



**Annual Report**  
**December 31, 2005**

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## REPORT TO SHAREOWNERS: DECEMBER 31, 2005

BY THE TIME THE LAST TRADING DAY OF THE YEAR OCCURRED, THE DOW JONES INDUSTRIAL AVERAGE HAD DROPPED 0.6% WHEN COMPARED WITH THE CLOSE OF 2004. UNCERTAINTIES AGAIN HIT THE STOCK MARKET LED BY NATURAL DISASTERS AND THE PRICE OF CRUDE OIL. THE FEDERAL RESERVE CONTINUED THE INCREASES IN INTEREST RATES AS CONCERNS ABOUT INFLATION SURFACED. THE END RESULT WAS THAT STOCK PRICES ROSE ONE DAY ONLY TO DECLINE THE NEXT.

THE S&P 500 FINISHED THE YEAR IN POSITIVE TERRITORY, UP 3% FOR THE YEAR WITH THE NASDAQ INCREASED 1.4%. ADJUSTED FOR THE YEAR-END DISTRIBUTION PAID IN 2005, THE FUND'S NAV INCREASED 1.3%.

THERE WERE SOME SALES DURING THE YEAR. THE FUND'S ENTIRE POSITION IN NEWELL RUBBERMAID WAS SOLD RESULTING IN A SMALL CAPITAL GAIN OF ABOUT \$5,000. THERE WERE TWO PARTIAL SALES OF PENTAIR WITH A NET CAPITAL GAIN OF \$261,438. WE CONTINUE TO HOLD 18,000 PENTAIR IN THE PORTFOLIO. NEW POSITIONS WERE TAKEN WITH THE PURCHASE OF 10,000 CIT GROUP, 22,000 JACK HENRY & ASSOCIATES, 14,000 WASHINGTON MUTUAL AND 15,000 WENDY'S INTERNATIONAL. WE ALSO ADDED TO OUR HOLDINGS IN A NUMBER OF OTHER STOCKS. THEY INCLUDED 4,000 ABBOTT LABORATORIES (18,000 TOTAL SHARES); 5,000 AVERY DENNISON (12,000); 2,000 CARLISLE COMPANIES (11,000); 3,000 MEDTRONIC (14,000); 2,000 POLYMEDICA (12,000); 2,000 SIGMA ALDRICH (7,000); 2,000 STATE STREET (16,000); 2,000 STRYKER (22,000) AND 2,000 TELEFLEX (16,000).

THE FUND'S DIRECTORS AND MANAGERS TRIED TO CONCENTRATE ON IMPROVING THE EXPENSE RATIO AND WERE ABLE TO REDUCE IT TO 1.46%. WITH DIVIDEND INCREASES BY STOCKS HELD IN THE PORTFOLIO AND WATCHING EXPENSES, WE ARE HOPEFUL THAT WE WILL BE ABLE TO IMPROVE ON THAT FIGURE IN YEARS TO COME.

THE STOCK OF THE FUND IS LISTED ON THE CHICAGO STOCK EXCHANGE WITH THE TRADING SYMBOL GRE. IN ADDITION, IT IS TRADED OVER-THE-COUNTER WITH THE SYMBOL GRTH. FOR THOSE WISHING TO BUY, OR SELL SHARES, WE FEEL IT IS IMPORTANT TO SPECIFY PRICES RATHER THAN PLACING A "MARKET ORDER." THE SPREAD BETWEEN THE BID AND ASK PRICE, ESPECIALLY IN THE "PINK SHEETS" CAN BE WIDE. BROKERS TEND TO WANT TO HANDLE THE TRANSACTION THROUGH OTHER BROKER-DEALERS, SO SHAREOWNERS MAY WISH TO SPECIFY WHERE THEY WANT BUY AND SELL TRANSACTIONS TO TAKE PLACE. IT WILL CALL FOR A LITTLE MORE WORK BY THE BROKER, BUT THAT'S WHY THEY RECEIVE COMMISSIONS.



THOMAS E. O'HARA  
CHAIRMAN



KENNETH S. JANKE  
PRESIDENT

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**NAIC GROWTH FUND, INC.**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS OF DECEMBER 31, 2005**

**ASSETS**

INVESTMENT SECURITIES	
—AT MARKET VALUE (COST \$14,577,882)	\$ 26,547,670
SHORT-TERM INVESTMENTS	
—AT AMORTIZED COST	598,390
CASH AND CASH EQUIVALENTS	58,273
DIVIDENDS & INTEREST RECEIVABLE	64,682
PREPAID INSURANCE	14,082
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	27,283,097

**LIABILITIES**

DIVIDENDS PAYABLE	460,176	
ACCOUNTS PAYABLE	44,315	
ADVISOR FEES PAYABLE	19,061	
	<hr/>	
		523,552
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TOTAL NET ASSETS		\$ 26,759,545

**SHAREOWNERS' EQUITY**

COMMON STOCK—PAR VALUE \$0.001 PER SHARE; AUTHORIZED 50,000,000 SHARES, OUTSTANDING 2,792,336 SHARES		\$ 2,794
ADDITIONAL PAID-IN CAPITAL		14,783,011
UNDISTRIBUTED NET INVESTMENT INCOME		3,952
UNREALIZED APPRECIATION OF INVESTMENTS		11,969,788
	<hr/>	
SHAREOWNERS' EQUITY		\$ 26,759,545
	<hr/>	
NET ASSET VALUE PER SHARE		\$ 9.58

SEE NOTES TO FINANCIAL STATEMENTS

**NAIC GROWTH FUND, INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

**INVESTMENT INCOME**

INTEREST	\$ 31,311
DIVIDENDS	548,406
	579,717

**EXPENSES**

ADVISORY FEES	199,195
LEGAL FEES	57,117
INSURANCE	24,140
TRANSFER AGENT	23,600
AUDIT FEES	19,275
DIRECTORS' FEES & EXPENSES	13,052
CUSTODIAN FEES	13,000
MAILING AND POSTAGE	11,857
PRINTING	11,362
OTHER FEES & EXPENSES	7,926
EXPENSE REIMBURSEMENT	4,875
ANNUAL SHAREOWNERS' MEETING	2,746
	388,145
TOTAL EXPENSES	388,145
NET INVESTMENT INCOME	191,572

**REALIZED AND UNREALIZED GAIN ON INVESTMENTS**

REALIZED GAIN ON INVESTMENTS:	
PROCEEDS FROM SALE OF INVESTMENT SECURITIES	895,338
COST OF INVESTMENT SECURITIES SOLD	628,547
NET REALIZED GAIN ON INVESTMENTS	266,791
UNREALIZED APPRECIATION OF INVESTMENTS:	
UNREALIZED APPRECIATION AT BEGINNING OF YEAR	12,087,985
UNREALIZED APPRECIATION AT END OF YEAR	11,969,788
NET CHANGE IN UNREALIZED APPRECIATION ON INVESTMENTS	(118,197)
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	148,594
NET INCREASE FROM OPERATIONS	\$ 340,166

SEE NOTES TO FINANCIAL STATEMENTS

**NAIC GROWTH FUND, INC.**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED:**

**DECEMBER 31, 2005**      **DECEMBER 31, 2004**

**FROM OPERATIONS:**

NET INVESTMENT INCOME	\$ 191,572	\$ 29,364
NET REALIZED GAIN ON INVESTMENTS	266,791	455,020
NET CHANGE IN UNREALIZED APPRECIATION ON INVESTMENTS	(118,197)	1,740,954
NET INCREASE/(DECREASE) FROM OPERATIONS	340,166	2,225,338

**DISTRIBUTIONS TO STOCKHOLDERS FROM:**

NET INVESTMENT INCOME	193,385	19,792
NET REALIZED GAIN FROM INVESTMENT TRANSACTIONS	266,791	455,020
TOTAL DISTRIBUTIONS	460,176	474,812

**FROM CAPITAL STOCK TRANSACTIONS:**

DIVIDEND REINVESTMENT	-	419,422
CASH PURCHASES	6,693	201,717
NET INCREASE FROM CAPITAL STOCK TRANSACTIONS	6,693	621,139
NET INCREASE/(DECREASE) IN NET ASSETS	(113,317)	2,371,665

**TOTAL NET ASSETS:**

BEGINNING OF YEAR	\$26,872,862	\$24,501,197
END OF YEAR (INCLUDING UNDISTRIBUTED NET INVESTMENT INCOME OF <b>\$3,952</b> AND <b>5,766</b> , RESPECTIVELY)	\$26,759,545	\$26,872,862

**SHARES:**

SHARES ISSUED TO COMMON STOCKHOLDERS UNDER THE DIVIDEND REINVESTMENT PLAN, CASH PURCHASE PLAN, AND FOLLOW-ON OFFERING	364,830	59,054
SHARES AT BEGINNING OF YEAR	2,427,506	2,368,452
SHARES AT END OF YEAR	2,792,336	2,427,506

SEE NOTES TO FINANCIAL STATEMENTS

**NAIC GROWTH FUND, INC.**  
**FINANCIAL HIGHLIGHTS (A)**  
**FOR THE YEARS ENDED:**

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
NET ASSET VALUE AT BEGINNING OF YEAR	\$9.63	\$8.99	\$7.90	\$9.63	\$10.40
NET INVESTMENT INCOME	.07	.01	.01	.02	.03
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	.05	.81	1.39	(1.28)	(.22)
TOTAL FROM INVESTMENT OPERATIONS	.12	.82	1.40	(1.26)	(.19)
DISTRIBUTION FROM:					
NET INVESTMENT INCOME	(.07)	(.01)	(.01)	(.02)	(.03)
REALIZED GAINS	(.10)	(.17)	(.30)	(.45)	(.55)
TOTAL DISTRIBUTIONS	(.17)	(.18)	(.31)	(.47)	(.58)
NET ASSET VALUE AT END OF PERIOD	\$9.58	\$9.63	\$8.99	\$7.90	\$9.63
PER SHARE MARKET VALUE, END OF PERIOD					
LAST TRADED PRICE (B)	\$8.70	\$7.83	\$8.26	\$8.65	\$9.35
TOTAL INVESTMENT RETURN ANNUALIZED:					
BASED ON MARKET VALUE					
1 YEAR	11.17%	(3.31%)	(1.02%)	2.10%	3.70%
FROM INCEPTION	9.11%	8.97%	9.94%	10.86%	11.66%
BASED ON NET ASSET VALUE					
1 YEAR	(0.48%)	9.26%	18.05%	(13.81%)	(1.59%)
FROM INCEPTION	9.79%	10.53%	10.63%	10.06%	12.42%
NET ASSETS, END OF YEAR (000's)	\$26,759.5	\$26,872.9	\$24,501.2	\$20,555.3	\$23,909.2
RATIOS TO AVERAGE NET ASSETS ANNUALIZED:					
RATIO OF EXPENSES TO AVERAGE NET ASSETS	1.46%	1.80%	1.79%	1.61%	1.57%
RATIO OF NET INVESTMENT INCOME TO AVERAGE NET ASSETS	0.72%	0.11%	0.06%	0.17%	0.32%
PORTFOLIO TURNOVER RATE	3.51%	6.53%	11.31%	11.19%	1.77%
AVERAGE COMMISSION RATE PAID PER SHARE	\$0.075	\$0.095	\$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 APRIL 21, 2005 AND PAID ON MAY 23, 2005 TO SHAREHOLDERS OF RECORD ON MAY 13, 2005.

(B) IF THERE WAS NO SALE ON THE VALUATION DATE, THE BID PRICE FOR EACH SUCH DATE IS SHOWN. PRICE OBTAINED FROM CHICAGO STOCK EXCHANGE.

**NAIC GROWTH FUND, INC.**  
**PORTFOLIO OF INVESTMENTS - DECEMBER 31, 2005**

<u>%</u> <u>COMMON STOCK</u>	<u>SHARES</u>	<u>COST</u>	<u>MARKET</u>	<u>%</u> <u>COMMON STOCK</u>	<u>SHARES</u>	<u>COST</u>	<u>MARKET</u>
<b>4.8</b>	<b>AUTO REPLACEMENT</b>			<b>3.3</b>	<b>CONSUMER PRODUCTS</b>		
O'REILLY AUTO*	40,000	\$242,606	\$1,280,400	COLGATE-PALMOLIVE	16,000	\$469,850	\$877,600
TOTAL			<u>\$1,280,400</u>	TOTAL			<u>\$877,600</u>
<b>13.3</b>	<b>BANKING</b>			<b>3.1</b>	<b>ELECTRICAL EQUIPMENT</b>		
CITIGROUP	22,000	368,635	1,067,660	GENERAL ELECTRIC	24,000	441,341	841,200
COMERICA, INC.	10,000	404,669	567,600	TOTAL			<u>841,200</u>
HUNTINGTON BANC.	25,000	238,023	593,750				
JP MORGAN CHASE	15,000	396,347	595,350				
SYNOVUS FINANCIAL	27,000	317,651	729,270				
TOTAL			<u>3,553,630</u>	<b>1.4</b>	<b>ELECTRONICS</b>		
<b>3.3</b>	<b>BUILDING PRODUCTS</b>						
JOHNSON CONTROLS	12,000	96,895	874,920	DIEBOLD	10,000	269,188	380,000
TOTAL			<u>874,920</u>	TOTAL			<u>380,000</u>
<b>3.3</b>	<b>CHEMICALS</b>			<b>9.7</b>	<b>ETHICAL DRUGS</b>		
RPM	25,000	287,099	434,250	ABBOTT LABORATORIES	18,000	775,880	709,740
SIGMA ALDRICH	7,000	213,317	443,030	JOHNSON & JOHNSON	15,000	614,274	901,500
TOTAL			<u>877,280</u>	MERCK & Co., INC.	10,000	359,350	318,100
				PFIZER, INC.	28,000	606,755	652,960
				TOTAL			<u>2,582,300</u>
				<b>7.5</b>	<b>FINANCIAL SERVICES</b>		
				CIT GROUP	10,000	392,785	517,800
				STATE STREET BOSTON	16,000	436,700	887,040
				WASHINGTON MUTUAL	14,000	565,440	609,000
				TOTAL			<u>2,013,840</u>

SEE NOTES TO FINANCIAL STATEMENTS

<u>% COMMON STOCK</u>	<u>SHARES</u>	<u>COST</u>	<u>MARKET</u>	<u>% COMMON STOCK</u>	<u>SHARES</u>	<u>COST</u>	<u>MARKET</u>
<b>5.7 FOOD</b>				<b>2.8 MACHINERY</b>			
CONAGRA	18,000	\$351,815	\$365,040	EMERSON ELECTRIC Co.	10,000	\$335,278	\$747,000
HEINZ, H.J.	16,000	532,050	539,520				
McCORMICK & Co.	20,000	223,975	618,400				
TOTAL			<u>\$1,522,960</u>	TOTAL			<u>\$747,000</u>
<b>2.3 FOOD WHOLESALE</b>				<b>9.0 MULTI INDUSTRY</b>			
SYSCO	20,000	142,750	621,000	CARLISLE	11,000	495,674	760,650
TOTAL			<u>621,000</u>	PENTAIR	18,000	280,288	621,360
				TELEFLEX	16,000	545,608	1,039,680
<b>10.5 HOSPITAL SUPPLIES</b>				TOTAL			<u>2,421,690</u>
BIOMET CORP.	17,000	166,709	621,690				
MEDTRONIC	14,000	704,829	805,980	<b>2.5 OFFICE SUPPLIES</b>			
POLYMEDICA	12,000	346,237	401,640	AVERY DENNISON	12,000	666,064	663,240
STRYKER CORP.	22,000	180,012	977,460	TOTAL			<u>663,240</u>
TOTAL			<u>2,806,770</u>				
<b>2.9 INDUSTRIAL SERVICES</b>				<b>2.0 REALTY TRUST</b>			
DONALDSON Co.	24,000	162,563	763,200	FIRST INDUSTRIAL REALTY TRUST	14,000	394,963	539,000
TOTAL			<u>763,200</u>	TOTAL			<u>539,000</u>
<b>3.5 INSURANCE</b>				<b>3.1 RESTAURANT</b>			
AFLAC, Inc.	20,000	143,906	928,400	WENDY'S	15,000	579,762	828,900
TOTAL			<u>928,400</u>	TOTAL			<u>828,900</u>
<b>1.6 INFORMATION TECHNOLOGY</b>							
JACK HENRY & ASSOC.	22,000	395,376	419,980				
TOTAL			<u>419,980</u>				

SEE NOTES TO FINANCIAL STATEMENTS

**% COMMON STOCK    SHARES    COST    MARKET    TOP TEN HOLDINGS - NAIC GROWTH FUND, 12/31/05**

**3.8    BEVERAGES - SOFT DRINKS**

PEPSICO	17,000	\$433,218	\$1,004,360
TOTAL			<u>\$1,004,360</u>

COMPANY	MARKET VALUE	% OF PORTFOLIO INVESTMENTS
O'REILLY AUTO	\$1,280,400	4.8
CITIGROUP	1,067,660	4.0
TELEFLEX	1,039,680	3.9
PEPSICO	1,004,360	3.8
STRYKER	977,460	3.7
AFLAC	928,400	3.5
JOHNSON & JOHNSON	901,500	3.4
STATE STREET BOSTON	887,040	3.3
COLGATE-PALMOLIVE	877,600	3.3
JOHNSON CONTROLS	874,920	3.3

**99.4% INVESTMENT SECURITIES**

\$14,577,882    \$26,547,670

SHORT-TERM INVESTMENTS

2.2    UNITED STATES TREASURY BILLS, MATURING 1/26/2006

\$598,390

0.4    MISC. CASH EQUIVALENTS  
2.6%

137,037

\$735,427

**TOTAL INVESTMENTS**

\$27,283,097

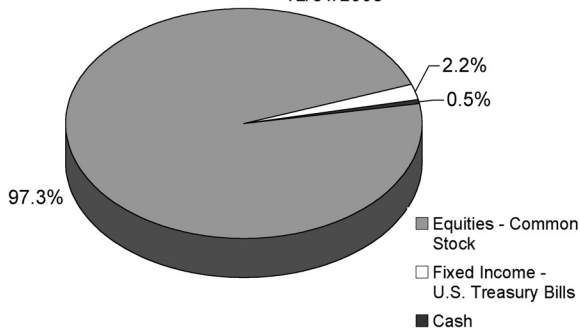
(2.0)    ALL OTHER ASSETS LESS LIABILITIES

(523,552)

**100% TOTAL NET ASSETS**

\$26,759,545

Summary of Investment Position  
as % of Total Investments  
12/31/2005



SEE NOTES TO FINANCIAL STATEMENTS

\* NON-INCOME PRODUCING SECURITY

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## 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. IF NO SUCH PRICES ARE AVAILABLE ON THE VALUATION DATE, THE BOARD OF DIRECTORS HAS DETERMINED THE MOST RECENT MARKET PRICES BE USED. 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.

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THE FOLLOWING INFORMATION IS BASED UPON FEDERAL INCOME TAX COST OF PORTFOLIO INVESTMENTS AS OF DECEMBER 31, 2005:

GROSS UNREALIZED APPRECIATION	\$ 12,013,862
GROSS UNREALIZED DEPRECIATION	(44,074)
NET UNREALIZED APPRECIATION	<u>\$ 11,969,788</u>
FEDERAL INCOME TAX COST	<u>\$ 14,577,882</u>

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. THE EXPENSES OF THE FOLLOW-ON OFFERING ARE NOT CONSIDERED AN EXPENSE OF THE FUND FOR PURPOSES OF THE EXPENSE LIMITATIONS OF THE ADVISORY AGREEMENT.

### **(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 — LASALLE BANK, NA (LB) SERVES AS THE FUND'S CUSTODIAN PURSUANT TO THE CUSTODIAN AGREEMENT. AS THE FUND'S CUSTODIAN, LB 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, CASH DIVIDENDS AND VOLUNTARY CASH PAYMENTS WILL BE INVESTED IN SHARES PURCHASED IN THE OPEN MARKET. IN THE EVENT THE PLAN AGENT IS UNABLE TO COMPLETE ITS ACQUISITION OF SHARES TO BE PURCHASED ON THE OPEN MARKET BY THE END OF THE THIRTIETH (30TH) DAY FOLLOWING RECEIPT OF THE CASH DIVIDENDS FROM THE FUND, ANY REMAINING FUNDS WILL BE RETURNED TO THE PARTICIPANTS ON PRO RATA BASIS. IN THE EVENT THE PLAN AGENT IS UNABLE TO COMPLETE ITS ACQUISITION OF SHARES TO BE PURCHASED FROM ADDITIONAL CONTRIBUTIONS ON THE OPEN MARKET BY THE END OF THE TWENTIETH (20TH) DAY FOLLOWING THE INVESTMENT DATE, ANY REMAINING FUNDS WILL BE RETURNED TO THE PARTICIPANTS ON A PRO RATA BASIS. THE NUMBER OF SHARES CREDITED TO EACH SHAREOWNER PARTICIPANT'S ACCOUNT WILL BE BASED UPON THE AVERAGE PURCHASE PRICE FOR ALL SHARES PURCHASED.

#### **(5) DISTRIBUTIONS TO SHAREOWNERS**

ON DECEMBER 8, 2005, A DISTRIBUTION OF \$0.1648 PER SHARE AGGREGATING \$460,176 WAS DECLARED FROM NET INVESTMENT INCOME AND REALIZED GAINS. THE DIVIDEND WAS PAID ON JANUARY 26, 2006, TO SHAREOWNERS OF RECORD ON DECEMBER 21, 2005.

THE TAX CHARACTER OF DISTRIBUTIONS PAID DURING 2005 AND 2004 WAS AS FOLLOWS:

	<u>2005</u>	<u>2004</u>
DISTRIBUTIONS PAID FROM:		
ORDINARY INCOME	\$ 193,385	\$ 19,792
LONG-TERM CAPITAL GAIN	<u>266,791</u>	<u>455,020</u>
	<u>\$ 460,176</u>	<u>\$ 474,812</u>

AS OF DECEMBER 31, 2005, THE COMPONENTS OF DISTRIBUTABLE EARNINGS ON A TAX BASIS WERE AS FOLLOWS:

UNDISTRIBUTED ORDINARY INCOME	\$ 3,952
UNREALIZED APPRECIATION	\$ 11,969,788

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## **(6) INVESTMENT TRANSACTIONS**

PURCHASES AND SALES OF SECURITIES, OTHER THAN SHORT-TERM SECURITIES FOR THE YEAR ENDED DECEMBER 31, 2005, WERE \$3,209,912 AND \$895,338, 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.

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## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND SHAREOWNERS 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, 2005 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 TWO 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 THE STANDARDS OF THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD (UNITED STATES). 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, EVIDENCE SUPPORTING THE AMOUNTS AND DISCLOSURES IN THE FINANCIAL STATEMENTS. OUR PROCEDURES INCLUDED CONFIRMATION OF SECURITIES OWNED AS OF DECEMBER 31, 2005 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, 2005, 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 5, 2006

## **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.

#### **COSTS OF THE PLAN**

THERE ARE NO SPECIAL FEES OR CHARGES RELATING TO PARTICIPATION IN THE PLAN, OTHER THAN REASONABLE TRANSACTION FEES. A TERMINATION OR A PARTIAL SALE FEE (CURRENTLY \$15 PLUS \$0.10 PER SHARE) MAY BE IMPOSED WHEN YOU TERMINATE OR PARTIALLY SELL YOUR SHARES IN THE PLAN AND TAKE DELIVERY OF ACCUMULATED SHARES. THE BENEFIT OF ANY REDUCED BROKERAGE COMMISSION CHANGES WILL BE PASSED ON, PRO RATA TO PARTICIPANTS. IN ADDITION, IF YOU WISH TO DEPOSIT YOUR CERTIFICATED SHARES IN YOUR PLAN ACCOUNT, THERE IS CURRENTLY A TRANSACTION FEE OF \$7.50 FOR THIS SERVICE.

#### **DIVIDEND REINVESTMENT**

THE PLAN AGENT, WILL RECEIVE THE TOTAL AMOUNT OF YOUR DIVIDEND (A) ON SHARES WHICH ARE HELD DIRECTLY BY YOU AND (B) ON ANY FULL AND FRACTIONAL SHARES HELD FOR YOU UNDER THE PLAN, IN CASH. THESE CASH DIVIDENDS WILL BE USED BY THE PLAN AGENT TO BUY SHARES OF THE FUND'S COMMON STOCK ON THE OPEN MARKET (DETERMINED TO THREE DECIMAL PLACES, IN TERMS OF ANY FRACTIONAL SHARE). IN THE EVENT THE PLAN AGENT IS UNABLE TO COMPLETE ITS ACQUISITION OF SHARES TO BE PURCHASED ON THE OPEN MARKET BY THE END OF THE THIRTIETH (30TH) DAY FOLLOWING RECEIPT OF THE CASH DIVIDENDS FROM THE FUND, ANY REMAINING FUNDS WILL BE RETURNED TO THE PARTICIPANT'S ON A PRO RATA BASIS.

## VOLUNTARY CASH PAYMENTS

YOU MAY MAKE VOLUNTARY CASH PAYMENTS OF NOT LESS THAN \$50.00 NOR MORE THAN \$1,000.00 PER MONTH FOR THE PURPOSE OF ACQUIRING ADDITIONAL SHARES. YOU MAY MAKE THESE VOLUNTARY CASH PAYMENTS REGULARLY OR FROM TIME TO TIME, AND YOU MAY ALSO VARY THE AMOUNT OF EACH PAYMENT SO LONG AS THE AMOUNT OF ANY MONTHLY VOLUNTARY CASH PAYMENT MEETS THE FOREGOING LIMITATIONS. VOLUNTARY CASH PAYMENTS MUST BE RECEIVED BY THE PLAN AGENT ON OR PRIOR TO THE LAST DAY OF ANY MONTH AND WILL BE INVESTED BEGINNING ON OR ABOUT THE FIRST BUSINESS DAY OF THE FOLLOWING MONTH (AN "INVESTMENT DATE"). VOLUNTARY CASH PAYMENT WILL BE INVESTED IN SHARES PURCHASED IN THE OPEN MARKET, (DETERMINED TO THREE DECIMAL PLACES, IN TERMS OF ANY FRACTIONAL SHARE). IN THE EVENT THE PLAN AGENT IS UNABLE TO COMPLETE ITS ACQUISITION OF SHARES TO BE PURCHASED ON THE OPEN MARKET BY THE END OF THE TWENTIETH (20TH) DAY FOLLOWING THE INVESTMENT DATE, ANY REMAINING FUNDS WILL BE RETURNED TO THE PARTICIPANTS ON A PRO RATA BASIS. 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 FOR 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. IF A VOLUNTARY CASH PAYMENT IS NOT RECEIVED IN TIME TO PURCHASE SHARES FOR THE CALENDAR MONTH INDICATED, THE PLAN AGENT SHALL ATTEMPT TO INVEST SUCH PAYMENT ON THE NEXT INVESTMENT DATE. OPTIONAL CASH PAYMENTS CAN ALSO BE MADE ONLINE AT [WWW.AMSTOCK.COM](http://www.amstock.com). YOU NEED TO KNOW YOUR AMERICAN STOCK TRANSFER AND TRUST COMPANY 10 DIGIT ACCOUNT NUMBER AND YOUR SOCIAL SECURITY NUMBER TO ACCESS YOUR ACCOUNT. YOU MAY OBTAIN THE RETURN OF ANY VOLUNTARY CASH PAYMENT, IF YOUR WRITTEN REQUEST IS RECEIVED BY THE PLAN AGENT AT LEAST FORTY-EIGHT (48) HOURS PRIOR TO THE TIME SUCH VOLUNTARY CASH PAYMENT IS INVESTED.

## HOLDING OF SHARES

FOR YOUR CONVENIENCE, THE PLAN AGENT WILL HOLD ALL SHARES THAT YOU ACQUIRE AS A RESULT OF YOUR PARTICIPATION IN THE PLAN, FOR SAFEKEEPING. HOWEVER, UPON YOUR ONLINE REQUEST AT [WWW.AMSTOCK.COM](http://www.amstock.com), TELEPHONICALLY AT (877) 739-9994 OR REQUEST BY MAIL, THE PLAN AGENT WILL SEND YOU A CERTIFICATE REPRESENTING A SPECIFIED NUMBER OF FULL SHARES WHICH YOU HAVE ACQUIRED THROUGH THE PLAN AND WHICH ARE HELD FOR YOUR ACCOUNT. THE PLAN AGENT WILL ALSO ALLOW YOU TO DEPOSIT WITH IT, IN SAFEKEEPING AND IN YOUR "BOOK-ENTRY" ACCOUNT FOR THE PLAN, ANY ADDITIONAL STOCK CERTIFICATES FOR THE FUND'S SHARES YOU MIGHT HAVE IN YOUR POSSESSION. THIS WILL ENABLE YOU TO GUARD AGAINST LOSS, THEFT OR DAMAGE.

## STATEMENT OF ACCOUNT

A CUMULATIVE, DETAILED STATEMENT OF YOUR ACCOUNT UNDER THE PLAN FOR EACH CURRENT CALENDAR YEAR WILL BE SENT TO YOU BY THE PLAN AGENT; AND YOU WILL ALSO RECEIVE THE CUSTOMARY FORM 1099 (INTERNAL REVENUE SERVICE) REPORTING DIVIDEND INCOME.

## WITHDRAWAL OF SHARES

YOU ARE NOT COMMITTED TO REMAIN IN THE PLAN. YOU MAY TERMINATE YOUR PARTICIPATION AT ANY TIME BY NOTICE TO THE PLAN AGENT. BEGINNING WITH THE DIVIDEND WHICH RELATES TO THE FIRST DIVIDEND RECORD DATE WHICH OCCURS AT LEAST TEN DAYS AFTER THE PLAN AGENT'S RECEIPT OF YOUR TERMINATION NOTICE, DIVIDENDS WILL BE REMITTED TO YOU, DIRECTLY, AT YOUR ADDRESS OF RECORD OR AS YOU OTHERWISE SHALL HAVE DIRECTED. UPON TERMINATING PARTICIPATION IN THE PLAN, CERTIFICATES FOR ALL FULL SHARES STANDING TO YOUR CREDIT IN YOUR PLAN ACCOUNT WILL BE ISSUED AND SENT TO YOU AND ANY VOLUNTARY CASH PAYMENTS HELD FOR INVESTMENT UNTIL THE NEXT INVESTMENT DATE WILL ALSO BE SENT TO YOU. ANY REMAINING FRACTIONAL SHARE WILL BE CONVERTED TO CASH, ON THE BASIS OF THE THEN CURRENT MARKET PRICE OF THE FUND'S COMMON STOCK, AND A CHECK, REPRESENTING THE SAME, WILL BE ISSUED AND SENT TO YOU. IF YOU DESIRE, YOU MAY DIRECT THAT YOUR FULL SHARES BE SOLD IN THE OPEN MARKET AND THAT THE PROCEEDS (LESS ANY BROKERAGE COMMISSION INCURRED AS A RESULT OF SUCH SALE) BE SENT TO YOU.

## INCOME TAX CONSIDERATIONS

DIVIDENDS (INCLUDING THOSE DECLARED IN SHARES OF STOCK) INVESTED UNDER THE PLAN ARE TAXABLE IN THE SAME WAY AS DIVIDENDS PAID TO YOU IN CASH.

## SHAREHOLDERS' RIGHTS

SHARES HELD UNDER THE PLAN HAVE THE SAME RIGHTS AS ALL OTHER SHARES, IN TERMS OF STOCK DIVIDENDS, STOCK SPLITS, AND PREEMPTIVE AND VOTING RIGHTS. STOCK DIVIDENDS WILL BE FULLY CREDITED TO YOUR ACCOUNT. TRANSACTION PROCESSING MAY EITHER BE CURTAILED OR SUSPENDED UNTIL THE COMPLETION OF ANY STOCK DIVIDEND, STOCK SPLIT OR CORPORATE ACTION.

## MORE DETAILED INFORMATION

IF YOU HAVE ANY QUESTIONS REGARDING YOUR SPECIFIC PARTICIPATION IN THE PLAN, PLEASE VISIT US ONLINE AT [WWW.AMSTOCK.COM](http://WWW.AMSTOCK.COM), CALL US AT (877) 739-9994 OR WRITE THE PLAN AGENT'S AT:

### **TRANSACTION PROCESSING**

AMERICAN STOCK TRANSFER &  
TRANSFER & TRUST COMPANY  
DRP PLAN  
P.O. BOX 922 WALL STREET STATION  
NEW YORK, NY 10269-0560

### **INQUIRIES**

AMERICAN STOCK  
TRUST COMPANY  
59 MAIDEN LANE  
NEW YORK, NY 10038

## Directors Who Are Interested Persons of the Fund and Officers

<b>Name, Address and Age*</b>	<b>Position(s) Held with Fund</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past 5 Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Director**</b>	<b>Other Directorships Held by Director (Public Companies)</b>
Thomas E. O'Hara Age 90	Chairman of the Board and Director	Term of office one year. Served as Chairman as a director since 1989.	Chairman Emeritus of the Board (since 2002) and Trustee (since 1951) of the National Association of Investors Corporation, a non-profit corporation engaged in investment education ("NAIC") and Chairman Emeritus (since 2002) and Director of the Growth Fund Advisor, Inc. (since 1999), the Fund's investment adviser ("the Investment Adviser"). Chairman of NAIC (from 1951 to 2002) and Chairman of the Investment Adviser (from 1999-2002).	One	None.
Kenneth S. Janke Age 71	Director, President and Treasurer	Term of office one year. Served as a President and a director since 1989.	Chairman and Trustee of NAIC (since 2002) and Chairman, Chief Executive Officer and Director (since 2002) and President and Treasurer (since 1990) of the Investment Adviser. Chief Executive Officer of NAIC (from 1981 to 2002).	One	Director, AFLAC Incorporated (Insurance).
Lewis A. Rockwell Age 87	Director and Secretary	Term of office one year. Served as a Secretary and as a director since 1989.	Chairman and Director of Sunshine Fifty, Inc. Trustee (since 1956) and Secretary (since 1987) of NAIC; Director ;and Secretary of the Investment Adviser (since 1999).	One	None.
Peggy Schmeltz Age 78	Director	Term of office one year. Served director since 1989.	Adult Education Teacher; Trustee of NAIC (since 1995); Director of Bowling Green State University Foundation Board. Former member of NYSE Advisory Committee (1992 to 1994)	One	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.

## Directors Who Are Not Interested Persons of the Fund

Name, Address and Age*	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director**	Other Directorships Held by Director (Public Companies)
Carl A. Holth Age 73	Director	Term of office one year. Served as a director since 1989.	Director, Sunshine Fifty, Inc., and Harrison Piping Supply, Inc.	One	None.
Benedict J. Smith Age 85	Director	Term of office one year. Served as a director since 1996.	Retired; Director, Detroit Executive Service Corps; Director, Vista Maria (a nonprofit charitable organization).	One	None.
James M. Lane Age 76	Director	Term of office one year. Served as a director since 1996.	Retired; Director, Wheaton College, Baseball Chapel, Inc. and Christian Camps, Inc.	One	None.
Luke E. Sims Age 56	Director	Term of office one year. Served as a director since 2002.	Partner in the law firm of Foley & Lardner LLP and Director, Wilson-Hurd Mfg. Co.	One	LaCrosse Footwear, Inc. (developer and marketer of premium work and outdoor 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.

## Compensation

The following table sets forth the aggregate compensation paid to all directors in 2005. Directors who are affiliated with the Investment Adviser or the Investment Adviser's affiliates do not receive any compensation for service as a director. The Chairman and President are not compensated by the Fund, except for reimbursement for out-of-pocket expenses relating to attendance at meetings and other operations of the Fund. No other officer of the Fund received compensation from the Fund in 2005 in excess of \$60,000.

### Directors Who Are Interested Persons of the Fund

<b>Name of Person, Position</b>	<b>Aggregate Compensation from Fund*</b>	<b>Pension or Retirement Benefits Accrued as Part of Fund Expenses</b>	<b>Estimated Annual Benefits Upon Retirement</b>	<b>Total Compensation From Fund and Complex Paid to Directors**</b>
Thomas E. O'Hara, Chairman and Director	None	None	None	None
Kenneth S. Janke President, Treasurer and Director	None	None	None	None
Lewis A. Rockwell Secretary and Director	\$1,425	None	None	\$1,425
Peggy Schmeltz, Director	\$1,425	None	None	\$1,425

### Directors Who Are Not Interested Persons of the Fund

<b>Name of Person, Position</b>	<b>Aggregate Compensation from Fund*</b>	<b>Pension or Retirement Benefits Accrued as Part of Fund Expenses</b>	<b>Estimated Annual Benefits Upon Retirement</b>	<b>Total Compensation From Fund and Complex Paid to Directors**</b>
Carl A. Holth, Director	\$1,425	None	None	\$1,425
James M. Lane, Director	\$1,425	None	None	\$1,425
Benedict M. Smith, Director	\$1,425	None	None	\$1,425
Luke E. Sims, Director	\$1,425	None	None	\$1,425

\*All amounts shown are for service as a director.

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

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## NAIC GROWTH FUND, INC.

### BOARD OF DIRECTORS

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THOMAS E. O'HARA  
CHAIRMAN,  
HIGHLAND BEACH, FL

KENNETH S. JANKE  
PRESIDENT,  
BLOOMFIELD HILLS, MI

PEGGY L. SCHMELTZ  
DIRECTOR,  
BOWLING GREEN, OH

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LEWIS A. ROCKWELL  
SECRETARY,  
GROSSE POINTE SHORES, MI

BENEDICT J. SMITH  
DIRECTOR,  
BIRMINGHAM, MI

LUKE E. SIMS  
DIRECTOR,  
MILWAUKEE, WI

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CARL A. HOLTH  
DIRECTOR,  
CLINTON TWP., MI

JAMES M. LANE  
DIRECTOR,  
HIGHLAND BEACH, FL

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### 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.

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.

THE FUND FILES ITS COMPLETE SCHEDULE OF PORTFOLIO HOLDINGS WITH SECURITIES AND EXCHANGE COMMISSION FOR THE FIRST AND THIRD QUARTERS OF EACH FISCAL YEAR ON FORM N-Q. THE FUND'S FORM N-Q ARE AVAILABLE ON THE COMMISSION'S WEBSITE AT [HTTP://SEC.GOV](http://SEC.GOV), ON THE FUND'S WEBSITE AT [HTTP://WWW.NAICGROWTHFUND.COM](http://WWW.NAICGROWTHFUND.COM) UNDER THE HEADING "SEC EDGAR FILINGS" AND UPON REQUEST BY CALLING 1-877-275-6242. THE FUND'S FORMS N-Q MAY BE REVIEWED AND COPIED AT THE COMMISSION'S PUBLIC REFERENCE ROOM IN WASHINGTON, D.C., AND INFORMATION ON THE OPERATION OF THE PUBLIC REFERENCE ROOM MAY OBTAINED BY CALLING 1-800-SEC-0330.

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).

INFORMATION REGARDING HOW THE FUND VOTED PROXIES RELATING TO PORTFOLIO SECURITIES DURING THE MOST RECENT TWELVE MONTH PERIOD ENDED JUNE 30, 2005 IS AVAILABLE (1) WITHOUT CHARGE, UPON REQUEST BY CALLING 1-877-275-6242 OR ON THE FUND'S WEBSITE AT [HTTP://WWW.NAICGROWTHFUND.COM](http://WWW.NAICGROWTHFUND.COM) AND (2) ON THE COMMISSION'S WEBSITE AT [HTTP://WWW.SEC.GOV](http://WWW.SEC.GOV).

THE BOARD OF DIRECTORS OF THE FUND APPROVED THE CONTINUATION OF THE INVESTMENT ADVISORY AGREEMENT WITH ITS INVESTMENT ADVISOR, GROWTH FUND ADVISOR, INC., IN DECEMBER 2005. IN RENEWING THE INVESTMENT ADVISORY AGREEMENT, THE BOARD DISCUSSED THE FOLLOWING MATERIAL FACTORS: A COMPARISON OF THE FEES PAID TO, AND SERVICES RENDERED BY, CERTAIN OTHER INVESTMENT ADVISORS OF OTHER FUNDS HISTORICALLY SELECTED BY THE BOARD FOR PEER COMPARISONS (INCLUDING THE REASONABLENESS AND LOW PRICE OF THE FEES CHARGED BY GROWTH FUND ADVISOR, THE LONG-TERM INVESTMENT PERFORMANCE OF THE FUND, THE UTILIZATION OF, GENERALLY, THE NAIC INVESTMENT PRINCIPLES AND THE NAIC STOCK STUDY PROGRAM FOR INVESTMENT DECISIONS, THE REASONABLENESS OF THE COSTS OF SERVICES PROVIDED BY THE GROWTH FUND ADVISOR, INC.), AND THE PROFITS REALIZED BY GROWTH FUND ADVISOR, INC. DURING ITS TENURE AS INVESTMENT ADVISOR TO THE FUND. THE BOARD ALSO FAVORABLY CONSIDERED THAT GROWTH FUND ADVISOR, INC. USES A BROKER BASED ON CONSIDERATION OF PRICE, RESPONSIVENESS, AVAILABILITY, RELIABILITY, CAPABILITY, AND RESEARCH SERVICES. THE BOARD DEFERRED ANY DISCUSSION OF THE EFFECT ON FEE PAYABLE TO GROWTH FUND ADVISOR, INC. OF ANY GROWTH IN ASSETS RESULTING IN ECONOMIES OF SCALE UNTIL SUCH TIME AS THE POTENTIAL FOR SIGNIFICANT ASSET FUND GROWTH BECOMES REALIZABLE. OVERALL, THE BOARD DETERMINED THAT IT REMAINS SATISFIED WITH THE NATURE, EXTENT AND QUALITY OF SERVICES, AND THE INVESTMENT PERFORMANCE PROVIDED BY GROWTH FUND ADVISOR, INC.

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).