



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Growth Fund

September 2011

NAV
Series A (ANF010) \$7.277
Series F (ANF011) \$7.291

Fund Review

Equity markets performed poorly in September, resulting in a decline of 9.0% for the S&P/TSX Composite. The Fund NAV declined to \$7.28 at the end of September (Please note that OSC rules do not allow the reporting of performance for mutual funds prior to one year of history). The NAV has rebounded strongly in early October at the time of writing.

Currently, the cash position is 0.7%. The sector mix is comprised of 9% in technology, 7% in health care, 7% in financials, 18% in energy and 59% in materials. It is our intent to maintain as diversified a portfolio as possible across multiple sectors. Several of our positions experienced a strong decline during the month driven by what we believe to be forced selling by other investors who experienced margin calls. We strongly believe these declines are temporary as there have been no detrimental changes to the company fundamentals. We foresee substantial upside in these positions if our bullish assessment for the remainder of the year proves correct.

Outlook

Investors have become panicked over concerns about the European crisis and global growth. Despite the recent slowdown in economic activity, we do not believe that we are heading into another recession at this time. Although September was a very weak month for equities throughout the world, which was further impacted by the media highlighting the negatives, there is not much that has changed in the fundamentals. Given the recent increase in volatility and negative

performance of equity markets, we have composed a *Special Market Commentary* which outlines our current market outlook in greater detail. Recent times have reminded us of the incredibly stressful period in 2008 for investors and fund managers alike. Although it seemed like an eternity at the time, the market turmoil of the time actually only lasted for a few months. Our market call in the Fall of 2008 was to aggressively buy equities. This proved to be the correct call even though few investors acted and capitalized on the opportunity. History can be an important guide. In our *Special Market Commentary*, we outline the interesting similarities of both the news headlines and the chart pattern in 1998 as compared to what we have seen in recent months. The report also recaps the fundamental reasons which support our bullish thesis and highlights some of our past major market calls which have proven to be quite timely. The resolution of the situation in 1998 spawned one of the greatest equity bull runs in history. During this time, the S&P 500 index increased by 50% in a 9 month period and ultimately set its all-time high in early 2000, representing a 63% return in 17 months. It is possible that we will experience similar returns from current levels. At a minimum, we remain confident that our bullish scenario will play out over the balance of 2011. As always, we will continue to monitor new developments and modify our strategy and outlook when appropriate.



Regards,

Steven Palmer, CFA
President and CEO

Monthly Performance* (NAV)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2011							\$9.983	\$9.691	\$7.277	-	-	-	-

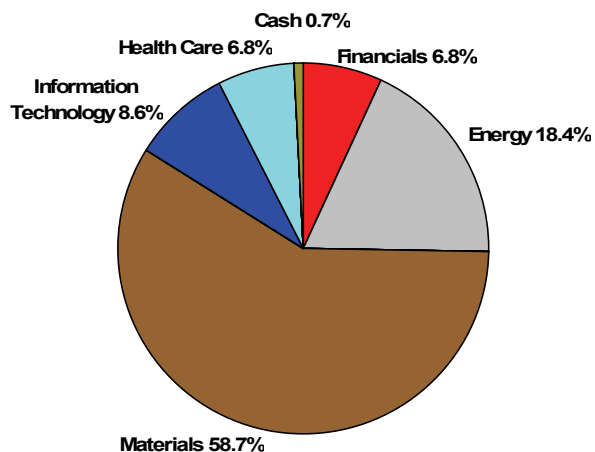
Performance Analysis

	AlphaNorth Growth Fund	S&P/TSX Composite
Returns *		
1 Month	-	(9.0%)
YTD	-	-
1 Year	-	-
2 Year	-	-
3 Year	-	-
Since Inception (annualized)	-	-
Since Inception (cumulative)	-	(13.9%)
Best Month	-	(1.4%)
Worst Month	-	(13.9%)
Advancing Months	-	-
Standard Deviation	-	-
Sharpe Ratio	-	-
Beta	-	-

Fund Information

Lead Manager:	Steven Palmer
Inception:	July 25, 2011
Fund Status:	Open
Fund Codes:	Series A - ANF010 Series F - ANF011
Fund Details:	RSP/RESP eligible High water mark (no reset) \$1,000 minimum investment
Sub/Redemption:	Daily
Lock-up:	None
Early Redemption Fee:	2% in first 90 days
Management Fee:	2%
Performance Fee:	20% above TSX return
Trailer:	1% (Series A only)
Auditor:	Deloitte & Touche LLP
Administration:	State Street Trust Company & IFDS
Legal:	Stikeman Elliott LLP
Fund Assets:	\$4.2 million
Account Enquiries:	1-877-506-8122
Sales and Marketing:	Skye Collyer 416-506-0776 x227

Sector Allocation



Investment Strategy

The **AlphaNorth Growth Fund** (the “Fund”) is an **open-ended mutual fund** focusing primarily on Canadian small to mid-capitalization equities, between \$100 million and \$5 billion market capitalization.

The Fund employs a similar style & investment methodology as the highly successful AlphaNorth Partners Fund. The Fund’s investment objective is to maximize returns over the long term through superior selection of principally Canadian securities.

AlphaNorth believes that superior long term investment returns are achievable by exploiting inefficiencies in the Canadian small to medium-cap universe through careful security selection. Fundamental analysis of companies is used in combination with technical analysis techniques, which has proven to be successful, to assist in the timing of buy/sell decisions. The firm combines both a bottom-up and top-down strategy in the selection of investments offering the best risk/reward characteristics.

Company Profile

Founded in 2007, AlphaNorth Asset Management’s goal is to achieve superior long term returns for investors. Our value added approach combines the successful track record and investment experience of Steven Palmer and Joey Javier who have worked together as a team since 1998 in the investment industry. Presently, AlphaNorth manages the AlphaNorth Partners Fund, a long biased small cap focused hedge fund, the AlphaNorth 2010 Flow-Through LP, the AlphaNorth 2011 Flow-Through LP and the AlphaNorth Growth Fund.

Key Personnel:

Steven Palmer is the President and CEO of AlphaNorth Asset Management. Mr. Palmer started his career in the investment industry in 1995 on the sell side of the business before transitioning to the buy side in 1997. Most recently, from July 1998 to August 2007 he was employed as Vice President - Canadian Equities at one of the world’s largest financial institutions where he managed the Canadian equity assets of approximately \$350 million. Mr. Palmer managed a pooled fund focused on small capitalization companies from inception in 1998 to August 2007 achieving returns that were ranked #1 in performance by a major fund ranking service in their small cap pooled fund category (35.8% annualized over 9 years as compared to 10.0% for the S&P/TSX Composite and 13.0% for the BMO Weighted Small Cap Total Return Index) over the same period. Mr. Palmer also managed a large cap fund which was ranked in the first quartile for the following time periods: one year, two year, 3 year, 4 year, 5 year and 10 year. Mr. Palmer earned a BA in Economics from the University of Western Ontario and is a CFA.

Joey Javier is Vice President and Secretary of AlphaNorth Asset Management. Mr. Javier started his career in the investment industry in 1997 as an Equity Trader for one of the world’s largest financial institutions where he worked together with Mr. Palmer as the equity team. Mr. Javier was responsible for all equity and money market trading as well as back-up for the fixed income portfolio manager. Mr. Javier has a BA in Economics from York University.

Disclaimer

** In accordance with NI 81-102 returns are not published for the first 12 months. The information contained in this document is not a solicitation to sell any investment products offered by AlphaNorth Asset Management. The information contained herein is for discussion purposes only. Please refer to the Prospectus or Offering Memorandum for complete details of any investment products offered by AlphaNorth Asset Management. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. There is no guarantee of performance and past performance is not indicative of future results. Returns are the historical annual compounded total returns including changes in share or unit value and reinvestment of all dividends or distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Returns are presented for Series A shares on an annualized basis except where noted. Returns subsequent to 2010 are unaudited. The inception date is July 25, 2011.*