



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Growth Fund

September 2012

NAV
Series A (ANF010) \$7.060
Series F (ANF011) \$7.142

Fund Review The Fund returned 5.6% in September as compared to 3.4% for the TSX Composite. Canadian small cap equities have continued to rebound from the lows in June. In fact, small caps have begun to significantly outperform other stock indices since August.

The Fund remains overweight in the resource sectors. We continue to believe these sectors offer the best returns in the short term. This has been the case over the past few months. Within the small cap sector it has been the energy and material sectors which have performed the best over both the past one and three month periods.

The Fund currently has a small cash position but has committed to a couple of private placements which are expected to close shortly. The current sector mix is comprised of 6% in technology, 3% in health care, 11% in consumer discretionary, 1% in financials, 23% in energy, 49% in materials and 2% in utilities. We continue to take advantage of the Fund size by actively trading the portfolio, focusing on companies which offer the most attractive risk/reward.

Outlook We believe the long decline of Canadian small cap equities which began in the spring of 2011 has ended. In recent weeks, the TSX Venture Index has strongly outperformed other indices from its lows in June and it has crossed its 50 day moving average to the upside. We are encouraged by this recent market action as fundamentals for Canadian equities continue to be very supportive of continued outperformance. We have highlighted these in a recent Special Market Commentary dated 2012-10-02 which can be found on our website.

Following a major market low, it is not uncommon for the most beaten down sectors to offer the best returns going forward. For example, when U.S. equities bottomed in 2002, it was the NASDAQ tech stocks that were hit the hardest, but they were also the ones that outperformed during the early stages of the subsequent bull market. At this time, it is Canadian small cap equities that have suffered the poorest returns and we believe they are now poised to outperform.

Although the October/November period has typically resulted in poor returns for equities, we believe the current situation is similar to the conditions in 2009 where small cap equities rebounded from severely depressed levels. In 2009, small caps performed strongly through October/November and continued through the period of seasonal strength (December to May).

Regards,



Steven Palmer
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%)	5.6%				(16.3%)

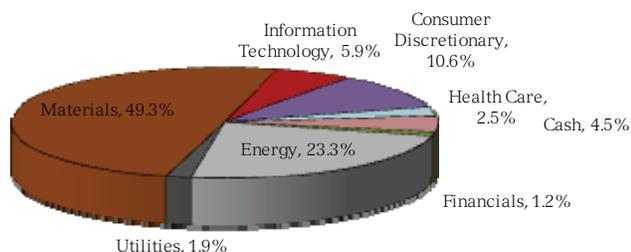
Performance Analysis

	AlphaNorth Growth Fund	S&P/TSX Composite TRI
Returns *		
1 Month	5.6%	3.4%
YTD	(16.3%)	5.4%
1 Year	(3.0%)	9.2%
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	31%	46%
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:	\$13.0 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.*