newell Rubbermaid (16,000), 7,000 Pentair (14,000), 3,000 PepsiCo (15,000), 3,000 RPM International (25,000), 2,000 Synovus Financial (24,000) and 2,000 Teleflex (12,000).

Reported earnings for most major companies continue to rise with comparisons to corresponding quarters being favorable. Since stock prices reflect earnings and potential earnings over the long-term, the Fund managers are optimistic with the turn around in the economy.

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Thomas E. O'Hara  
Chairman

Kenneth S. Janke  
President

NAIC Growth Fund, Inc.  
Statement of Assets and Liabilities  
As of December 31, 2003

ASSETS

Investment securities		
-at market value (cost \$9,695,659)		\$20,042,690
Short-term investments		
-at amortized cost		4,195,982
Cash and cash equivalents		1,027,387
Dividends & interest receivable		49,678
Prepaid insurance		14,082
Prepaid fees		45,697
		\$25,375,516

LIABILITIES

Dividends payable	823,939	
Accounts payable	50,380	874,319
TOTAL NET ASSETS		\$24,501,197

SHAREOWNERS' EQUITY

Common Stock-par value \$0.001 per share; authorized 50,000,000 shares, outstanding 2,368,452 shares		\$ 2,369
Additional Paid-in Capital		14,155,602
Undistributed net investment income		(3,805)
Unrealized appreciation of investments		10,347,031

SHAREOWNERS' EQUITY \$24,501,197

NET ASSET VALUE PER SHARE \$ 10.34

See notes to financial statements

NAIC Growth Fund, Inc.  
Statement of Operations  
For the Year Ended December 31, 2003

INVESTMENT INCOME

Interest	\$ 52,707
Dividends	360,962
	\$ 413,669

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### EXPENSES

Advisory fees	168,765	
Legal fees	99,648	
Transfer agent	24,634	
Expense reimbursement	19,535	
Insurance	19,494	
Audit fees	13,150	
Other professional services	12,000	
Printing	11,392	
Custodian fees	10,094	
Directors' fees & expenses	9,189	
Mailing & postage	5,320	
Other fees & expenses	4,534	
Annual shareowners' meeting	3,318	
 Total Expenses		 \$ 401,073
 Net investment income		 12,596

### REALIZED AND UNREALIZED GAIN ON INVESTMENTS

Realized gain on investments:		
Proceeds from sale of investment securities	2,097,775	
Cost of investment securities sold	1,290,826	
Net realized gain on investments		806,949
Unrealized appreciation of investments:		
Unrealized appreciation at beginning of year	7,459,777	
Unrealized appreciation at end of year	10,347,031	
Net change in unrealized appreciation on investments		2,887,254
Net realized and unrealized gain on investments		3,694,203
 NET INCREASE FROM OPERATIONS		 3,706,799

See notes to financial statements

NAIC Growth Fund, Inc.  
Statements of Changes in Net Assets  
For the years ended:

	December 31, 2003	December 31, 2002
FROM OPERATIONS:		
Net investment income	\$ 12,596	\$ 43,718
Net realized gain on investments	806,949	1,181,894
Net change in unrealized appreciation on investments	2,887,254	(4,492,496)
Net increase/(decrease) from operations	3,706,799	(3,266,884)

### DISTRIBUTIONS TO STOCKHOLDERS FROM:

Net investment income	16,990	43,435
Net realized gain from investment		

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transactions	806,949	1,181,894
Total distributions	823,939	1,225,329

FROM CAPITAL STOCK TRANSACTIONS:

Dividend reinvestment	748,337	869,087
Cash purchases	314,679	269,238
Net increase from capital stock transactions	1,063,016	1,138,325
Net increase/(decrease) in net assets	3,945,876	(3,353,888)

TOTAL NET ASSETS:

Beginning of year	\$20,555,321	\$23,909,209
End of year (including undistributed net investment income of (\$3,805) and \$590, respectively)	\$24,501,197	\$20,555,321

Shares:

Shares issued to common stockholders under the dividend reinvestment plan, cash purchase plan, and follow-on offering	104,355	105,255
Shares at beginning of year	2,264,097	2,158,842
Shares at end of year	2,368,452	2,264,097

See notes to financial statements

NAIC Growth Fund, Inc.  
Financial Highlights (a)  
For the years ended:

	2003	2002	2001	2000	1999
Net asset value at beginning of year	\$9.08	\$11.08	\$11.96	\$11.22	\$10.86
Net investment income	.01	.02	.04	.09	.08
Net realized and unrealized gain (loss) on investments	1.60	(1.48)	(.25)	2.18	.76
Total from investment operations	1.61	(1.46)	(.21)	2.27	.84
Distribution from:					
Net investment income	(.01)	(.02)	(.04)	(.09)	(.09)
Realized gains	(.34)	(.52)	(.63)	(1.44)	(.39)
Total distributions	(.35)	(.54)	(.67)	(1.53)	(.48)
Net asset value at end of period	\$10.34	\$9.08	\$11.08	\$11.96	\$11.22
Per share market value, end of period last traded price (b)	\$9.50	\$9.95	\$10.75	\$10.50	\$10.00
Total Investment Return Annualized:					

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Based on market value					
1 year	(1.02%)	2.10%	3.70%	30.90%	2.85%
from inception	9.94%	10.86%	11.66%	12.57%	10.28%
Based on net asset value					
1 year	18.05%	(13.81%)	(1.59%)	27.27%	7.75%
from inception	10.63%	10.06%	12.42%	13.81%	13.15%
Net Assets, end of year					
(000's)	\$24,501.2	\$20,555.3	\$23,909.2	\$23,927.8	\$22,351.7
Ratios to average net assets					
annualized:					
Ratio of expenses to					
average net assets (c)	1.79%	1.61%	1.57%	1.25%	1.00%
Ratio of net investment income					
to average net assets (c)	.06%	.17%	0.32%	0.74%	0.70%
Portfolio turnover rate	11.31%	11.19%	1.77%	10.61%	4.20%
Average commission rate paid					
per share	\$0.125	\$0.125	\$0.125	\$0.125	\$0.125

(a) All per share data for all periods has been restated to reflect the effect of a 15% stock dividend which was declared on August 18, 2000 and paid on September 29, 2000 to shareholders of record on Sept. 18, 2000.

(b) If there was no sale on the valuation date, the bid price for each such date is shown.

(c) For the years ended 2000, & 1999, the adviser voluntarily waived all or a portion of its fees. Had the adviser not done so in 2000, and 1999, the ratio of expenses to average net assets would have been 1.44%, & 1.37%, and the ratio of net investment income to average net assets would have been 0.55%, & 0.32%, for each of these years.

NAIC Growth Fund, Inc.  
Portfolio of Investments - December 31, 2003

% Common Stock	Shares	Cost	Market
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### 3.1 Auto Replacement

O'Reilly Auto*	20,000	\$242,606	\$770,400
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### 12.2 Banking

Bank One Corp.	10,000	331,370	455,400
Citigroup	15,000	53,760	726,450
Comerica, Inc.	10,000	404,669	563,100
Huntington Banc.	25,000	238,023	559,750
Synovus Financial	24,000	239,517	694,080

### 2.8 Building Products

Johnson Controls	6,000	96,895	691,500
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### 2.8 Chemicals

RPM	25,000	287,099	409,000
Sigma Aldrich	5,000	94,937	286,550

### 3.5 Consumer Products

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Colgate-Palmolive	10,000	200,450	499,100
Newell Rubbermaid	16,000	413,527	362,880
2.8 Electrical Equipment			
General Electric	22,000	378,341	675,840
2.2 Electronics			
Diebold	10,000	269,187	538,100
8.4 Ethical Drugs			
Johnson & Johnson	15,000	614,274	770,550
Merck & Co., Inc.	10,000	359,350	455,000
Pfizer, Inc.	23,000	442,195	806,610
1.7 Financial Services			
State Street Boston	8,000	75,500	417,680
7.2 Food			
Albertson's	15,000	407,968	336,900
ConAgra	18,000	351,815	471,960
Heinz, H.J.	10,000	309,522	364,200
McCormick & Co.	20,000	223,975	592,600
7.7 Hospital Supplies			
Biomet Corp.	17,000	166,709	611,490
Invacare	10,000	245,375	413,600
Stryker Corp.	10,000	95,500	848,000
2.9 Industrial Services			
Donaldson Co.	12,000	162,563	709,560
5.6 Insurance			
AFLAC, Inc.	20,000	143,906	719,000
American Int'l Group	10,000	196,449	660,200
2.6 Machinery			
Emerson Electric Co.	10,000	335,278	648,100
7.3 Multi Industry			
Carlisle	9,000	364,086	550,890
Pentair	14,000	456,569	644,840
Teleflex	12,000	356,378	582,240
1.1 Office Supplies			
Avery Dennison	5,000	264,504	277,800
2.0 Realty Trust			
First Industrial Realty Trust	14,000	394,963	483,420

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2.9	Soft Drinks			
	PepsiCo	15,000	335,649	699,300
3.0	Transportation			
	Sysco Corp.	20,000	142,750	746,600
81.8%	Investment Securities		\$9,695,659	\$20,042,690

Short-term Investments

17.1	United States Treasury Bills, Maturing 1/29/2004			\$4,195,982
4.2	Misc. Cash Equivalents			1,027,387
21.3%				\$5,223,369
	Total Investments			\$25,266,059
(3.1)	All other assets less liabilities			(764,862)
100%	TOTAL NET ASSETS			\$24,501,197

\*Non-Income Producing Security

See notes to financial statements

Top Ten Holdings - NAIC Growth Fund, 12/31/03

Company	Market Value	% of Portfolio Investments
Stryker	\$848,000	3.5
Pfizer	806,610	3.3
Johnson & Johnson	770,550	3.1
O'Reilly Auto	770,400	3.1
Sysco	746,600	3.0
Citigroup	726,450	3.0
AFLAC	719,000	2.9
Donaldson	709,560	2.9
PepsiCo.	699,300	2.9
Synovus Financial	694,080	2.8



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See notes to financial statements

NAIC Growth Fund, Inc.  
Notes to Financial Statements

### (1) ORGANIZATION

The NAIC Growth Fund, Inc. (the "Fund") was organized under Maryland law on April 11, 1989 as a diversified closed-end investment company under the Investment Company Act of 1940. The Fund commenced operations on July 2, 1990.

### (2) SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the Fund not otherwise set forth in the notes to financial statements:

**Dividends and Distributions** - Dividends from the Fund's net investment income and realized net long- and short-term capital gains will be declared and distributed at least annually. Shareowners may elect to participate in the Dividend Reinvestment and Cash Purchase Plan (see Note 4).

**Investments** - Investments in equity securities are stated at market value, which is determined based on quoted market prices or dealer quotes. Pursuant to Rule 2a-7 of the Investment Company Act of 1940, the Fund utilizes the amortized cost method to determine the carrying value of short-term debt obligations. Under this method, investment securities are valued for both financial reporting and Federal tax purposes at amortized cost, which approximates fair value. Any discount or premium is amortized from the date of acquisition to maturity. Investment security purchases and sales are accounted for on a trade date basis. Interest income is accrued on a daily basis while dividends are included in income on the ex-dividend date.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Federal Income Taxes** - The Fund intends to comply with the general qualification requirements of the Internal Revenue Code applicable to regulated investment companies. The Fund intends to distribute at least 90% of its taxable income, including net long-term capital gains, to its shareowners. In order to avoid imposition of the excise tax applicable to regulated investment companies, it is also the Fund's intention to declare as dividends in each calendar year at least 98% of its net investment income and 98% of its net realized capital gains plus undistributed amounts from prior years.

The following information is based upon Federal income tax cost of portfolio investments as of December 31, 2003:

Gross unrealized appreciation	\$ 10,468,746
Gross unrealized depreciation	(121,715)

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Net unrealized appreciation	\$ 10,347,031
Federal income tax cost	\$ 9,695,659

Expenses -The Fund's service contractors bear all expenses in connection with the performance of their services. The Fund bears all expenses incurred in connection with its operations including, but not limited to, management fees (as discussed in Note 3), legal and audit fees, taxes, insurance, shareowner reporting and other related costs. Such expenses will be charged to expense daily as a percentage of net assets. The Advisory Agreement provides that the Fund may not incur annual aggregate expenses in excess of two percent (2%) of the first Ten Million Dollars of the Fund's average net assets, one and one-half percent (1 1/2%) of the next Twenty Million Dollars of the average net assets, and one percent (1%) of the remaining average net assets for any fiscal year. Any excess expenses shall be the responsibility of the Investment Adviser, and the pro rata portion of the estimated annual excess expenses will be offset against the Investment Adviser's monthly fee.

A director of the Fund provides professional services to the fund. The fees for those services amounted to \$12,000 for the year ended December 31, 2003.

### (3) MANAGEMENT ARRANGEMENTS

Investment Adviser - Growth Fund Advisor, Inc., serves as the Fund's Investment Adviser subject to the Investment Advisory Agreement, and is responsible for the management of the Fund's portfolio, subject to review by the board of directors of the Fund.

For the services provided under the Investment Advisory Agreement, the Investment Adviser receives a monthly fee at an annual rate of three-quarters of one percent (0.75%) of the average weekly net asset value of the Fund, during the times when the average weekly net asset value is at least \$3,800,000. The Investment Adviser will not be entitled to any compensation for a week in which the average weekly net asset value falls below \$3,800,000.

Custodian and Plan Agent - Standard Federal Bank, NA (SFB) serves as the Fund's custodian pursuant to the Custodian Agreement. As the Fund's custodian, SFB receives fees and compensation of expenses for services provided including, but not limited to, an annual account charge, annual security fee, security transaction fee and statement of inventory fee. American Stock Transfer and Trust Company serves as the Fund's transfer agent and dividend disbursing agent pursuant to Transfer Agency and Dividend Disbursement Agreements. American Stock Transfer and Trust Company receives fees for services provided including, but not limited to, account maintenance fees, activity and transaction processing fees and reimbursement of out-of-pocket expenses such as forms and mailing costs.

### (4) DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

The Fund has a Dividend Reinvestment and Cash Purchase Plan (the "Plan") which allows shareowners to reinvest dividends paid and make additional contributions. Under the Plan, if on the valuation date the net asset value per share is lower than the market price at the close of trading on that day, then the Plan Agent will elect on behalf of the shareowners who are participants of the Plan to take the dividends in newly issued shares of the Fund's common stock. If net asset value exceeds the market price on the valuation date, the Plan Agent will elect to receive cash dividends, and will promptly buy shares of the Fund's common stock on whatever market is consistent with best price and execution. The number of shares credited to each shareowner participant's account will

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be based upon the average purchase price for all shares purchased.

### (5) DISTRIBUTIONS TO SHAREOWNERS

On December 4, 2003, a distribution of \$0.3482 per share aggregating \$823,939 was declared from net investment income and realized gains. The dividend will be paid on January 29, 2004, to shareowners of record December 15, 2003.

The tax character of distributions paid during 2003 and 2002 was as follows:

Distributions paid from:	2003	2002
Ordinary income	\$ 16,990	\$ 43,435
Long-term capital gain	806,949	1,181,894
	\$823,939	\$1,225,329

As of December 31, 2003, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income	(\$3805)
Unrealized appreciation	\$10,347,031

### (6) Investment transactions

Purchases and sales of securities, other than short-term securities for the year ended December 31, 2003, were \$1,971,597 and \$2,097,792, respectively.

### (7) FINANCIAL HIGHLIGHTS

The Financial Highlights present a per share analysis of how the Fund's net asset value has changed during the years presented. Additional quantitative measures expressed in ratio form analyze important relationships between certain items presented in the financial statements. The Total Investment Return based on market value assumes that shareowners bought into the Fund at the bid price and sold out of the Fund at the bid price. In reality, shareowners buy into the Fund at the ask price and sell out of the Fund at the bid price. Therefore, actual returns may differ from the amounts stated.

### Report of Independent Public Accountants

To the Board of Directors and Shareowners of naiC Growth Fund, Inc.

We have audited the accompanying statement of assets and liabilities of NAIC Growth Fund, Inc., including the portfolio of investments, as of December 31, 2003 and the related statement of operations for the year then ended, and the statement of changes in net assets and financial highlights for each of the two years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit. The financial highlights of NAIC Growth Fund, Inc. for each of the three years in the period ended December 31, 2001 were audited by other auditors who have ceased operations and whose most recent report dated January 4, 2002 expressed an unqualified opinion on the financial statements containing those financial highlights.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis,

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evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2003 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of NAIC Growth Fund, Inc. as of December 31, 2003, the results of its operations for the year then ended, and the statement of changes in net assets and financial highlights for each of the two years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

January 7, 2004

NAIC Growth Fund, Inc.

Dividends and Distributions: Dividend Reinvestment and Cash Purchase Plan

We invite you to join the Dividend Reinvestment and Cash Purchase Plan (the "Plan"), which is provided to give you easy and economical ways of increasing your investment in the Fund's shares. THOSE SHAREOWNERS WHO HAVE ELECTED TO PARTICIPATE IN THE PLAN NEED NOT DO ANYTHING FURTHER TO MAINTAIN THEIR ELECTION.

American Stock Transfer and Trust Company will act as the Plan Agent on behalf of shareowners who are participants in the Plan.

All shareowners of the Fund (other than brokers and nominees of financial institutions) who have not previously elected to participate in the Plan or who have terminated their election may elect to become participants in the Plan by filling in and signing the form of authorization obtainable from American Stock Transfer and Trust Company, the transfer agent for the Fund's shares and the shareowners' agent for the Plan, and mailing it to American Stock Transfer and Trust Company P.O. Box 922 Wall Street Station, New York, NY 10038. The authorization must be signed by the registered shareowners of an account. Participation is voluntary and may be terminated or resumed at any time upon written notice from the participant received by the Plan Agent prior to the record date of the next dividend. Additional information regarding the election may be obtained from the Fund.

Dividend payments and other distributions to be made by the Fund to participants in the Plan either will be paid to the Plan Agent in cash (which then must be used to purchase shares in the open market) or, will be represented by the delivery of shares depending upon which of the two options would be the most favorable to participants, as hereafter determined. On each date on which the Fund determines the net asset value of the shares (a Valuation Date), and which occurs not more than five business days prior to a date fixed for payment of a dividend or other distribution from the Fund, the Plan Agent will compare the determined net asset value per share with the market price per share. For all purposes of the Plan, market price shall be deemed to be the highest price bid at the close of the market by any market maker on the date which

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coincides with the relevant Valuation Date, or, if no bids were made on such date, the next preceding day on which a bid was made. The market price was \$9.50 on December 31, 2003. If the net asset value in any such comparison is found to be lower than said market price, the Plan Agent will demand that the Fund satisfy its obligation with respect to any such dividend or other distribution by issuing additional shares to the Participants in the Plan at a price per share equal to the greater of the determined net asset value per share or ninety-five percent (95%) of the market price per share determined as of the close of business on the relevant Valuation Date. However, if the net asset value per share (as determined above) is higher than the market price per share, then the Plan Agent will demand that the Fund satisfy its obligation with respect to any such dividend or other distribution by a cash payment to the Plan Agent for the account of Plan participants and the Plan Agent then shall use such cash payment to buy additional shares in the open market for the account of the Plan participants, provided, however, that the Plan Agent shall not purchase shares in the "open market" at a price in excess of the net asset value as of the relevant Valuation Date. In the event the Plan Agent is unable to complete its acquisition of shares to be purchased in the "open market" by the end of the first trading day following receipt of the cash payment from the Fund, any remaining funds shall be used by the Plan Agent to purchase newly issued shares of the Fund's common stock from the Fund at the greater of the determined net asset value per share or ninety-five percent (95%) of the market price per share as of the date coinciding with or next preceding the date of the relevant Valuation Date.

Participants in the Plan will also have the option of making additional cash payments to the Plan Agent, on a monthly basis, for investment in the Fund's shares. Such payments may be made in any amount from a minimum of \$50.00 to a maximum of \$1,000.00 per month. The Fund may, in its discretion, waive the maximum monthly limit with respect to any participant. At the end of each calendar month, the Plan Agent will determine the amount of funds accumulated. Purchases made from the accumulation of payments during any one calendar month will be made on or about the first business day of the following month (Investment Date). The funds will be used to purchase shares of the Fund's common stock from the Fund if the net asset value of the shares is lower than the market price as of the Valuation Date which occurs not more than five business days prior to the relevant Investment Date. In such case, such shares will be newly issued shares and will be issued at a price per share equal to the greater of the determined net asset value per share or ninety-five percent (95%) of the market price per share. If the net asset value per share is higher than the market price per share, then the Plan Agent shall use such cash payments to buy additional shares in the open market for the account of the Plan participants, provided, however, that the Plan Agent shall not purchase shares in the "open market" at a price in excess of the net asset value as of the relevant Valuation Date. In the event the Plan Agent is unable to complete its acquisition of shares to be purchased in the "open market" by the end of the Investment Date, any remaining cash payments shall be used by the Plan Agent to purchase newly issued shares of the Fund's common stock from the Fund at the greater of the determined net asset value per share or ninety-five (95%) percent of the market price per share as of the relevant Valuation Date. All cash payments received by the Plan Agent in connection with the Plan will be held without earning interest. To avoid unnecessary cash accumulations, and also to allow ample time of receipt and processing by the Plan Agent, participants that wish to make voluntary cash payments should send such payments to the Plan Agent in such a manner that assures that the Plan Agent will receive and collect Federal Funds by the end of the month. This procedure will avoid unnecessary accumulations of cash and will enable participants to realize lower brokerage commissions and to avoid additional transaction charges.

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If a voluntary cash payment is not received in time to purchase shares in any calendar month, such payment shall be invested on the next Investment Date. A participant may withdraw a voluntary cash payment by written notice to the Plan Agent if the notice is received by the Plan Agent at least forty-eight hours before such payment is to be invested by the Plan Agent.

American Stock Transfer and Trust Company as the Plan Agent will perform bookkeeping and other administrative functions, such as maintaining all shareowner accounts in the Plan and furnishing written confirmation of all transactions in the account, including information needed by shareowners for personal and tax records. Shares in the account of each Plan participant will be held by the Plan Agent in noncertificated form in the name of the participant, and each shareowner's proxy will include those shares purchased pursuant to the Plan and of record as of the record date for determining those shareowners who are entitled to vote on any matter involving the Fund. In case of shareowners such as banks, brokers or nominees, which hold shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of shares certified from time to time by such shareowners as representing and limited to the total number of shares registered in the shareowner's name and held for the account of beneficial owners who have elected to participate in the Plan.

There are no special fees or charges to participants other than reasonable transaction fees and a termination fee of \$15.00 plus 10 cents per share.

With respect to purchases from voluntary cash payments, the Plan Agent will charge a pro rata share of the brokerage commissions, if any. Brokerage charges for purchasing small blocks of stock for individual accounts through the Plan are expected to be less than the usual brokerage charges for such transactions, as the Plan Agent will be purchasing shares for all participants in larger blocks and prorating the lower commission rate thus applied.

The automatic reinvestment of dividends and distributions will not relieve participants of any income tax liability associated therewith.

Experience under the Plan may indicate that changes are desirable. Accordingly, the Fund reserves the right to amend or terminate the Plan as applied to any voluntary cash payment received and any dividend or distribution to be paid subsequent to a date specified in a notice of the change sent to all shareowners at least ninety days before such specified date. The Plan may also be terminated on at least ninety days written notice to all shareowners in the Plan. All correspondence concerning the Plan should be directed to American Stock Transfer and Trust Company, P.O. Box 922 Wall Street Station, New York, NY 10038.

### Directors Who Are Interested Persons of the Fund

Thomas E. O'Hara  
Age 88  
Chairman of the Board and Director  
Term of office  
one year.  
Served as a director since 1989.

### Principal Occupation(s) During Past 5 Years

Chairman Emeritus of the Board and Trustee of the National

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Association of Investors Corporation, a nonprofit corporation engaged in investment education ("NAIC") and Chairman Emeritus and Director of Growth Fund Advisor, Inc., the Fund's investment adviser (the "Investment Adviser") February, 2002 to present. Chairman and Trustee of NAIC and Chairman and Director of the Investment Adviser to February, 2002.

Number of Portfolios in Fund Complex Overseen by Director\*\*  
One

Other Directorships Held by Director (Public Companies)  
None.

Kenneth S. Janke  
Age 69  
Director, President and Treasurer  
Term of Office  
one year.  
Served as a director since 1989.

Principal Occupation(s) During Past 5 Years

Chairman and Trustee of NAIC and Chairman, Chief Executive Officer and Director of the Investment Adviser from July, 2002. Chairman, Chief Executive Officer and Trustee of NAIC and Chairman, Chief Executive Officer and Director of the Investment Adviser from February, 2002 to July 2002. President and Trustee of NAIC and President and Director of the Investment Adviser to February, 2002.

Number of Portfolios in Fund Complex Overseen by Director\*\*  
One

Other Directorships Held by Director (Public Companies)  
Director, AFLAC.  
Incorporated (insurance).

Lewis A. Rockwell  
Age 85  
Director and Secretary  
Term of office  
one year.  
Served as a director since 1989.

Principal Occupation(s) During Past 5 Years

Counsel to the law firm of Bodman, Longley & Dahling LLP, counsel to the Fund, NAIC and the Investment Adviser; Trustee and Secretary of NAIC; Director and Secretary of the Investment Adviser.

Number of Portfolios in Fund Complex Overseen by Director\*\*  
One

Other Directorships Held by Director (Public Companies)  
None.

Peggy L. Schmeltz  
Age 76  
Director  
Term of office  
one year.  
Served as a director since 1989.

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Principal Occupation(s) During Past 5 Years.

Adult Education Teacher; Trustee of NAIC; Director of Bowling Green State University Foundation Board. Former member of NYSE Advisory Committee.

Number of Portfolios in Fund Complex Overseen by Director\*\*  
One

Other Directorships Held by Director (Public Companies)  
None.

\*The address of each is the address of the Fund. Messrs. O'Hara, Janke and Rockwell and Mrs. Schmeltz are interested persons of the Fund within the meaning of Section 2(a)(19) of the Investment Company Act of 1940. Mr. O'Hara is an interested person because he is a trustee of NAIC and a director of the Investment Adviser. Messrs. Janke and Rockwell are interested persons because they are trustees and officers of NAIC and directors and officers of the Investment Adviser, as noted above. Mrs. Schmeltz is an interested person because she is a trustee of NAIC.

\*\*The Fund is not part of any fund complex.

Carl A. Holth  
Age 71  
Director  
Term of office  
one year.  
Served as a director since 1989.

Principal Occupation(s) During Past 5 Years

President and Director, Greater Detroit Capital Corporation; Financial Consultant and President of Carl A. Holth & Associates, Inc. (a private financial consulting and business appraisal firm); Director, Sunshine Fifty, Inc., and Harrison Piping Supply, Inc.

Number of Portfolios in Fund Complex Overseen by Director\*\*  
One

Other Directorships Held by Director (Public Companies)  
None.

Benedict J. Smith  
Age 83  
Director  
Term of office  
one year.  
Served as a director since 1989.

Principal Occupation(s) During Past 5 Years

Retired; Director and Treasurer, Detroit Executive Service Corps; Director, Vista Maria (nonprofit charitable organization); Trustee, Henry Ford Health System, Behavioral Services.

Number of Portfolios in Fund Complex Overseen by Director\*\*  
One

Other Directorships Held by Director (Public Companies)  
None



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James M. Lane  
Age 73  
Director  
Term of office  
one year.  
Served as a director since 1996.

### Principal Occupation(s) During Past 5 Years

Retired; Director, Wheaton College, William Tyndale College,  
Baseball Chapel, Inc. and Christian Camps, Inc.

Number of Portfolios in Fund Complex Overseen by Director\*\*  
One

Other Directorships Held by Director (Public Companies)  
Chateau Communities, Inc. (Owner and operator of manufactured  
home communities)

Luke E. Sims  
Age 54  
Director  
Term of office  
one year.  
Served as a director since 2002.

### Principal Occupation(s) During Past 5 Years

Partner in the law firm of Foley & Lardner; Director, Wilson-Hurd Mfg.  
Co. and Notre Dame Middle School, Inc.

Number of Portfolios in Fund Overseen by Director\*\*  
One

Other Directorships Held by Director (Public Companies)  
LaCrosse Footwear, Inc. (manufacturer and marketer of sporting and  
industrial footwear)

\*The address of each is the address of the Fund.

\*The Fund is not part of any fund complex.

Additional information concerning the directors of the Fund is  
contained in the Fund's Statement of Additional information which is  
available, without charge, upon request by calling (877) 275-6242.

The Fund's Investment Adviser is a wholly owned subsidiary of  
N.A.I.C. Holding Corporation, a Michigan corporation which conducts no  
business activities. NAIC and N.A.I.C. Holding Corporation are each  
wholly owned subsidiaries of the National Association of Investment  
Clubs Trust (the "Trust"). Mr. O'Hara is the Chairman Emeritus and a  
Trustee of the Trust; Mr. Janke is the Chairman and a Trustee of the  
Trust; and Mr. Rockwell is the Secretary and a Trustee of the Trust.  
The Fund is the Investment Adviser's sole advisory client.

No director or nominee for election as director, nor any of their  
immediate family members, owns any securities beneficially or of record  
in the Fund's Investment Adviser or any of its affiliates.

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There were four meetings of the Board of Directors held during 2002. Each Director attended at least 75% of the meetings of the Board of Directors and committees of the Board on which he or she served during 2002.

NAIC Growth Fund, Inc.  
Board of Directors

Thomas E. O'Hara  
Chairman,  
Highland Beach, FL

Lewis A. Rockwell  
Secretary,  
Grosse Pointe Shores, MI

Carl A. Holth  
Director,  
Clinton Twp., MI

Kenneth S. Janke  
President,  
Bloomfield Hills, MI

Benedict J. Smith  
Director,  
Birmingham, MI

James M. Lane  
Director,  
Highland Beach, FL

Peggy L. Schmeltz  
Director,  
Bowling Green, OH

Luke E. Sims  
Director,  
Milwaukee, WI

### Shareowner Information

The ticker symbol for the NAIC Growth Fund, Inc., on the Chicago Stock Exchange is GRF. You may wish to visit the Chicago Stock Exchange web site at [www.chicagostockex.com](http://www.chicagostockex.com).

The dividend reinvestment plan allows shareowners to automatically reinvest dividends in Fund common stock without paying commissions. Once enrolled, you can make additional stock purchases through monthly cash deposits ranging from \$50 to \$1,000. For more information, request a copy of the Dividend Reinvestment Service for Stockholders of NAIC Growth Fund, Inc., from American Stock Transfer and Trust Company, P.O. Box 922 Wall Street Station, New York, NY 10038 Telephone 1-800-937-5449

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Questions about dividend checks, statements, account consolidation, address changes, stock certificates or transfer procedures write American Stock Transfer and Trust Company, P.O. Box 922 Wall Street Station, New York, NY 10038 Telephone 1-800-937-5449

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling 877-275-6242; (2) on the Fund's website at [www.naicgrowthfund.com](http://www.naicgrowthfund.com); and (3) on the Securities and Exchange Commission website at [www.sec.gov](http://www.sec.gov).

Shareowners or individuals wanting general information or having questions, write NAIC Growth Fund, Inc., P.O. Box 220, Royal Oak, Michigan 48068. Telephone 877-275-6242 or visit us at our website at [www.naicgrowthfund.com](http://www.naicgrowthfund.com).

### ITEM 2. CODE OF ETHICS.

The Fund has adopted a Code of Ethics for Financial Professionals, which applies to the principal executive officer of the Fund, all professionals serving as principal financial officer, the principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the Fund or a third party, and the members of the Fund's Board of Directors. The Code of Ethics for Financial Professionals has been posted on the Fund's website at [www.naicgrowthfund.com](http://www.naicgrowthfund.com)

There have been no amendments to or waivers from any provisions of the Code of Ethics for Financial Professionals since its adoption.

### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The Fund's Board of Directors has determined that the Fund has at least one audit committee financial expert serving on its audit committee, Benjamin J. Smith, who is independent.

### ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

**Audit Fees.** Plante & Moran, LLP was paid \$13,600 for the fiscal year ending December 31, 2003 and \$15,000 for the fiscal year ending December 31, 2002 by the Fund for audit fees.

**Audit-Related Fees.** Plante & Moran, LLP was not paid any audit-related fees by the Fund in either of the last two fiscal years.

**Tax Fees.** Plante & Moran, LLP was paid \$3,180 for the fiscal year ending December 31, 2003 and \$3,000 for fiscal year ending December 31, 2002 by the Fund for tax fees, for services in connection with the preparation of the Fund's tax returns and assistance with IRS notice and tax matters.

**All Other Fees.** Plante & Moran, LLP was paid \$8,725 for the fiscal year ending December 31, 2003 by the Fund for all other fees, for services in connection with (i) the review of registration documents and consent procedures and a comfort letter and related procedures with respect to the Fund's registration statement filed with the Securities and Exchange Commission for its follow-on offering, and (ii) assistance with year-end dividend calculation and reporting.

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"Audit fees" are fees paid by the Fund to Plante & Moran, PLLC for professional services for the audit of our financial statements, or for services that are usually provided by an auditor in connection with statutory and regulatory filings and engagements. "Audit-related fees" are fees for assurance and related services that are reasonably related to the performance of the audit or review of financial statements. "Tax fees" are fees for tax compliance, tax advice and tax planning. All other fees are fees billed for any services not included in the first three categories.

The Fund's audit committee has not adopted "pre-approval policies and procedures," as such term is used in Rule 2-01(c)(7)(i) of Regulation S-X promulgated by the Securities and Exchange Commission ("Regulation S-X"), for the provision of non-audit services to the Fund by Plante & Moran, PLLC. None of the services represented by the fees set forth above were provided in accordance with the "de minimis" exception to audit committee approval that appears in Rule 2-01(c)(7)(i)(C) of Regulation S-X.

### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The Fund's Board of Directors has separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members of the committee are Carl A. Holth, Benjamin J. Smith and James M. Lane.

### ITEM 6. [RESERVED]

### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED END MANAGEMENT INVESTMENT COMPANIES.

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling 877-275-6242 and (2) on the Fund's website at [www.naicgrowthfund.com](http://www.naicgrowthfund.com).

### ITEM 8. PURCHASE OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

### ITEM 9. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

### ITEM 10. CONTROLS AND PROCEDURES.

(i) As of February 22, 2004, an evaluation of the effectiveness of the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) was performed under the supervision and with the participation of the registrant's President (Principal Executive Officer) and Accountant (person performing the functions of the Principal Financial Officer). Based on that evaluation, the registrant's President and Accountant concluded that the registrant's controls and procedures are adequately and effectively designed to insure that information required to be disclosed by the registrant is recorded, processed, summarized and

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reported within the time periods required by the Commission's rules and forms, and that information required to be disclosed in the reports that the registrant files is accumulated and communicated to the registrant's management, as appropriate, to allow timely decisions regarding required disclosure.

(ii) There has been no change in the registrants's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act) that occurred during the 6 months ending December 31, 2003 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 11. EXHIBITS:

- (A) (1) Not applicable.
- (A) (2) Separate certification of principal executive officer and principal financial officer as required by Rule 30a-2 under the Act.
- (A) (3) Not applicable.
- (B) Certification Pursuant to 18 U.S.C. Section 1350.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NAIC GROWTH FUND, INC.

By: /s/ Kenneth S. Janke  
-----  
Kenneth S. Janke  
President

Date: February 25, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Kenneth S. Janke  
-----  
Kenneth S. Janke  
President

Date: February 25, 2004

By: /s/ Calvin George  
-----  
Calvin George  
Accountant (Principal Financial Officer)

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Date: February 25, 2004