



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Growth Fund

August 2012

NAV
Series A (ANF010) \$6.689
Series F (ANF011) \$6.770

Fund Review The Fund returned (0.5%) in August as compared to 2.7% for the TSX Composite. Canadian small cap equities have rebounded from the lows in June but continue to considerably underperform the TSX Composite on a year to date basis. We believe that Canadian small cap equities will soon join the rally which is currently underway in many world markets.

In recent weeks we have focussed on adding positions in gold and copper companies to capitalize on the recent turn in both gold and copper. We believe that there is significant upside to both of these commodities in the short term which should translate into strong share price gains for companies with exposure to these commodities. To date, these additions have resulted in strong gains over the short term. The Fund remains overweight in the resource sectors.

The Fund is currently fully invested. The sector mix is comprised of 1% in technology, 3% in health care, 14% in consumer discretionary, 2% in financials, 22% in energy, 55% in materials and 2% in utilities. The Fund is currently fully invested. We have recently ratcheted up the portfolio trading activity to capitalize on the improved market sentiment. We view the market's mood as supportive of increased trading activity resulting in added torque.

Outlook We believe that the majority of investors are failing to participate in the bull market and are often dismissing its existence because of low volume or some other irrelevant metric. Although the past several quarters have been disappointing for Canadian small cap equities, we currently see strong evidence of a turn in the market. The broader indices such as the S&P 500 and TSX Composite have performed strongly from the lows in late 2011 at which time we outlined our bullish prediction. It has been disappointing that Canadian small cap equities have lagged since that time. The TSX Venture index has experienced a prolonged downtrend since the spring of 2011, declining by approximately 50% over this period. However, during the summer months, prices stabilized and have recently achieved several strong weekly gains which has resulted in a break through of the 50 day moving average to the upside. The ongoing strength in the majority of commodities, which in many cases are now well above their summer lows, supports our optimistic view, given the high resource weighting of resource companies in Canada. Our conviction of a turn in small cap equities is supported from a fundamental point of view as their prices are also supported by low valuations in many instances.

With the technicals and fundamentals now in alignment, we see the potential for strong gains in Canadian small cap equities which have historically outperformed during periods of equity market recovery. This was the case in 1999, 2003 and 2009. It is our view that this time will be no different.



Regards,



Steven Palmer, CFA
President and CEO

Monthly Performance*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2011							(0.2%)	(2.9%)	(24.9%)	25.7%	(3.7%)	(4.3%)	(15.7%)
2012	9.7%	6.3%	(5.4%)	(6.5%)	(15.9%)	(6.6%)	(1.6%)	(0.5%)					(20.7%)

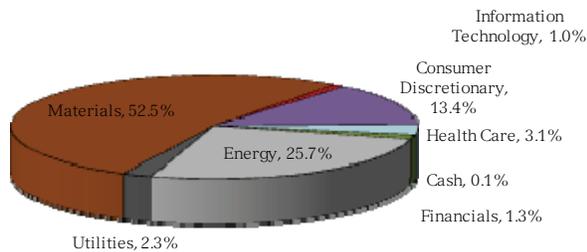
Performance Analysis

	AlphaNorth Growth Fund	S&P/TSX Composite TRI
Returns *		
1 Month	(0.5%)	2.7%
YTD	(20.7%)	1.9%
1 Year	(33.1%)	(3.6%)
2 Year	-	-
3 Year	-	-
Since Inception (annualized)	(30.7%)	(10.6%)
Since Inception (cumulative)	(33.1%)	(11.5%)
Best Month	25.7%	5.4%
Worst Month	(24.9%)	(13.9%)
Advancing Months	25.0%	41.7%
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:	\$10.9 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

** 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. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return for the Series A shares of AlphaNorth Growth Fund are the historical, annual compounded total returns including changes in share value and the reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any shareholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The inception date is July 25, 2011.*