



**Annual Report**  
**December 31, 2006**

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REPORT TO SHAREOWNERS:  
DECEMBER 31, 2006

THIS MARKS THE LAST REPORT TO SHAREOWNERS THAT I WILL WRITE AS I AM RETIRING AS CHAIRMAN AND PRESIDENT OF THE FUND EFFECTIVE WITH THE 2007 ANNUAL MEETING. IT HAS BEEN A CHALLENGE TO BE PORTFOLIO MANAGER OF A CLOSED-END MUTUAL FUND, BUT IT HAS ALSO BEEN AN ENJOYABLE EXPERIENCE.

IN ADDITION TO MY RETIREMENT, THOMAS E. O'HARA HAS ALSO DECIDED TO RETIRE AT THE SAME TIME. BOTH OF US HAVE SERVED TOGETHER SINCE THE FUND WAS ORGANIZED AND I WILL MISS OUR PERSONAL AND PROFESSIONAL ASSOCIATION THAT WE HAVE SHARED FOR MANY YEARS.

ONE OF THE MANDATES BY THE BOARD OF DIRECTORS DURING THE PAST YEAR WAS TO RETURN MORE TO SHAREOWNERS IN THE FORM OF DIVIDENDS. THE FUND HAD A NUMBER OF HOLDINGS WITH POTENTIAL CAPITAL GAINS AND WE DID TAKE ADVANTAGE OF THOSE PRICES TO MAKE SOME SALES AND CREATE LONG-TERM CAPITAL GAINS.

THROUGH THE YEAR, WE SOLD ALL OF OUR HOLDINGS IN CONAGRA FOODS, DIEBOLD, DONALDSON, FIRST INDUSTRIAL REIT, JOHNSON CONTROLS, H.J. HEINZ, MERCK, CARLISLE, WENDY'S AND PENTAIR. IN ADDITION, WE REDUCED OUR HOLDINGS IN O'REILLY AUTOMOTIVE WITH THE SALE OF 10,000 SHARES. THE RESULT WAS THAT THE FUND WAS ABLE TO PAY A DIVIDEND OF \$1.1865 PER SHARE.

WE ALSO ADDED TO SOME OF OUR HOLDINGS WITH THE PURCHASE OF 2,000 ABBOTT LABORATORIES, 11,000 BIOMET, 12,000 JACK HENRY & ASSOCIATES, 5,000 JOHNSON & JOHNSON, 3,000 MEDTRONIC, 4,000 MCCORMICK, 12,000 SYSCO AND 1,000 WASHINGTON MUTUAL.

DURING 2006, THE DOW JONES INDUSTRIAL AVERAGE INCREASED 16.3% AND THE S&P 500 WAS UP 13.6%. TAKING INTO CONSIDERATION THE DIVIDEND PAID SEMI-ANNUALLY TO SHAREOWNERS, THE NAIC GROWTH FUND NAV WAS UP 12.9%.

TOM O'HARA AND I CONTINUE TO BE SHAREOWNERS AND WE WISH THE FUND MANAGERS AND THE BOARD OF DIRECTORS THE BEST OF LUCK IN GUIDING IT IN THE YEARS TO COME. IT HAS BEEN MY PLEASURE TO SERVE YOU IN EACH CAPACITY THAT HAS BEEN ASSIGNED TO ME SINCE THE FUND WAS ORGANIZED.



KENNETH S. JANKE  
CHAIRMAN AND PRESIDENT

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NAIC GROWTH FUND, INC.  
STATEMENT OF ASSETS AND LIABILITIES  
AS OF DECEMBER 31, 2006

ASSETS

INVESTMENT SECURITIES	
– AT MARKET VALUE (COST \$12,702,212)	\$ 24,571,920
SHORT-TERM INVESTMENTS	
– AT AMORTIZED COST	1,996,895
CASH AND CASH EQUIVALENTS	1,975,610
DIVIDENDS AND INTEREST RECEIVABLE	59,895
PREPAID INSURANCE	27,325
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	28,631,645

LIABILITIES

DIVIDENDS PAYABLE	1,916,939
ACCOUNTS PAYABLE	38,475
ADVISOR FEES PAYABLE	15,827
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	1,971,241
TOTAL NET ASSETS	\$ 26,660,404

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	4,891
UNREALIZED APPRECIATION OF INVESTMENTS	11,869,708
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SHAREOWNERS' EQUITY	\$ 26,660,404
NET ASSET VALUE PER SHARE	\$ 9.55

SEE NOTES TO FINANCIAL STATEMENTS

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NAIC GROWTH FUND, INC.  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2006

INVESTMENT INCOME

INTEREST	\$ 107,085
DIVIDENDS	534,208
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	641,293

EXPENSES

ADVISORY FEES	200,625
LEGAL FEES	88,026
INSURANCE	25,846
TRANSFER AGENT	22,802
AUDIT FEES	20,800
DIRECTORS' FEES AND EXPENSES	12,025
CUSTODIAN	11,944
OTHER FEES & EXPENSES	9,415
PRINTING	7,440
MAILING AND POSTAGE	6,966
ANNUAL SHAREOWNERS' MEETING	2,537
TAXES	600
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TOTAL EXPENSES	409,026
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NET INVESTMENT INCOME	232,267

REALIZED AND UNREALIZED GAIN ON INVESTMENTS

REALIZED GAIN ON INVESTMENTS:	
PROCEEDS FROM SALE OF INVESTMENT SECURITIES	6,657,295
COST OF INVESTMENT SECURITIES SOLD	3,575,516
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NET REALIZED GAIN ON INVESTMENTS	3,081,779
UNREALIZED APPRECIATION OF INVESTMENTS:	
UNREALIZED APPRECIATION AT BEGINNING OF YEAR	11,969,788
UNREALIZED APPRECIATION AT END OF PERIOD	11,869,708
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NET CHANGE IN UNREALIZED APPRECIATION ON INVESTMENTS	(100,080)
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NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	2,981,699
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NET INCREASE FROM OPERATIONS	\$3,213,966

SEE NOTES TO FINANCIAL STATEMENTS

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

DECEMBER 31, 2006    DECEMBER 31, 2005

FROM OPERATIONS:

NET INVESTMENT INCOME	\$ 232,267	\$ 191,572
NET REALIZED GAIN ON INVESTMENTS	3,081,779	266,791
NET CHANGE IN UNREALIZED APPRECIATION ON INVESTMENTS	(100,080)	(118,197)
NET INCREASE/(DECREASE) FROM OPERATIONS	3,213,966	340,166

DISTRIBUTIONS TO STOCKHOLDERS FROM:

NET INVESTMENT INCOME	231,328	193,385
NET REALIZED GAIN FROM INVESTMENT TRANSACTIONS	3,081,779	266,791
TOTAL DISTRIBUTIONS	3,313,107	460,176

FROM CAPITAL STOCK TRANSACTIONS:

DIVIDEND REINVESTMENT	--	--
CASH PURCHASES	--	6,693
NET INCREASE FROM CAPITAL STOCK TRANSACTIONS	--	6,693
NET INCREASE/(DECREASE) IN NET ASSETS	(99,141)	(113,317)

TOTAL NET ASSETS:

BEGINNING OF YEAR	\$ 26,759,545	\$26,872,862
END OF PERIOD (INCLUDING UNDISTRIBUTED NET INVESTMENT INCOME OF \$4,891 AND \$3,952, RESPECTIVELY)	\$ 26,660,404	\$26,759,545

SHARES:

SHARES ISSUED TO COMMON STOCKHOLDERS UNDER THE DIVIDEND REINVESTMENT PLAN AND CASH PURCHASE PLAN	--	364,830
SHARES AT BEGINNING OF YEAR	2,792,336	2,427,506
SHARES AT END OF PERIOD	2,792,336	2,792,336

SEE NOTES TO FINANCIAL STATEMENTS

**NAIC GROWTH FUND, INC.**  
**FINANCIAL HIGHLIGHTS (A)**

FOR THE YEARS ENDED:

	2006	2005	2004	2003	2002
NET ASSET VALUE AT BEGINNING OF YEAR	\$9.58	\$9.63	\$8.99	\$7.90	\$9.63
NET INVESTMENT INCOME	.08	.07	.01	.01	.02
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	1.07	.05	.81	1.39	(1.28)
TOTAL FROM INVESTMENT OPERATIONS	1.15	.12	.82	1.40	(1.26)
DISTRIBUTION FROM:					
NET INVESTMENT INCOME	(.08)	(.07)	(.01)	(.01)	(.02)
REALIZED GAINS	(1.10)	(.10)	(.17)	(.30)	(.45)
TOTAL DISTRIBUTIONS	(1.18)	(.17)	(.18)	(.31)	(.47)
NET ASSET VALUE AT END OF PERIOD	\$9.55	\$9.58	\$9.63	\$8.99	\$7.90
PER SHARE MARKET VALUE, END OF PERIOD LAST TRADED PRICE (B)	\$8.00	\$8.70	\$7.83	\$8.26	\$8.65

**TOTAL INVESTMENT RETURN:**

**BASED ON MARKET VALUE**

1 YEAR (ANNUALIZED)	4.15%	13.20%	(3.31%)	(1.33%)	2.10%
5 YEAR	2.81%	2.70%	6.65%	7.81%	1.79%
10 YEAR	6.91%	9.01%	13.45%	13.77%	14.28%
FROM INCEPTION	9.11%	9.44%	9.18%	10.17%	11.15%

**BASED ON NET ASSET VALUE**

1 YEAR (ANNUALIZED)	12.91%	1.34%	9.26%	17.69%	(13.81%)
5 YEAR	4.87%	2.00%	5.64%	5.42%	5.64%
10 YEAR	9.26%	8.97%	13.48%	12.83%	11.40%
FROM INCEPTION	10.29%	10.12%	10.75%	10.86%	10.34%

NET ASSETS, END OF YEAR (000's)      \$26,660.4      \$26,759.5      \$26,872.9      \$24,501.2      \$20,555.3

**RATIOS TO AVERAGE NET ASSETS ANNUALIZED:**

RATIO OF EXPENSES TO AVERAGE NET ASSETS	1.50%	1.46%	1.80%	1.79%	1.61%
RATIO OF NET INVESTMENT INCOME TO AVERAGE NET ASSETS	0.85%	0.72%	0.11%	0.06%	0.17%
PORTFOLIO TURNOVER RATE	6.73%	3.51%	6.53%	11.31%	11.19%
AVERAGE COMMISSION RATE PAID PER SHARE	\$0.063	\$0.075	\$0.095	\$0.125	\$0.125

(A) ALL PER SHARE DATA FOR 2002-2005 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.

SEE NOTES TO FINANCIAL STATEMENTS

NAIC GROWTH FUND, INC.

PORTFOLIO OF INVESTMENTS - DECEMBER 31, 2006 (AUDITED)

%	COMMON STOCK	SHARES	COST	MARKET
<b>3.6 AUTO REPLACEMENT</b>				
	O'REILLY AUTO*	30,000	\$ 189,637	\$ 961,800
<b>TOTAL</b>			<b>\$ 961,800</b>	

<b>14.8 BANKING</b>				
	CITIGROUP	22,000	368,635	1,225,400
	COMERICA, INC.	10,000	404,669	586,800
	HUNTINGTON BANC.	25,000	238,023	593,750
	JP MORGAN CHASE	15,000	396,347	724,500
	SYNOVUS FINANCIAL	27,000	317,651	832,410
<b>TOTAL</b>			<b>\$ 3,962,860</b>	

<b>4.0 BEVERAGES – SOFT DRINKS</b>				
	PEPSICO	17,000	433,218	1,063,350
<b>TOTAL</b>			<b>\$ 1,063,350</b>	

<b>4.0 CHEMICALS</b>				
	RPM	25,000	287,099	522,250
	SIGMA ALDRICH	7,000	213,317	544,040
<b>TOTAL</b>			<b>\$ 1,066,290</b>	

%	COMMON STOCK	SHARES	COST	MARKET
<b>3.9 CONSUMER PRODUCTS</b>				
	COLGATE-PALMOLIVE	16,000	\$ 469,850	\$ 1,043,840
<b>TOTAL</b>			<b>\$ 1,043,840</b>	

<b>3.1 ELECTRICAL EQUIPMENT</b>				
	GENERAL ELECTRIC	24,000	441,341	893,040
<b>TOTAL</b>			<b>\$ 893,040</b>	

<b>11.4 ETHICAL DRUGS</b>				
	ABBOTT LABORATORIES	20,000	860,150	974,200
	JOHNSON & JOHNSON	20,000	915,045	1,320,400
	PFIZER, INC.	28,000	606,755	725,200
<b>TOTAL</b>			<b>\$3,019,800</b>	

<b>8.8 FINANCIAL SERVICES</b>				
	CIT GROUP	10,000	392,785	557,700
	STATE STREET	16,000	436,700	1,079,040
	WASHINGTON MUTUAL	15,000	609,131	682,350
<b>TOTAL</b>			<b>\$2,319,090</b>	

SEE NOTES TO FINANCIAL STATEMENTS

\*NON-INCOME PRODUCING SECURITY

NAIC GROWTH FUND, INC.

PORTFOLIO OF INVESTMENTS - DECEMBER 31, 2006 (AUDITED)

%	COMMON STOCK	SHARES	COST	MARKET
<b>3.5 FOOD</b>				
	McCORMICK & Co.	24,000	\$ 347,055	\$ 925,440
<b>TOTAL</b>			<b>\$ 925,440</b>	

<b>4.4 FOOD WHOLESALE</b>				
	SYSCO	32,000	507,179	1,176,320
<b>TOTAL</b>			<b>\$ 1,176,320</b>	

<b>14.2 HOSPITAL SUPPLIES</b>				
	BIOMET CORP.	28,000	573,428	1,155,560
	MEDTRONIC	17,000	850,214	909,670
	POLYMEDICA	12,000	346,237	484,920
	STRYKER CORP.	22,000	180,012	1,212,420
<b>TOTAL</b>			<b>\$ 3,762,570</b>	

<b>3.5 INSURANCE</b>				
	AFLAC INCORPORATED	20,000	143,906	920,000
<b>TOTAL</b>			<b>\$ 920,000</b>	

<b>2.7 INFORMATION TECHNOLOGY</b>				
	JACK HENRY & ASSOC.	34,000	626,878	727,600
<b>TOTAL</b>			<b>\$ 727,600</b>	

%	COMMON STOCK	SHARES	COST	MARKET
<b>3.3 MACHINERY</b>				
	EMERSON ELECTRIC Co.	20,000	\$ 335,278	\$ 881,800
<b>TOTAL</b>			<b>\$ 881,800</b>	

<b>3.9 MULTI INDUSTRY</b>				
	TELEFLEX	16,000	545,608	1,032,960
<b>TOTAL</b>			<b>\$1,032,960</b>	

<b>3.1 OFFICE SUPPLIES</b>				
	AVERY DENNISON	12,000	666,064	815,160
<b>TOTAL</b>			<b>\$ 815,160</b>	

SEE NOTES TO FINANCIAL STATEMENTS

NAIC GROWTH FUND, INC.

PORTFOLIO OF INVESTMENTS - DECEMBER 31, 2006 (AUDITED)

%	COMMON STOCK	SHARES	COST	MARKET
<b>92.2</b>	<b>INVESTMENT SECURITIES</b>		\$12,702,212	\$24,571,920

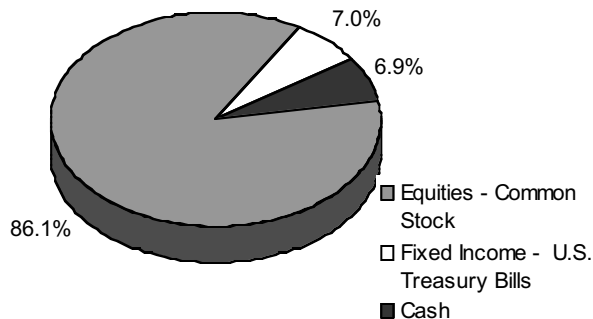
**SHORT-TERM INVESTMENTS**

<b>7.5</b>	UNITED STATES TREASURY BILLS MATURING 7/27/2006		\$ 1,996,895	
<b>7.7</b>	MISC. CASH EQUIVALENTS		2,062,830	
<b>15.2%</b>			<b>\$ 4,059,725</b>	
<b>TOTAL INVESTMENTS</b>			<b>\$ 28,631,645</b>	
<b>(7.4)</b>	ALL OTHER ASSETS LESS LIABILITIES		(1,971,241)	
<b>100%</b>	<b>TOTAL NET ASSETS</b>		<b>\$ 26,660,404</b>	

**TOP TEN HOLDINGS - NAIC GROWTH FUND, 12/31/06**

COMPANY	MARKET VALUE	% OF PORTFOLIO INVESTMENTS
JOHNSON & JOHNSON	\$ 1,320,400	5.4
CITIGROUP	1,225,400	5.0
STRYKER	1,212,420	4.9
SYSCO	1,176,320	4.8
BIOMET CORP.	1,155,560	4.7
STATE STREET	1,079,040	4.4
PEPSICO	1,063,350	4.3
COLGATE-PALMOLIVE	1,043,840	4.2
TELEFLEX	1,032,960	4.2
ABBOTT LABORATORIES	974,200	4.0

Summary of Investment Position  
as % of Total Investments  
12/31/2006



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, 2006:

GROSS UNREALIZED APPRECIATION	\$ 11,869,708
GROSS UNREALIZED DEPRECIATION	-
NET UNREALIZED APPRECIATION	<u>\$ 11,869,708</u>
FEDERAL INCOME TAX COST	<u>\$ 12,702,212</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. IN ADDITION, THE INVESTMENT ADVISER HAS HISTORICALLY PAID THE FUND'S ADMINISTRATIVE AND CLERICAL COST FROM ITS MONTHLY FEE.

### (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 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

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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 JUNE 15, 2006, A DISTRIBUTION OF \$0.50 PER SHARE AGGREGATING \$1,396,168 WAS DECLARED FROM REALIZED GAINS. THE DIVIDEND WAS PAID ON JULY 6, 2006, TO SHAREOWNERS OF RECORD ON JUNE 26, 2006. ON DECEMBER 7, 2006, A DISTRIBUTION OF \$0.6865 PER SHARE AGGREGATING \$1,916,939 WAS DECLARED FROM REALIZED GAINS AND ORDINARY INCOME. THE DIVIDEND WAS PAID ON JANUARY 11, 2007, TO SHAREOWNERS OF RECORD DECEMBER 20, 2006.

THE TAX CHARACTER OF DISTRIBUTIONS PAID DURING 2006 AND 2005 WAS AS FOLLOWS:

	<u>2006</u>	<u>2005</u>
DISTRIBUTIONS PAID FROM:		
ORDINARY INCOME	\$ 262,108	\$ 193,385
LONG-TERM CAPITAL GAIN	3,050,999	266,791
	<u>\$3,313,107</u>	<u>\$ 460,176</u>

AS OF DECEMBER 31, 2006, THE COMPONENTS OF DISTRIBUTABLE EARNINGS ON A TAX BASIS WERE AS FOLLOWS:

UNDISTRIBUTED ORDINARY INCOME	\$ 4,891
UNREALIZED APPRECIATION	11,869,708

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## (6) INVESTMENT TRANSACTIONS

PURCHASES AND SALES OF SECURITIES, OTHER THAN SHORT-TERM SECURITIES FOR THE PERIOD ENDED DECEMBER 31, 2006, WERE \$1,699,846 AND \$6,657,295, 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 REGISTERED ACCOUNTING FIRM

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, 2006 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.

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, 2006 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, 2006, THE RESULTS OF ITS OPERATIONS FOR THE YEAR THEN ENDED, AND THE STATEMENT OF CHANGES IN NET ASSETS FOR THE TWO YEARS IN THE PERIOD THEN ENDED AND THE FINANCIAL HIGHLIGHTS FOR EACH OF THE FIVE YEARS IN THE PERIOD THEN ENDED, IN CONFORMITY WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA.

PLANTE & MORAN, PLLC

JANUARY 16, 2007

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## 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 PARTICIPANTS ON A PRO RATA BASIS.

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## 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.

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## 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.

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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 INQUIRIES

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

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

## DIRECTORS WHO ARE INTERESTED PERSONS OF THE FUND AND OFFICERS

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)
Thomas E. O'Hara Age 91	Director	Term of office one year. Served as a director since 1989.	Chairman (1989-April 2006) and Director of Fund; Chairman (1951-2002), Chairman Emeritus (2002-November 2006) and Trustee (1951-November 2006) of NAIC; and Chairman (1999-2002), Chairman Emeritus (since 2002) and Director of Growth Fund Advisor, Inc. (since 1999)	One	None
Kenneth S. Janke Age 72	Director, Chairman, President, and Treasurer	Term of office one year. Served as a President and a director since 1989.	Chairman (since April, 2006) and Director, President and Treasurer (since 1989) of the Fund; CEO (1981-2002), Chairman and Trustee of NAIC (2002-to September 2006); Chairman, CEO and Director (since 2002) and President and Treasurer (since 1990) of Growth Fund Advisor, inc.	One	Director, Aflac Incorporated (Insurance).
Lewis A. Rockwell Age 88	Secretary	Term of office one year. Served as a Secretary since 1989.	Chairman and Director of Sunshine Fifty, Inc. Secretary (since 1989) and Director (1989-September 2006) of the Fund; Trustee (1956-2006) and Secretary (1999-2006) of NAIC; and Secretary and a Director (since 1999) of Growth Fund Advisor, Inc.	One	None
Peggy Schmeltz Age 79	Director	Term of office one year. Served as a director since 1989.	Trustee of NAIC (since 1995); Director of Bowling Green State University Foundation Board. Former member of NYSE Advisory Committee (1992 to 1994).	One	None
Luke E. Sims Age 57	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. Manager of Sims Capital Management LLC, a registered investment adviser.	One	LaCrosse Footwear, Inc. (manufacturer and marketer of sporting and industrial footwear).

\* The address of each is the address of the Fund. Messrs. O'Hara, Janke, Rockwell and Sims 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 director of the Investment Adviser. Messrs. Janke and Rockwell are interested persons because they are directors and officers of the Investment Adviser, as noted above. Mrs. Schmeltz is an interested person because she is a trustee of NAIC, which is affiliated with the current investment adviser, Growth Fund Advisor, Inc. Mr. Sims is an interested person because he beneficially owns in excess of 5.0% of the Fund's outstanding shares of common stock.

\*\* 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 74	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 86	Director	Term of office one year. Served as a director since 1996.	Retired; Director, Detroit Executive Service Corp. (an advisory service for non-profit organizations); Director, Vista Maria (a nonprofit charitable organization).	One	None
Robert M. Bilkie, Jr. Age 46	Director	Term of office one year. Served as a director since 2006.	President and CEO of Sigma Investment Counselors, Inc. (a registered investment adviser); member of NAIC/BetterInvesting Securities Review Committee and of the NAIC/BetterInvesting Editorial Advisory Committee (non-remunerative).	One	None

\* 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 THROUGH DECEMBER 31, 2006. DIRECTORS ALSO RECEIVE REIMBURSEMENT FOR OUT-OF-POCKET EXPENSES RELATING TO ATTENDANCE AT MEETINGS OF THE FUND. NO OFFICER OF THE FUND RECEIVED COMPENSATION FROM THE FUND THROUGH DECEMBER 31, 2006 IN HIS CAPACITY AS AN OFFICER OF THE FUND.

### DIRECTORS WHO ARE INTERESTED PERSONS OF THE FUND

Name of Person, Position	Aggregate Compensation from Fund*	Pension or Retirement Benefits Accrued as Part of Fund Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation From Fund and Complex Paid to Directors**
Kenneth S. Janke Chairman, President, Treasurer and Director	None	None	None	None
Thomas E. O'Hara, Director	None	None	None	None
Lewis A. Rockwell*** Secretary and Director	\$600	None	None	\$600
Peggy Schmeltz, Director	\$1800	None	None	\$1800
Luke E. Sims, Director	\$1800	None	None	\$1800

### DIRECTORS WHO ARE NOT INTERESTED PERSONS OF THE FUND

Name of Person, Position	Aggregate Compensation from Fund*	Pension or Retirement Benefits Accrued as Part of Fund Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation From Fund and Complex Paid to Directors**
Carl A. Holth, Director	\$1800	None	None	\$1800
Benedict J. Smith, Director	\$1800	None	None	\$1800
Robert M. Bilkie, Director	\$1200	None	None	\$1200

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

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

\*\*\* Resigned as a director on September 8, 2006.

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**NAIC GROWTH FUND, INC.**  
**BOARD OF DIRECTORS**

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KENNETH S. JANKE  
CHAIRMAN AND PRESIDENT  
BLOOMFIELD HILLS, MI

---

THOMAS E. O'HARA  
DIRECTOR  
FARMINGTON HILLS, MI

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PEGGY L. SCHMELTZ  
DIRECTOR  
BOWLING GREEN, OH

---

ROBERT M. BILKIE, JR.  
DIRECTOR  
SOUTHFIELD, MI

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CARL A. HOLTH  
DIRECTOR  
CLINTON TWP., MI

---

BENEDICT J. SMITH  
DIRECTOR  
BIRMINGHAM, MI

---

LUKE E. SIMS  
DIRECTOR  
MILWAUKEE, WI

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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, 2006 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).

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).

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ON DECEMBER 7, 2006, THE BOARD OF DIRECTORS (EXCEPT FOR LUKE E. SIMS WHO DID NOT PARTICIPATE) VOTED TO APPROVE AN INVESTMENT ADVISORY AGREEMENT (THE "SCM INVESTMENT ADVISORY AGREEMENT"), TO GO INTO EFFECT ON MAY 1, 2007, BETWEEN THE FUND AND SIMS CAPITAL MANAGEMENT LLC ("SCM"), SUBJECT TO SHAREHOLDER APPROVAL. THE PROPOSAL TO VOTE ON THE SCM INVESTMENT ADVISORY AGREEMENT IS THE RESULT OF A SELECTION PROCESS APPROVED BY THE BOARD AT ITS MEETING OF SEPTEMBER 8, 2006. AT SUCH MEETING, THE BOARD DETERMINED TO PUT OUT FOR BID THE SERVICES OF INVESTMENT ADVISER TO THE FUND. IN CONNECTION THEREWITH, A COMMITTEE OF DIRECTORS WAS APPOINTED BY THE BOARD (THE "COMMITTEE") TO HANDLE THE SELECTION PROCESS. THE COMMITTEE MEMBERS CONSISTED OF ROBERT M. BILKIE, JR. (ACTING AS CHAIRMAN), CARL A. HOLTH, PEGGY L. SCHMELTZ AND BENEDICT J. SMITH. THE COMMITTEE WAS AUTHORIZED TO ESTABLISH AND IMPLEMENT A PROCESS FOR IDENTIFYING, INTERVIEWING AND SELECTING AN INVESTMENT ADVISER TO THE FUND AND TO REPORT BACK TO THE BOARD AT ITS DECEMBER 7, 2006 BOARD MEETING WITH THE COMMITTEE'S FINDINGS AND RECOMMENDATIONS.

THE COMMITTEE SOLICITED POTENTIAL INVESTMENT ADVISERS BY ISSUING A PRESS RELEASE, ADVERTISEMENTS IN TRADE PERIODICALS AND THROUGH DIRECT CONTACT OF FIRMS. EACH POTENTIAL INVESTMENT ADVISER WAS DIRECTED TO COMPLETE A REQUEST FOR PROPOSAL ("RFP") SEEKING DETAILED INFORMATION ABOUT THE FIRM, ITS CLIENTS, ITS INVESTMENT STRATEGY, RATES OF RETURN ON ITS INVESTMENT PORTFOLIO, FEE SCHEDULE, CLIENT REFERENCES, GROUP TURNOVER AND DISCIPLINARY HISTORY. THE COMMITTEE STATED IN THE RFP THAT THE SUCCESSFUL BIDDER WILL HAVE A VERIFIABLE HISTORY OF STRONG INVESTMENT RETURNS RELATIVE TO PORTFOLIO RISK AND AN IMPRESSIVE TRACK RECORD WITH BOTH PERSONAL AND CORPORATE INTEGRITY, HONESTY AND FAIR DEALING WITH CLIENTS. OVER TWENTY INVESTMENT ADVISERS INDICATED AN INTEREST IN BECOMING THE FUND'S INVESTMENT ADVISER. GROWTH FUND ADVISER, INC., THE CURRENT INVESTMENT ADVISER, DID NOT SUBMIT A PROPOSAL. THE COMMITTEE REVIEWED THE SUBMISSIONS BASED PREDOMINANTLY ON QUANTITATIVE CRITERIA, INCLUDING, BUT NOT LIMITED TO, INVESTMENT EXPERIENCE, HISTORICAL INVESTMENT PERFORMANCE, ASSETS UNDER MANAGEMENT, PORTFOLIO TURNOVER, WILLINGNESS TO REPORT PORTFOLIO CHANGES ON A TIMELY BASIS, AND FEES. BASED ON SUCH REVIEW, THE COMMITTEE SENT NOTICES DURING THE WEEK OF NOVEMBER 6, 2006 TO FIVE FIRMS REQUESTING PERSONAL INTERVIEWS. ON NOVEMBER 21, 2006, THE COMMITTEE CONDUCTED PERSONAL INTERVIEWS LOOKING AT BOTH THE QUANTITATIVE CRITERIA SET FORTH ABOVE AND QUALITATIVE CRITERIA, INCLUDING, AN UNDERSTANDABLE INVESTMENT PROCESS, AN ARTICULATION OF A MANNER IN WHICH A STOCK'S INTRINSIC VALUE WAS DETERMINED, CONSISTENCY WITH NAIC INVESTMENT PRINCIPLES AND A DEMONSTRATED UNDERSTANDING OF EQUITY RISK AND RETURN CHARACTERISTICS.

BASED ON ITS THOROUGH REVIEW, THE COMMITTEE DETERMINED THAT SCM WAS THE BEST CANDIDATE. SCM INCLUDED THE VERIFIED INVESTMENT PERFORMANCE OF LUKE E. SIMS FOR THE PERIODS PRIOR TO SCM'S ORGANIZATION IN RESPONDING TO THE RFP. SCM HAD THE HIGHEST RATING OF ALL FIVE CANDIDATES WITH RESPECT TO COMPOUNDED ANNUAL RETURNS OVER A THREE-YEAR, FIVE-YEAR AND TEN-YEAR TIME-FRAME. ALSO, THE BULK OF SCM'S PORTFOLIO WAS IN STOCKS THAT THE COMMITTEE FELT WERE CONSISTENT WITH NAIC PRINCIPLES.

AT THE BOARD MEETING OF DECEMBER 7, 2006, THE COMMITTEE PRESENTED ITS FINDINGS TO THE BOARD AND ITS RECOMMENDATION THAT SCM BE SELECTED AS THE FUND'S NEW INVESTMENT ADVISER. THE BOARD, EXCEPT FOR MR. SIMS WHO DID NOT PARTICIPATE IN THE VOTE OR DISCUSSION, AND MR. JANKE, WHO WAS NOT PRESENT AT THE TIME OF THE VOTE, APPROVED OF THE SELECTION OF SCM SUBJECT TO SHAREHOLDER APPROVAL AT THIS MEETING. AT THE BOARD MEETING OF FEBRUARY 16, 2007, THE BOARD THEN ALSO APPROVED THE SCM INVESTMENT ADVISORY AGREEMENT (EXCEPT FOR MR. SIMS OF THE SCM INVESTMENT ADVISORY AGREEMENT, WHO DID NOT PARTICIPATE IN THE VOTE). LUKE E. SIMS, A DIRECTOR, AND AN OWNER OF MORE THAN FIVE PERCENT (5%) OF THE OUTSTANDING SHARES, OF THE FUND, IS A FIFTY PERCENT (50%) OWNER OF SCM. DAVID C. SIMS, AGE 25, WHO IS ALSO A FIFTY PERCENT (50%) OWNER OF SCM, IS SCM'S OPERATING MANAGER WITH RESPONSIBILITY FOR SCM'S DAY-TO-DAY OPERATIONS. LUKE E. SIMS HAS AGREED TO BE THE PRINCIPAL CONTACT AND DECISION-MAKER AT SCM WITH RESPECT TO THE FUND AND ITS INVESTMENT PORTFOLIO. LUKE E. SIMS AND DAVID C. SIMS ARE FATHER AND SON. THE AFFILIATION BETWEEN MR. SIMS AND SCM WAS MADE KNOWN TO ALL MEMBERS OF THE COMMITTEE AND THE BOARD DURING THE ENTIRE PERIOD OF THE INVESTMENT ADVISORY SELECTION PROCESS.

ALSO ON DECEMBER 7, 2006, THE BOARD OF DIRECTORS DETERMINED TO CONTINUE THE INVESTMENT ADVISORY AGREEMENT BETWEEN THE FUND AND GROWTH FUND ADVISOR, INC. ON AN INTERIM BASIS UNTIL THE EARLIER TO OCCUR OF (A) SEPTEMBER 30, 2007 OR (B) MAY 1, 2007 IF THE SCM INVESTMENT ADVISORY AGREEMENT IS APPROVED BY SHAREHOLDERS AT THE 2007 ANNUAL MEETING OF SHAREHOLDERS.