



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Growth Fund

March 2013

NAV
Series A (ANF010) \$5.755
Series F (ANF011) \$5.850

Fund Review The Fund had disappointing results in March returning (13.3%). TSX Total Return index returned (0.2%) and the TSX Venture index returned (3.0%) during the month of March.

Performance was impacted by the write-down of a private investment in March. The general market weakness of the junior resource sector also weighed on returns. Other anomalous events such as the announcement of an equity financing by Trimel Pharmaceuticals prompted short term investors to sell the stock causing a 50% decline over a several day period. This is an unfortunate example of short term investors gaming the market and has nothing to do with long term company fundamentals which in this particular case remain very strong. Trimel has recently reported positive Phase III data for its lead product and it is expected to file for regulatory approval this month. Once the equity financing is completed over the next few weeks, we expect the share price to recover. This is one example of the impatience and skittishness of investors in the current market environment.

Valuations remain very depressed for Canadian small cap equities, particularly resource companies. In our view, this is unsustainable in light of the strength in large cap equities, improving global economic backdrop and strength in commodity prices.

The Fund currently has a 3% cash position. The current sector mix is comprised of 11% in technology, 3% in health care, 9% in consumer discretionary, 3% in financials, 15% in energy and 56% in materials.

Outlook It has been our call since the fall of 2011 that equities would outperform and achieve new all-time highs. Major equity indices in the U.S., Germany and Mexico have been the first to achieve this with several other countries not far behind. When we first made this prediction in October 2011, our position was an outlier from the consensus. Although this macro call has been correct, it has resulted in some near-term frustration for us in that Canadian small cap equities have diverged from this result. We believe the underperformance of Canadian small cap equities is liquidity driven rather than as a result of any negative fundamentals and this underperformance is unsustainable. The general theme for the past two quarters has been "The Great Rotation" into equities. However, Canadian small caps have yet to see this theory come to fruition. Rather, there seems to be a great rotation from the Canadian materials sector into the technology sector. We have started to shift into technology names in order to mitigate some commodity exposure risk and capitalize on the increased interest in the technology sector. However, we remain confident that the fundamentals are in place for a favourable shift back into commodity equities and small cap names in the near future and we have allocated our assets accordingly. We continue to see investors watching from the sidelines, acknowledging that small cap equities are severely undervalued but still waiting for the right moment and catalyst to get back into these markets. We believe that the small cap equities are in the final stages of capitulation and we have positioned our funds to be ahead of the curve in order to reap the benefits of this move when it does occur.



Regards,
Steven Palmer, CFA
President and CEO

Performance (as of March 31, 2013)

	Mar	YTD	3 Month	6 Month	1 Year	Inception	Cumulative
AlphaNorth Growth	(13.3%)	(11.9%)	(11.9%)	(18.5%)	(38.1%)	(26.0%)	(42.5%)
S&P/TSX Venture	(3.0%)	(10.0%)	(10.0%)	(17.6%)	(29.8%)	(28.6%)	(46.0%)
S&P/TSX Composite TRI	(0.2%)	3.3%	3.3%	5.1%	6.1%	(0.1%)	(0.2%)

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)*

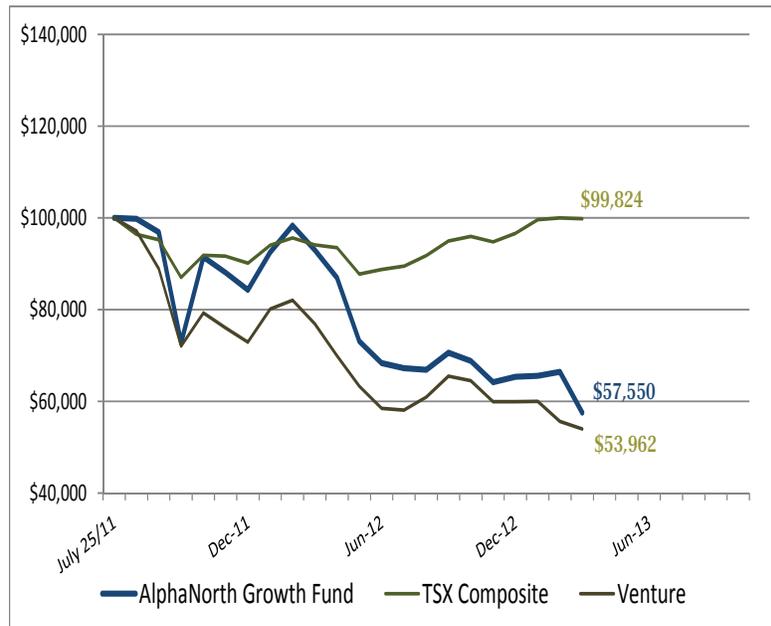
DIVERSIFICATION THROUGH SMALL/MID CAP:

- AlphaNorth Growth Fund is well diversified across the resource, technology and life sciences sectors

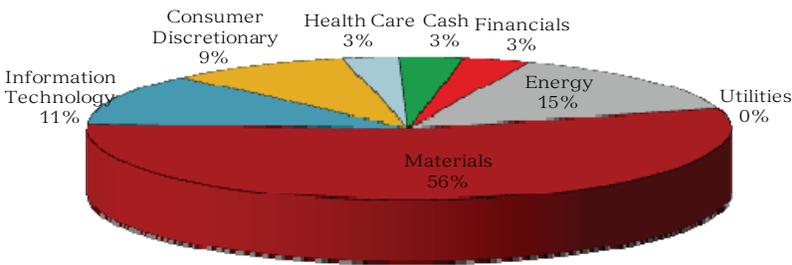
ONE OF THE BEST PERFORMING ASSET CLASSES OVER THE LONG TERM:

- Complements any investment portfolio and greatly enhances wealth accumulation

Growth of Initial Investment \$100,000



Current Sector Allocation



Fund Information

Lead Manager:	Steven Palmer
Inception:	July 25, 2011
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:	\$11.1 million
Account Enquiries:	1-877-506-8122
Sales and Marketing:	Skye Collyer

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%	(2.6%)	(6.7%)	1.8%	(22.5%)
2013	0.4%	1.3%	(13.3%)										(11.9%)

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 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 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. For Series 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 inception date is July 25, 2011. **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.