



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Growth Fund

February 2012

NAV
Series A (ANF010) \$9.833
Series F (ANF011) \$9.897

Fund Review Equities continued to perform well in February as reflected by the TSX Composite which increased by 1.5%. The Fund NAV increased from \$9.25 in January to \$9.83 at the end of February. Please note that OSC rules do not allow us to report the performance for mutual funds prior to the completion of a one year history. The materials and health care sectors have been the best performing year to date. These are two sectors where we maintain overweight positions. After a period of underperformance following the October market low for equities, Canadian small cap equities have now begun to outperform. We believe this will continue for the balance of the year.

The Fund remains heavily weighted towards the resource sectors. The sector mix is comprised of 5% in technology, 7% in health care, 7% in consumer discretionary, 4% in financials, 2% in consumer discretionary, 25% in energy and 49% in materials. Cash is approximately 3%.

Outlook The bears are folding one by one as equity markets continue to rally. It is still early in what we believe will be a significant rally in the equity market and, in particular, small cap equities. The two major factors which ultimately drive equity values are relative valuations and investor perception or sentiment. Sentiment is slowly changing while valuations remain significantly below long term averages despite the strong rally over the past four months. The price to earnings multiple (P/E) of the TSX is currently 12.9, below the average value of 15.2 over the past 25 years. With TSX earnings forecast to grow approximately 7% in

2013, the P/E multiple would drop to 12.1. If equities were to return to the long term average valuation, the TSX would rally to 15,500, a 26% increase from current levels. In our view, the current extremely low rate for bonds should imply an even higher P/E multiple for equities as the spread between the earning's yield for equities and bond yields is at record levels.

In terms of small cap equities, the valuation discount will be even more pronounced if the Bloomberg consensus forecast of 31% growth for 2013 proves correct. The TSX Small Cap index would be required to increase by 41% to get to its long-term average of 17. This allows for lots of room for error in earnings estimates. We continue to see a significant upside for equities, particularly small cap equities.



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	\$9.146	\$8.811	\$8.434	\$8.434
2012	\$9.249	\$9.833											

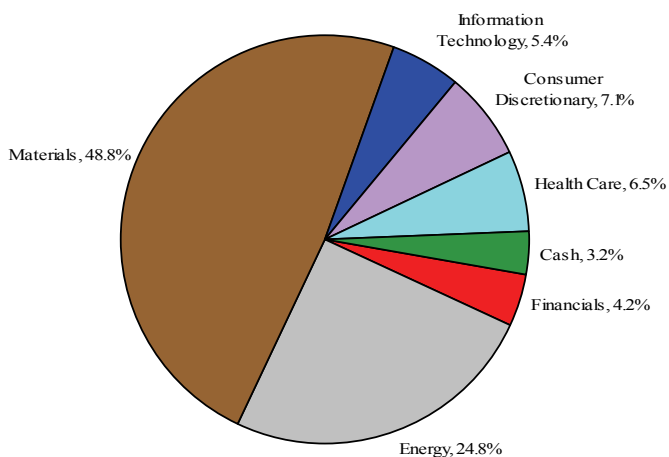
Performance Analysis

	AlphaNorth Growth Fund	S&P/TSX Composite
Returns *		
1 Month	-	1.5%
YTD	-	-
1 Year	-	-
2 Year	-	-
3 Year	-	-
Since Inception (annualized)	-	-
Since Inception (cumulative)	-	(6.3%)
Best Month	-	5.4%
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 \$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 High water mark (no reset)
Trailer:	1% (Series A only)
Auditor:	Deloitte & Touche LLP
Administration:	State Street Trust Company & IFDS
Legal:	Stikeman Elliott LLP
Fund Assets:	\$12.8 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 and 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 2011 Flow-Through LP, the AlphaNorth 2012 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.*