



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Resource Fund

February 2013

NAV
Series A (ANF020) \$10.227
Series B (ANF040) \$10.227
Series F (ANF021) \$10.227

Fund Review The Fund has started on a positive note gaining 2.3% for the stub period since its launch on February 25th.

We are very excited about the prospects for this Fund, particularly given the timing of its launch. The inception of the AlphaNorth Resource Fund comes after a period of significant weakness for Canadian junior resource equities. This has been a prolonged period of approximately two years where the TSX Venture index has declined by nearly 55%. Many of the economic indicators which we follow support our macro outlook for accelerating global growth. Notably, continued improvements in global PMIs, U.S. employment data and the housing market will have a very positive impact for resources.

The resource sectors have been the worst performers over the past year. At the present time, junior resource equities are very oversold and sentiment is quite negative. It is after these periods of significant market weakness that have historically been the most opportune times to invest, particularly when sentiment is poor. We believe the weakness in junior resource shares is overdone and valuations are attractive especially in the context of generally robust commodity prices.

The current sector mix is comprised of 39% in base metals, 4% in coal, 14% in uranium, 13% in iron ore, 20% in precious metals and 10% in energy.

Outlook The major U.S. equity indices continue to perform strongly. The Dow Jones Industrials hit an all-time high in recent days with the S&P 500 index very near all-time highs. The Canadian indices have lagged due to the underperformance of the resource sectors. We remain optimistic that Canadian equities will catch up as global growth accelerates over the remainder of the year. While small cap equities have outperformed in most major markets, they have underperformed in Canada. The high weighting of resource equities in the Canadian indices has detracted from returns, particularly for Canadian small cap equities. It is a rare and unusual situation that U.S. equities are near record highs while, at the same time, Canadian small cap equities are near record lows. This situation is unsustainable in our view. Although we have been correct in our bullish macro view for equities, we have not been vindicated yet for Canadian small caps but we believe it is only a matter of time.

Regards,



Steven Palmer, CFA
President and CEO

Monthly Performance*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
AlphaNorth Resource Fund		2.3%											2.3%
S&P/TSX Small Cap		(0.1%)											(0.1%)
S&P/TSX Venture		(0.7%)											(0.7%)

Key Reasons to Own This Fund

PROVEN LONG TERM PERFORMANCE:

- ◆ Management team has a 15 year track record of generating industry leading returns (30%+ annualized)**

CAPITALIZE ON THE GROWING GLOBAL DEMAND FOR RESOURCES:

- ◆ Diversified exposure of Canadian resource equities with attractive risk/reward characteristics.

TAX-DEFERRED SWITCHING BETWEEN FUNDS:

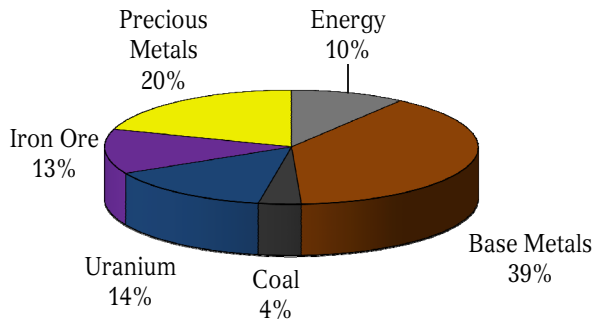
- ◆ AlphaNorth Mutual Fund Limited offers an additional fund class with tax-deferred switching:

⇒ **AlphaNorth Growth Fund (ANF010, ANF011)**
Ideal for investors who are seeking exposure to a broad range of Canadian small cap equities.

Performance Analysis

	AlphaNorth Resource Fund	S&P/TSX Small Cap
Returns *		
1 Month	2.3%	(0.1%)
YTD	2.3%	(0.1%)
1 Year	-	-
2 Year	-	-
3 Year	-	-
Since Inception (annualized)	-	-
Since Inception (cumulative)	-	-
Best Month	-	-
Worst Month	-	-
Advancing Months	-	-
Standard Deviation	-	-
Sharpe Ratio	-	-
Beta	-	-

Current Sector Allocation



Fund Information

Lead Manager:	Steven Palmer
Inception:	February 25, 2013
Fund Codes:	Series A - ANF020 Series B - ANF040 (rollover vehicle) Series F - ANF021
Fund Details:	RSP/RESP eligible \$1,000 minimum investment
Sub/Redemption:	Daily
Lock-up:	None
Early Redemption Fee:	2% in first 90 days (except Series B)
Management Fee:	2%
Performance Fee:	20% above TSX return High water mark (no reset)
Trailer:	1% (Series A and B only)
Auditor:	Deloitte & Touche LLP
Administration:	State Street Trust Company & IFDS
Legal:	Stikeman Elliott LLP
Fund Assets:	\$3 million
Account Enquiries:	1-877-506-8122
Sales and Marketing:	Skye Collyer 416-506-0776 x227

Investment Strategy

The **AlphaNorth Resource Fund** (the "Fund") is an **open-ended mutual fund**. The investment objective of the Fund is to generate strong returns by investing in Canadian resource companies that offer attractive risk-reward characteristics. The Fund invests primarily in junior and intermediate Canadian resource companies, and will evaluate industry and company fundamentals to evaluate investment opportunities which offer the most attractive risk-reward. 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 the AlphaNorth 2012 Flow-Through LP, the AlphaNorth Resource Fund 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 and is a CIM.

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 Resource 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. For Series B and F returns, refer to the website at www.alphanorthasset.com. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The AlphaNorth Resource Fund commenced operations on February 25, 2013. **Based on growth of investment in institutional small cap pooled fund from inception August 1, 1998, to August 1, 2007, and growth of investment in AlphaNorth Partners Fund from inception December 1, 2007 to the current NAV.*