



Semi-Annual Report
June 30, 2006

www.naicgrowthfund.com

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REPORT TO SHAREOWNERS:
JUNE 30, 2006

WITH THE WORLD IN AN UPROAR AND MANY POLITICAL UNCERTAINTIES, THE STOCK MARKET TREADED WATER FOR THE MOST PART DURING THE FIRST HALF OF THE YEAR. OIL PRICES CONTINUED AT A HIGH LEVEL AND INTEREST RATES WERE INCREASED ON A REGULAR BASIS. EVEN AFTER THE END OF JUNE, THERE WERE MORE UPHEAVALS IN THE MIDEAST WITH VIOLENCE ERUPTING BETWEEN ISRAEL AND LEBANON. NONE OF THESE EVENTS WERE POSITIVE SIGNS FOR THE STOCK MARKET.

ADDITIONS TO THE PORTFOLIO INCLUDED 11,000 BIOMET BRINGING THE TOTAL TO 28,000 SHARES; 8,000 JACK HENRY & ASSOCIATES (30,000); 5,000 JOHNSON & JOHNSON (20,000); 3,000 MEDTRONIC (17,000); 4,000 MCCORMICK (24,000), 10,000 SYSCO (30,000) AND 1,000 WASHINGTON MUTUAL (15,000).

SALES REDUCED THE NUMBER OF STOCKS IN THE PORTFOLIO WITH CARLISLE, CONAGRA FOODS, DIEBOLD, DONALDSON, FIRST INDUSTRIAL REAL ESTATE, H.J. HEINZ AND MERCK BEING SOLD IN THEIR ENTIRETY. THERE WERE ALSO PARTIAL SALES OF 2,000 JOHNSON CONTROLS AND 10,000 O'REILLY AUTOMOTIVE, ALTHOUGH WE CONTINUE TO HOLD 10,000 JOHNSON CONTROLS AND 30,000 O'REILLY AUTOMOTIVE.

THE RESULT OF THE SALES ENABLED THE BOARD OF DIRECTORS TO DECLARE A 50 CENT PER SHARE CAPITAL GAIN DISTRIBUTION TO SHAREOWNERS THAT WAS PAYABLE ON JULY 6, 2006. DIRECTORS BELIEVE THE SHAREHOLDERS SHOULD REAP THE BENEFITS OF A PORTION OF OUR FUND'S CAPITAL GAINS.

WE WOULD ALSO LIKE TO INFORM YOU THAT JAMES M. LANE HAS RECENTLY RETIRED FROM THE BOARD OF DIRECTORS. WE GREATLY APPRECIATE HIS MANY YEARS OF SERVICE TO THE FUND AND WISH HIM WELL. MR. ROBERT M. BILKIE, JR., 45, WAS APPOINTED TO SERVE THE REMAINDER OF MR. LANE'S TERM ON THE BOARD AND ON THE AUDIT COMMITTEE. DURING THE PAST TWENTY-TWO YEARS, MR. BILKIE HAS BEEN THE PRESIDENT AND CEO OF SIGMA INVESTMENT COUNSELORS, INC. (PROVIDES INVESTMENT ADVISORY SERVICES TO HIGH NET WORTH INDIVIDUALS).

THE BOARD OF DIRECTORS HAS AUTHORIZED THE REPURCHASE ON THE OPEN MARKET OF UP TO 100,000 OF THE FUND'S OUTSTANDING SHARES OF COMMON STOCK. BASED ON CURRENT MARKET PRICES WE BELIEVE OUR SHARES ARE UNDERVALUED AND THE REPURCHASE PROGRAM IS A GOOD INVESTMENT OF AVAILABLE FUNDS. THE SHARES AUTHORIZED TO BE REPURCHASED ARE TO BE PURCHASED FROM TIME TO TIME AS MARKET AND BUSINESS CONDITIONS WARRANT.



KENNETH S. JANKE
CHAIRMAN AND PRESIDENT

NAIC GROWTH FUND, INC.
STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2006 (UNAUDITED)

ASSETS

INVESTMENT SECURITIES	
– AT MARKET VALUE (COST \$13,516,654)	\$ 24,033,670
SHORT-TERM INVESTMENTS	
– AT AMORTIZED COST	995,674
CASH AND CASH EQUIVALENTS	2,199,886
DIVIDENDS AND INTEREST RECEIVABLE	36,902
PREPAID INSURANCE	2,011
	<hr/>
	27,268,143

LIABILITIES

DIVIDENDS PAYABLE	1,396,168
ACCOUNTS PAYABLE	12,757
ADVISOR FEES PAYABLE	19,417
ACCRUED EXPENSES	7,356
	<hr/>
	1,435,698
TOTAL NET ASSETS	\$ 25,832,445

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	100,881
UNDISTRIBUTED NET REALIZED GAIN ON INVESTMENTS	428,743
UNREALIZED APPRECIATION OF INVESTMENTS	10,517,016
	<hr/>
SHAREOWNERS' EQUITY	\$ 25,832,445
NET ASSET VALUE PER SHARE	\$ 9.25

SEE NOTES TO FINANCIAL STATEMENTS

NAIC GROWTH FUND, INC.
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED JUNE 30, 2006 (UNAUDITED)

INVESTMENT INCOME

INTEREST	\$ 24,741
DIVIDENDS	263,753
	288,494

EXPENSES

ADVISORY FEES	103,518
LEGAL FEES	32,016
TRANSFER AGENT	14,210
INSURANCE	12,448
PRINTING	5,106
OTHER FEES AND EXPENSES	4,656
MAILING AND POSTAGE	4,496
DIRECTORS' FEES AND EXPENSES	4,125
AUDIT FEES	3,950
CUSTODIAN FEES	3,903
ANNUAL SHAREOWNERS' MEETING	2,537
TAXES	600
TOTAL EXPENSES	191,565
NET INVESTMENT INCOME	96,929

REALIZED AND UNREALIZED GAIN ON INVESTMENTS

REALIZED GAIN ON INVESTMENTS:	
PROCEEDS FROM SALE OF INVESTMENT SECURITIES	4,454,567
COST OF INVESTMENT SECURITIES SOLD	2,629,656
NET REALIZED GAIN ON INVESTMENTS	1,824,911
UNREALIZED APPRECIATION OF INVESTMENTS:	
UNREALIZED APPRECIATION AT BEGINNING OF YEAR	11,969,788
UNREALIZED APPRECIATION AT END OF PERIOD	10,517,016
NET CHANGE IN UNREALIZED APPRECIATION ON INVESTMENTS	(1,452,772)
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	372,139
NET INCREASE FROM OPERATIONS	\$ 469,068

SEE NOTES TO FINANCIAL STATEMENTS

NAIC GROWTH FUND, INC.
STATEMENTS OF CHANGES IN NET ASSETS

	JUNE 30, 2006 (UNAUDITED)	YEAR ENDED DECEMBER 31, 2005
FROM OPERATIONS:		
NET INVESTMENT INCOME	\$ 96,929	\$ 191,572
NET REALIZED GAIN ON INVESTMENTS	1,824,911	266,791
NET CHANGE IN UNREALIZED APPRECIATION ON INVESTMENTS	(1,452,772)	(118,197)
<u>NET INCREASE/(DECREASE) FROM OPERATIONS</u>	<u>469,068</u>	<u>340,166</u>
DISTRIBUTIONS TO STOCKHOLDERS FROM:		
NET INVESTMENT INCOME	--	193,385
NET REALIZED GAIN FROM INVESTMENT TRANSACTIONS	1,396,168	266,791
<u>TOTAL DISTRIBUTIONS</u>	<u>1,396,168</u>	<u>460,176</u>
FROM CAPITAL STOCK TRANSACTIONS:		
DIVIDEND REINVESTMENT	--	--
CASH PURCHASES	--	6,693
<u>NET INCREASE FROM CAPITAL STOCK TRANSACTIONS</u>	<u>--</u>	<u>6,693</u>
<u>NET INCREASE/(DECREASE) IN NET ASSETS</u>	<u>(927,100)</u>	<u>(113,317)</u>
TOTAL NET ASSETS:		
BEGINNING OF YEAR	\$ 26,759,545	\$26,872,862
END OF PERIOD (INCLUDING UNDISTRIBUTED NET INVESTMENT INCOME OF \$100,881 AND 3,952, RESPECTIVELY)	\$ 25,832,445	\$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 PERIODS ENDED:	JUNE 30, 2006					
	(UNAUDITED)	2005	2004	2003	2002	2001
NET ASSET VALUE AT BEGINNING OF YEAR	\$9.58	\$9.63	\$8.99	\$7.90	\$9.63	\$10.40
NET INVESTMENT INCOME	.03	.07	.01	.01	.02	.03
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	.14	.05	.81	1.39	(1.28)	(.22)
TOTAL FROM INVESTMENT OPERATIONS	.17	.12	.82	1.40	(1.26)	(.19)
DISTRIBUTION FROM:						
NET INVESTMENT INCOME	(.00)	(.07)	(.01)	(.01)	(.02)	(.03)
REALIZED GAINS	(.50)	(.10)	(.17)	(.30)	(.45)	(.55)
TOTAL DISTRIBUTIONS	(.50)	(.17)	(.18)	(.31)	(.47)	(.58)
NET ASSET VALUE AT END OF PERIOD	\$9.25	\$9.58	\$9.63	\$8.99	\$7.90	\$9.63
PER SHARE MARKET VALUE, END OF PERIOD						
LAST TRADED PRICE (B)	\$8.00	\$8.70	\$7.83	\$8.26	\$8.65	\$9.35

TOTAL INVESTMENT RETURN:

BASED ON MARKET VALUE

1 YEAR (ANNUALIZED)	(5.71%)	13.20%	(3.31%)	(1.33%)	2.10%	3.60%
5 YEAR	(.64%)	2.70%	6.65%	7.81%	1.79%	11.19%
10 YEAR	7.49%	9.01%	13.45%	13.77%	14.28%	13.98%
FROM INCEPTION	8.93%	9.44%	9.18%	10.17%	11.15%	11.97%

BASED ON NET ASSET VALUE

1 YEAR (ANNUALIZED)	3.96%	1.34%	9.26%	17.69%	(13.81%)	(1.68%)
5 YEAR	2.80%	2.00%	5.64%	5.42%	5.64%	13.85%
10 YEAR	9.21%	8.97%	13.48%	12.83%	11.40%	14.21%
FROM INCEPTION	9.92%	10.12%	10.75%	10.86%	10.34%	12.73%

NET ASSETS, END OF YEAR (000's) \$25,832.4 \$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 1.40% 1.46% 1.80% 1.79% 1.61% 1.57%

RATIO OF NET INVESTMENT INCOME

TO AVERAGE NET ASSETS 0.71% 0.72% 0.11% 0.06% 0.17% 0.32%

PORTFOLIO TURNOVER RATE

5.93% 3.51% 6.53% 11.31% 11.19% 1.77%

AVERAGE COMMISSION RATE PAID PER SHARE

\$0.065 \$0.075 \$0.095 \$0.125 \$0.125 \$0.125

(A) ALL PER SHARE DATA FOR 2001-2005 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 - JUNE 30, 2006 (UNAUDITED)

%	COMMON STOCK	SHARES	COST	MARKET
3.6 AUTO REPLACEMENT				
	O'REILLY AUTO*	30,000	\$ 189,637	\$ 935,700
TOTAL			\$ 935,700	

13.5 BANKING				
	CITIGROUP	22,000	368,635	1,061,500
	COMERICA, INC.	10,000	404,669	519,900
	HUNTINGTON BANC.	25,000	238,023	589,500
	JP MORGAN CHASE	15,000	396,347	630,000
	SYNOVUS FINANCIAL	27,000	317,651	723,060
TOTAL			\$ 3,523,960	

4.0 BEVERAGES – SOFT DRINKS				
	PEPSICO	17,000	433,218	1,020,680
TOTAL			\$ 1,020,680	

3.2 BUILDING PRODUCTS				
	JOHNSON CONTROLS	10,000	85,823	822,200
TOTAL			\$ 822,200	

3.7 CHEMICALS				
	RPM	25,000	287,099	450,000
	SIGMA ALDRICH	7,000	213,317	508,480
TOTAL			\$ 958,480	

%	COMMON STOCK	SHARES	COST	MARKET
3.7 CONSUMER PRODUCTS				
	COLGATE-PALMOLIVE	16,000	\$ 469,850	\$ 958,400
TOTAL			\$ 958,400	

3.1 ELECTRICAL EQUIPMENT				
	GENERAL ELECTRIC	24,000	441,341	791,040
TOTAL			\$ 791,040	

10.6 ETHICAL DRUGS				
	ABBOTT LABORATORIES	20,000	860,150	872,200
	JOHNSON & JOHNSON	20,000	915,045	1,198,400
	PFIZER, INC.	28,000	606,755	657,160
TOTAL			\$2,727,760	

8.3 FINANCIAL SERVICES				
	CIT GROUP	10,000	392,785	522,900
	STATE STREET	16,000	436,700	929,440
	WASHINGTON MUTUAL	15,000	609,130	683,700
TOTAL			\$2,136,040	

SEE NOTES TO FINANCIAL STATEMENTS

*NON-INCOME PRODUCING SECURITY

NAIC GROWTH FUND, INC.

PORTFOLIO OF INVESTMENTS - JUNE 30, 2006 (UNAUDITED)

%	COMMON STOCK	SHARES	COST	MARKET
3.1 FOOD				
	McCORMICK & Co.	24,000	\$ 347,055	\$ 805,200
TOTAL			\$ 805,200	

%	COMMON STOCK	SHARES	COST	MARKET
3.6 FOOD WHOLESALE				
	SYSCO	30,000	448,328	916,800
TOTAL			\$ 916,800	

%	COMMON STOCK	SHARES	COST	MARKET
11.7 HOSPITAL SUPPLIES				
	BIOMET CORP.	28,000	573,428	876,120
	MEDTRONIC	17,000	850,214	797,640
	POLYMEDICA	12,000	346,237	431,520
	STRYKER CORP.	22,000	180,012	926,420
TOTAL			\$ 3,031,700	

%	COMMON STOCK	SHARES	COST	MARKET
3.6 INSURANCE				
	AFLAC INCORPORATED	20,000	143,906	927,000
TOTAL			\$ 927,000	

%	COMMON STOCK	SHARES	COST	MARKET
2.3 INFORMATION TECHNOLOGY				
	JACK HENRY & ASSOC.	30,000	554,299	589,800
TOTAL			\$ 589,800	

%	COMMON STOCK	SHARES	COST	MARKET
3.2 MACHINERY				
	EMERSON ELECTRIC Co.	10,000	\$ 335,278	\$ 838,100
TOTAL			\$ 838,100	

%	COMMON STOCK	SHARES	COST	MARKET
5.7 MULTI INDUSTRY				
	PENTAIR	18,000	280,288	615,420
	TELEFLEX	16,000	545,608	864,320
TOTAL			\$1,479,740	

%	COMMON STOCK	SHARES	COST	MARKET
2.7 OFFICE SUPPLIES				
	AVERY DENNISON	12,000	666,064	696,720
TOTAL			\$ 696,720	

%	COMMON STOCK	SHARES	COST	MARKET
3.4 RESTAURANT				
	WENDY'S	15,000	579,762	874,350
TOTAL			\$ 874,350	

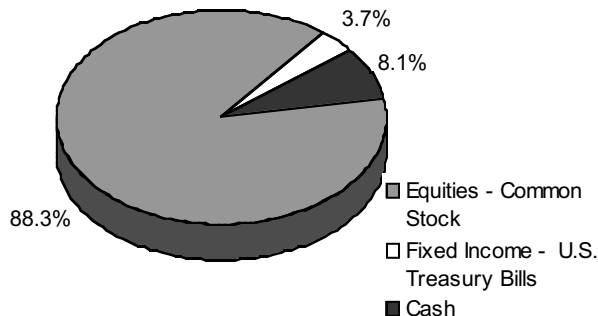
SEE NOTES TO FINANCIAL STATEMENTS

NAIC GROWTH FUND, INC.
 PORTFOLIO OF INVESTMENTS - JUNE 30, 2006 (UNAUDITED)

%	COMMON STOCK	SHARES	COST	MARKET
93.0	INVESTMENT SECURITIES		\$13,516,654	\$24,033,670
SHORT-TERM INVESTMENTS				
3.9	UNITED STATES TREASURY BILLS MATURING 7/27/2006		\$ 995,674	
8.7	MISC. CASH EQUIVALENTS		2,238,799	
12.6%			\$ 3,234,473	
TOTAL INVESTMENTS				\$ 27,268,143
(5.6)	ALL OTHER ASSETS LESS LIABILITIES		(1,435,698)	
100%	TOTAL NET ASSETS		\$ 25,832,445	

TOP TEN HOLDINGS - NAIC GROWTH FUND, 06/30/06		
COMPANY	MARKET VALUE	% OF PORTFOLIO INVESTMENTS
JOHNSON & JOHNSON	\$ 1,198,400	5.0
CITIGROUP	1,061,500	4.4
PEPSICO	1,020,680	4.2
COLGATE-PALMOLIVE	958,400	4.0
O'REILLY AUTO	935,700	3.9
STATE STREET	929,440	3.9
AFLAC INCORPORATED	927,000	3.9
STRYKER	926,420	3.9
SYSCO	916,800	3.8
BIOMET CORP.	876,120	3.6

Summary of Investment Position
 as % of Total Investments
 6/30/2006



SEE NOTES TO FINANCIAL STATEMENTS
 *NON-INCOME PRODUCING SECURITY

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.

THE FOLLOWING INFORMATION IS BASED UPON FEDERAL INCOME TAX COST OF PORTFOLIO INVESTMENTS AS OF JUNE 30, 2006:

GROSS UNREALIZED APPRECIATION	\$ 10,569,590
GROSS UNREALIZED DEPRECIATION	<u>(52,574)</u>
NET UNREALIZED APPRECIATION	<u>\$ 10,517,016</u>
FEDERAL INCOME TAX COST	<u>\$ 13,516,654</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.

(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 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.

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	266,791	455,020
	<u>\$ 460,176</u>	<u>\$ 474,812</u>

AS OF JUNE 30, 2006, THE COMPONENTS OF DISTRIBUTABLE EARNINGS ON A TAX BASIS WERE AS FOLLOWS:

UNDISTRIBUTED ORDINARY INCOME	\$ 100,881
UNDISTRIBUTED REALIZED GAIN ON INVESTMENTS	428,743
UNREALIZED APPRECIATION	10,517,016

(6) INVESTMENT TRANSACTIONS

PURCHASES AND SALES OF SECURITIES, OTHER THAN SHORT-TERM SECURITIES FOR THE PERIOD ENDED JUNE 30, 2006, WERE \$1,568,415 AND \$4,454,5678, 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.

2006 ANNUAL SHAREHOLDERS MEETING

THE 2006 ANNUAL MEETING OF SHAREHOLDERS WAS HELD ON APRIL 20, 2006 FOR THE FOLLOWING PURPOSES:

1. TO ELECT A BOARD OF EIGHT (8) DIRECTORS;
2. TO RATIFY OR REJECT THE SELECTION OF PLANTE & MORAN, PLLC AS INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS OF THE FUND FOR THE CALENDAR YEAR ENDING DECEMBER 31, 2006.

THE FOLLOWING DIRECTORS WERE ELECTED FOR PROPOSAL 1: THOMAS E. O'HARA, KENNETH S. JANKE, LEWIS A. ROCKWELL, PEGGY L. SCHMELTZ, CARL A. HOLTH, BENEDICT J. SMITH, JAMES M. LANE, AND LUKE E. SIMS. FOR PROPOSAL 2, SHAREHOLDERS RATIFIED THE SELECTION OF PLANTE & MORAN, PLLC AS INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS OF THE FUND.

TABULATION REPORT

PROPOSAL 1 - ELECTION OF DIRECTORS	<u>FOR</u>	<u>AGAINST</u>	<u>ABSTAIN</u>	<u>WITHHELD</u>
THOMAS E. O'HARA	1,797,676			157,689
KENNETH S. JANKE	1,843,375			111,989
LEWIS A. ROCKWELL	1,794,265			161,099
PEGGY L. SCHMELTZ	1,841,465			113,900
CARL A. HOLTH	1,858,543			96,821
BENEDICT J. SMITH	1,822,047			133,318
JAMES M. LANE	1,857,270			98,095
LUKE E. SIMS	1,894,992			60,372
 PROPOSAL 2 - SELECTION OF PLANTE & MORAN, PLLC	 1,909,886	 28,605	 16,873	

TOTAL SHARES ISSUED AND OUTSTANDING ON RECORD DATE: 2,792,336

COMPENSATION

THE FOLLOWING TABLE SETS FORTH THE AGGREGATE COMPENSATION PAID TO ALL DIRECTORS THROUGH JUNE 30, 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 JUNE 30, 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	\$600	None	None	\$600

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	\$600	None	None	\$600
Benedict J. Smith, Director	\$600	None	None	\$600
Luke E. Sims, Director	\$600	None	None	\$600
Robert M. Bilkie, Director	\$0	None	None	\$0

* All amounts shown are for service as a director.

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

NAIC GROWTH FUND, INC.
BOARD OF DIRECTORS

KENNETH S. JANKE
CHAIRMAN AND PRESIDENT,
BLOOMFIELD HILLS, MI

THOMAS E. O'HARA
DIRECTOR,
FARMINGTON HILLS, MI

PEGGY L. SCHMELTZ
DIRECTOR,
BOWLING GREEN, OH

LEWIS A. ROCKWELL
SECRETARY,
GROSSE PT SHORES, MI

BENEDICT J. SMITH
DIRECTOR,
BIRMINGHAM, MI

LUKE E. SIMS
DIRECTOR,
MILWAUKEE, WI

CARL A. HOLTH
DIRECTOR,
CLINTON TWP., MI

ROBERT M. BILKIE
DIRECTOR,
SOUTHFIELD, MI

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.

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; AND (3) ON THE SECURITIES AND EXCHANGE COMMISSION WEBSITE AT 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.